

ASSEMBLY, No. 1986

STATE OF NEW JERSEY

INTRODUCED MAY 6, 1996

By Assemblyman KELLY

1 AN ACT concerning coverage under the State Health Benefits Program
2 of certain retired members of the Police and Firemen's Retirement
3 System of New Jersey, supplementing P.L.1961, c.49
4 (C.52:14-17.25 et seq.) and P.L.1944, c.255 (C.43:16A-1 et seq.)
5 and amending N.J.S.40A:10-23.

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7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:

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10 1. (New section) A qualified retiree from the Police and Firemen's
11 Retirement System of New Jersey and dependents of a qualified
12 retiree, but not including survivors, are eligible to participate in the
13 State Health Benefits Program.

14 A qualified retiree is a retiree who:

15 a. retired on a benefit based on 25 or more years of service credit;
16 or

17 b. retired, based on fewer years of service, on an ordinary disability
18 retirement allowance pursuant to section 6 of P.L.1944, c.255
19 (C.43:16A-6) or an accidental disability retirement allowance pursuant
20 to section 7 of P.L.1944, c.255 (C.43:16A-7).

21 A retiree who elected deferred retirement is not a qualified retiree.

22 The program shall reimburse a qualified retiree who participates in
23 the program for the premium charges under Part B of the Federal
24 Medicare Program for the retiree and the retiree's spouse.

25 The premium or periodic charges for benefits provided to a
26 qualified retiree and the dependents of the retiree and the cost for
27 reimbursement of Medicare premiums shall be paid by the retirement
28 system. The State Health Benefits Commission shall annually certify
29 to the system the cost for providing health benefits coverage to
30 qualified retirees and their dependents under this section. The system
31 shall annually remit to the commission the amount certified at a time
32 specified by the State Treasurer.

33 A qualified retiree who retired prior to the effective date of this
34 amendatory and supplementary act, P.L. , c. , is eligible for

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 coverage if the retiree applies to the program within one year after the
2 effective date.

3 The provisions of this section shall not apply to any member of the
4 Police and Firemen's Retirement System who is a retired State
5 employee and whose premiums or periodic charges for benefits under
6 the program are paid by the State pursuant to section 8 of P.L.1961,
7 c.49 (C.52:14-17.32).

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9 2. (New section) Notwithstanding the provisions of any other law
10 to the contrary, the State Treasurer shall establish the assumed rate of
11 return on the assets of the Police and Firemen's Retirement System of
12 New Jersey at a rate which will enable the retirement system to cover
13 any increased costs resulting from providing paid coverage under the
14 State Health Benefits Program to retired members of the retirement
15 system pursuant to section 1 of this amendatory and supplementary
16 act, P.L. , c. (C.).

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18 3. N.J.S.40A:10-23 is amended to read as follows:

19 40A:10-23. Retired employees shall be required to pay for the
20 entire cost of coverage for themselves and their dependents at rates
21 which are deemed to be adequate to cover the benefits, as affected by
22 Medicare, of the retired employees and their dependents on the basis
23 of the utilization of services which may be reasonably expected of the
24 older age classification; provided, however, that the total rate payable
25 by a retired employee for himself and his dependents, for coverage
26 under the contract and for Part B of Medicare, shall not exceed by
27 more than 25% the total amount that would have been required to
28 have been paid by the employee and his employer for the coverage
29 maintained had he continued in office or active employment and he and
30 his dependents were not eligible for Medicare benefits.

31 The employer may, in its discretion, assume the entire cost of such
32 coverage and pay all of the premiums for employees a. who have
33 retired on a disability pension, or b. who have retired after 25 years or
34 more of service credit in a State or locally administered retirement
35 system and a period of service of up to 25 years with the employer at
36 the time of retirement, such period of service to be determined by the
37 employer and set forth in an ordinance or resolution as appropriate, or
38 c. who have retired and reached the age of 65 years or older with 25
39 years or more of service credit in a State or locally administered
40 retirement system and a period of service of up to 25 years with the
41 employer at the time of retirement, such period of service to be
42 determined by the employer and set forth in an ordinance or resolution
43 as appropriate, or d. who have retired and reached the age of 62 years
44 or older with at least 15 years of service with the employer, including
45 the premiums on their dependents, if any, under uniform conditions as
46 the governing body of the local unit shall prescribe, except that retired

1 employees who are eligible for and upon retirement elect to take paid
2 coverage under the State Health Benefits Program pursuant to section
3 1 of P.L. , c. (C.) (now pending before the Legislature as this
4 bill) shall not be eligible for employer-paid coverage under this
5 section. The period of time a county law enforcement officer has been
6 employed by any county or municipal police department, sheriff's
7 department or county prosecutor's office, may be counted cumulatively
8 as "service with the employer" for the purpose of qualifying for
9 payment of health insurance premiums by the county pursuant to this
10 section.

11 (cf: P.L.1995, c.136, s.1)

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13 4. This act shall take effect on the first day of the fourth month
14 after enactment.

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STATEMENT

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19 This bill extends to members of the Police and Firemen's Retirement
20 System of New Jersey (PFRS) who retire with 25 or more years of
21 service credit or on a disability retirement allowance coverage in the
22 State Health Benefits Program (SHBP) at the expense of the
23 retirement system. Qualified retirees would also be reimbursed by the
24 retirement system for their premium charges under Part B of the
25 Medicare program.

26 At present, PFRS members employed by units of local government
27 receive employer-paid health insurance coverage upon retirement
28 through the SHBP or another plan only if their employer chooses to
29 provide paid coverage. The bill allows all qualified PFRS retirees to
30 participate in the SHBP at the expense of the retirement system.
31 Qualified retirees of non-SHBP participating employers could elect to
32 accept SHBP coverage at the expense of the retirement system or to
33 continue in their employer's program. State employees who are
34 qualified retirees from PFRS currently receive paid coverage upon
35 retirement at the expense of the State and would continue to do so.

36 The bill also directs the State Treasurer to establish the assumed
37 rate of return on the assets of the PFRS at a rate which will enable the
38 retirement system to cover any increased costs resulting from
39 providing paid SHBP coverage.

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44 Provides paid SHBP coverage to certain PFRS retirees.