LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1207
STATE OF NEW JERSEY
218th LEGISLATURE
DATED: FEBRUARY 9, 2018

SUMMARY

Synopsis: Requires State to pay full cost of health care benefits coverage in retirement for SPRS members who retire at mandatory retirement age of 55 with more than 20 years but less than 25 years of service.

Type of Impact: Expenditure Increase: State General Fund.

Agencies Affected: Department of the Treasury: Division of Pensions and Benefits, State Health Benefits Program.

Office of Legislative Services Estimate

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<th>Fiscal Impact</th>
<th>Year 1</th>
<th>Year 2</th>
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<tr>
<td>State Cost</td>
<td>Indeterminate - See comments below</td>
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- The Office of Legislative Services (OLS) does not have information on the number of current and future SPRS retirees who would be eligible for this benefit, and therefore cannot provide an estimate of the annual cost to the State. The OLS notes that the Plan Year 2018 annual cost for health care benefits coverage in the SHBP plan covering the greatest number of enrolled retired State employees is $14,776 for single coverage (without Medicare) and $36,645 for family coverage (without Medicare).

- This bill requires the State to pay the full cost of health benefits coverage provided in the State Health Benefits Program (SHBP) for retirees of the State Police Retirement System (SPRS) who are required to retire at the mandatory retirement age of 55 and have more than 20 but less than 25 years of creditable service at the time of retirement, and their dependents.

- The bill will apply retroactively to each eligible retiree of the SPRS who retired within 24 months prior to the effective date of this bill. Retirees who made contributions for the cost of health benefits coverage within 24 months before the bill’s effective date will have those contributions reimbursed by the SHBP.

BILL DESCRIPTION

This bill provides that any member of the SPRS who is required to retire at the mandatory age of 55 and who has more than 20 but less than 25 years of service credit in the retirement
system will receive health care benefits coverage through the SHBP for the member and the member’s dependents. Under the bill, the State would pay the full cost of the health benefits coverage provided in the SHBP and the retiree would not be required to make any contribution for the cost of the coverage. The bill will apply retroactively to each eligible retiree of the SPRS who had more than 20 but less than 25 years of service on the date of mandatory retirement, which occurred with 24 months prior to the effective date of this bill. Retirees who made contributions for the cost of health care benefits coverage within 24 months before the bill’s effective date will have those contributions reimbursed by the SHBP.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS does not have information on the number of current and future SPRS retirees who would be eligible for this benefit. Although the Comprehensive Annual Financial Report of the Division of Pensions and Benefits sets forth the number of scheduled service retirements from SPRS, the report does not differentiate between mandatory retirements and voluntary retirements. Therefore, the OLS cannot provide an estimate of the annual cost to the State. The OLS notes that the Plan Year 2018 annual cost for health care benefits coverage in the SHBP plan covering the greatest number of enrolled retired State employees is $14,776 for single coverage (without Medicare) and $36,645 for family coverage (without Medicare). The coverage is without Medicare because the retiree is less than 65 years of age.

Section: State Government
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Approved: Frank W. Haines III
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C.52:13B-6 et seq.).