

Pension and Health Benefits Review Commission

Vote Results

December 7, 2007

S-1524 (Buono)/A-289 (Cohen/Roberts)

"Grace's Law;" requires health insurers, State Health Benefits Program and NJ FamilyCare to provide coverage for hearing aids for covered persons 15 and younger.

Motion: Recommend not to enact since it continues the unfavorable practice of mandating health benefits coverage.

Discussion: There is a concern that the enactment of this bill will encourage the introduction of future legislation to expand this coverage to the SHBP population over the age of 15, with potentially significant cost and it continues the unfavorable practice of mandating health benefit coverage.

S-260 (Sarlo/Asselta)

Provides non-forfeitable right to post-retirement medical benefits provided by law to certain public employees with 25 years of service.

Motion: Recommend not to enact since it will preclude the State from fully initiating certain cost containment measures that may be required in the future to aid in controlling increasing State and local employer SHBP costs or other changes that may be considered.

Discussion: The enactment of this bill would effectively preclude the application of premium sharing, or any other SHBP cost containment measure, to any prospective school board or county college retiree who had five years of pension service credit at the time the cost containment measure is adopted, minimizing any cost reduction to the State.

A-2636 (Connors/Rumpf)

Increases cost of living adjustment in pension allowances and survivor benefits payable to certain former public safety officers and their survivors.

Motion: Recommend not to enact, substantial increases in employer pension contributions will result.

Discussion: The enactment of this bill would eliminate the current uniformity and provide higher COLA benefits to retired policemen and firemen and their beneficiaries. It would further increase the disparity in benefits which currently exists between policemen and firemen and other public employees. Pension costs for local employers in the PFRS and CPFPPF will increase. State-mandate, State-pay issues need to be addressed.

S-602 (Ciesla/Connors)

Increases PFRS disability, accidental death and special retirement benefits.

Motion: Recommend not to enact since benefit increases at this time are not justifiable.

Discussion: Poor investment returns, which plagued all institutional and personal investors in recent years, have significantly eroded the market value of assets in the PFRS. Compounded by increasing pension liabilities, the PFRS is no longer 100% funded. The additional pension liabilities associated with this bill is estimated to be over \$618 million. The bill's enactment will serve to further erode the plan's funded status and increase required employer pension contributions.

S-1507 (Turner)/A-1196 (Diegnan/Conners/Prieto/Van Drew)

Increases from \$15,000 to \$25,000 annual compensation PERS retiree may earn in PERS-covered employment without reenrollment.

Motion: Recommend not to enact since this is expected to encourage retirements at a time when a worker shortage due to aging baby boomers is expected, and this also is expected to increase costs to the pension fund.

Discussion: Chapter 23, P.L. 1997 was enacted to provide some relief to PERS members who were somewhat disadvantaged by the return to public employment. This law originally allowed PERS retirees to earn up to \$10,000 annually upon their return to employment in a PERS covered position. It also contains a provision that permits the Director of the Division of Pensions and Benefits to adjust the threshold periodically for cost-of-living increases. Chapter 278, P.L. 2001 increased the threshold to \$15,000. Since the threshold was recently increased from \$10,000 to \$15,000, further increases are not justifiable.

S-1552 (Inverso)

Requires SHBP to obtain two physician examinations of patient to uphold on appeal decision to discontinue patient's skilled nursing care.

Motion: Recommend not to enact since it is considered to be special legislation and would eliminate current care exclusions at an enormous cost.

Discussion: The SHBP pays for eligible services which are ordered by a doctor for the treatment of illness or injury. This bill would mandate SHBP coverage of skilled nursing care in long term care situations where no change in the patient's condition is anticipated. The bill would virtually transform the SHBP into a long term care plan and increase plan costs significantly. A long term care insurance coverage is currently offered to State employees under a separate supplementary plan. This bill mandates that a second mutually agreed upon physician be retained to make a personal examination of the patient in the event the first physician concludes that there is no medical need for the skilled nursing care. Problems can be anticipated with the "mutual agreement" requirement. If there is a split of opinion between the two physicians, the bill mandates that the skilled nursing care be covered. A split decision can be anticipated in almost every case, especially in light of the mutually agreed upon requirement.

SCR-109 (Lance)/ACR-271 (Wolfe/Bramnick)

Proposes constitutional amendment to increase mandatory retirement age for judges and justices from 70 to 75.

Motion: Commission members were neutral on the enactment of this resolution.

Discussion: The Judicial Retirement System statute requiring retirement at age 70 would require the current Chief Justice's input if it is to be amended, and then any amendment might lead to increased pension costs.