

SENATE, No. 2334

STATE OF NEW JERSEY

INTRODUCED DECEMBER 1, 1997

By Senators KYRILLOS and KENNY

1 AN ACT concerning health benefits coverage under the State Health
2 Benefits Program of certain retired members of the Police and
3 Firemen's Retirement System of New Jersey and the Public
4 Employees' Retirement System of New Jersey and supplementing
5 P.L.1961, c.49 (C.52:14-17.25 et seq.).
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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. a. A qualified retiree from the Police and Firemen's Retirement
11 System of New Jersey (C.43:16A-1 et seq.), and a qualified retiree
12 from the Public Employees' Retirement System of New Jersey
13 (C.43:15A-1 et seq.) whose service was as a law enforcement officer
14 as defined in section 1 of P.L.1955, c.257 (C.43:15A-97) or as a
15 policeman as defined in section 1 of P.L.1944, c.255 (C.43:16A-1),
16 and dependents of a qualified retiree, including surviving dependents,
17 are eligible to participate at any time in a State managed care plan for
18 retirees in the program, regardless of whether the retiree's employer
19 participated in the program.

20 A qualified retiree is a retiree who:

- 21 (1) retired on a benefit based on 25 or more years of service credit;
22 or
23 (2) retired on a disability retirement based on fewer years of
24 service credit.

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

26 b. A State managed care plan for retirees is a State managed care
27 plan which:

- 28 (1) provides services in the 21 counties in the State through a
29 network of doctors and other providers, with no deductible for
30 services provided in the network; and
31 (2) provides for payment or reimbursement for services and
32 supplies obtained outside the network.

33 The program shall reimburse a qualified retiree, or a surviving
34 dependent of a qualified retiree, who participates in the State managed
35 care plan for retirees in the program for the premium charges under
36 Part B of the federal Medicare program for the retiree and the retiree's
37 spouse.

1 A qualified retiree, or a surviving dependent of a qualified retiree,
2 shall pay 20 percent of the premium or periodic charges of the State
3 managed care plan for retirees for benefits provided to a qualified
4 retiree and the dependents of the retiree, or surviving dependents, as
5 the case may be. The State shall pay 80 percent of the premium or
6 periodic charges of the State managed care plan for retirees for
7 benefits provided to a qualified retiree and the dependents of the
8 retiree, or surviving dependents, as the case may be, and the full cost
9 for reimbursement of Medicare premiums.

10 If a qualified retiree, or a surviving dependent of a qualified retiree,
11 shall elect to participate in the traditional plan of the program, the
12 retiree or surviving dependent shall pay, in addition to the amount
13 specified above, the amount of the difference between the cost of the
14 premium or periodic charges for the traditional plan and the premium
15 or periodic charges of the State managed care plan for retirees.

16 c. The State Health Benefits Commission shall annually certify to
17 the State the cost for providing health benefits coverage to qualified
18 retirees and their dependents, or surviving dependents, as the case may
19 be, under this section. The State shall annually remit to the
20 commission the amount certified at a time specified by the State
21 Treasurer.

22 d. The provisions of this section shall not apply to (1) a retired
23 State employee whose premium or periodic charges for benefits under
24 the program are paid by the State pursuant to section 8 of P.L.1961,
25 c.49 (C.52:14-17.32) or section 6 of P.L.1996, c.8 (C.52:14-17.28b);
26 (2) a retiree whose premium or periodic charges for benefits under the
27 program are paid by an employer other than the State pursuant to
28 section 7 of P.L.1964, c.125 (C.52:14-17.38); (3) a retiree whose
29 health care benefits are paid by an employer other than the State
30 pursuant to N.J.S.40A:10-23; and (4) a retiree whose health care
31 benefits were paid by an employer other than the State pursuant to
32 section 7 of P.L.1964, c.125 (C.52:14-17.38) or N.J.S.40A:10-23
33 commencing prior to January 1, 1997, and are so paid on the effective
34 date of P.L. , c. (C.) (now pending before the Legislature as this
35 bill).

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37 2. The commission shall enter into a contract under the "New
38 Jersey State Health Benefits Program Act," P.L.1961, c.49 (C.52:14-
39 17.25 et seq.) for a State managed care plan for retirees in the
40 program pursuant to section 1 of P.L. , c. (C.) (now pending
41 before the Legislature as this bill), for which the premium or periodic
42 charges shall not be greater than the average of the premiums or
43 periodic charges of the State managed care plans of the program.

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45 3. This act shall take effect on the first day of the fourth month
46 following enactment.

STATEMENT

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3 This bill provides post-retirement health care benefits in a State
4 managed care plan for retirees in the State Health Benefits Program
5 (SHBP) to a qualified retiree from the Police and Firemen's Retirement
6 System, and a qualified retiree from the Public Employees' Retirement
7 System whose service was in law enforcement, and dependents of a
8 qualified retiree, including surviving dependents, at any time,
9 regardless of whether the retiree's employer participated in the
10 program.

11 The bill defines a qualified retiree as a retiree who (1) retired on a
12 benefit based on 25 or more years of service credit; or (2) retired on
13 a disability retirement based on fewer years of service credit. A retiree
14 who elected deferred retirement is not a qualified retiree. A State
15 managed care plan for retirees is defined as a State managed care plan
16 which provides services in the 21 counties in the State through a
17 network of doctors and other providers, with no deductible for
18 services provided in the network, and provides for payment or
19 reimbursement for services and supplies obtained outside the network.

20 The bill provides that (1) a qualified retiree, or a surviving
21 dependent of a qualified retiree, shall pay 20 percent of the premium
22 or periodic charges of the State managed care plan for retirees; (2)
23 SHBP shall reimburse a qualified retiree, or a surviving dependent of
24 a qualified retiree, for Part B Medicare premium charges; and (3) the
25 State shall pay 80 percent of the premium or periodic charges of the
26 State managed care plan for retirees and the full cost for
27 reimbursement of Medicare premiums. The bill also provides that if
28 a qualified retiree, or a surviving dependent of a qualified retiree, shall
29 elect to participate in the SHBP traditional plan, the retiree or
30 surviving dependent shall pay, in addition, the amount of the difference
31 between the cost of the premium or periodic charges for the traditional
32 plan and the premium or periodic charges of the State managed care
33 plan for retirees.

34 The provisions of this bill, however, shall not apply to (1) a retired
35 State employee whose premium or periodic charges for benefits under
36 the program are paid by the State pursuant to N.J.S.A.52:14-17.32 or
37 N.J.S.A.52:14-17.28b; (2) a retiree whose premium or periodic
38 charges for benefits under the program are paid by an employer other
39 than the State pursuant to N.J.S.A.52:14-17.38; (3) a retiree whose
40 health care benefits are paid by an employer other than the State
41 pursuant to N.J.S.A.40A:10-23; and (4) a retiree whose health care
42 benefits were paid by an employer other than the State pursuant to
43 N.J.S.A.52:14-17.38 or N.J.S.A.40A:10-23 commencing prior to
44 January 1, 1997 and are so paid on the effective date of the bill.

45 The bill requires that SHBP enter into a contract for a State
46 managed care plan for retirees for which the premium or periodic

1 charges shall not be greater than the average of the premiums or
2 periodic charges of the other SHBP State managed care plans.

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7 Provides contributory SHBP managed care plan to certain PFRS and

8 PERS retirees.