

**Pension and Health Benefits Review Commission**  
**Vote Results**  
**November 19, 2010**

**S-1438 (Weinberg)/A-3257(Stender)**

Increases health benefits continuation coverage to 36 months for certain persons covered under certain employer health benefits plans.

**Motion:** Recommend against enactment since it will increase State and local employer health benefit costs.

**Discussion:** The enactment of this bill will require that all COBRA eligible members will be eligible for up to 36 months of health benefit coverage. This benefit change will impact employees who lose employment with the State or local employers. The current economic recession means that there may be more employee lay-offs as governments try to balance their budgets, and employees who lose their job will be more likely to remain unemployed for the full duration of COBRA coverage. In addition, the federal subsidy for COBRA participants in plan year 2010 which provided a 65% subsidy to the SHBP/SEHBP to decrease the cost of the coverage resulted in increased participation in COBRA. For these reasons, it is assumed that COBRA enrollment will have an increase as a result of this mandate, estimated at 15%. The impact of S-1438 is estimated to be \$3 million for the combined SHBP/SEHBP.

**A-3246 (Quigley)/S-358 SCS (Weinberg/Vitale)**

Requires managed care plans, SHBP, and SEHBP to provide for reasonable accommodation in accessing providers for persons with disabilities.

**Motion:** Recommend against enactment since it will increase State and local employer health benefit costs and there have been no complaints within the SHBP/SEHBP that such accommodations are necessary.

**Discussion:** The enactment of this bill would circumvent the cost benefits inherent in managed care plans by allowing an insured individual to obtain treatment from a provider who does not participate in the managed care plan's network under the same financial terms as if the provider did participate in the plan's network. The out-of-network provider fees in excess of negotiated network provider fees would be absorbed by the insurer, and eventually passed along to employers participating in the plan in the form of higher premiums.

**S-1984 (Beck)**

Calculates future service of active members at 1/60 of final compensation for TPAF and PERS pensions.

**Motion:** Recommend to enact with an amendment to include both Veteran and Disability pensions.

**Discussion:** The Commission supports the enactment of the proposed legislation since it will slow the rate of future State pension cost increases. The bill provides that the multiplier of final compensation used in the calculation of the deferred, early, and service retirement allowances for members of the Teachers' Pension and

Annuity Fund and the Public Employees' Retirement System will change from 1/55 to 1/60 for service credited on and after January 1, 2011. The proposed bill should be amended to include both Veteran and Disability pensions.

**S-2326 (Kean)**

Increases mandatory retirement age for judges of the Division of Workers' Compensation from age 70 to age 75.

**Motion:** Recommend to enact since there are no additional cost associated with the bill.

**Discussion:** The Commission supports the intent of the bill but feels that this is more a public policy issue. The enactment of this bill may allow the majority of judges to work longer, and shortening the time over which they will receive a pension.

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