

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 2334**

# **STATE OF NEW JERSEY**

DATED: DECEMBER 15, 1997

The Senate Budget and Appropriations Committee reports favorably the Senate Committee Substitute for Senate Bill No. 2334.

The Senate Committee Substitute for Senate Bill No. 2334 provides post-retirement health care benefits in the State Health Benefits Program (SHBP) to a qualified retiree from the Police and Firemen's Retirement System (PFRS) or the Consolidated Police and Firemen's Retirement System (CPFPPF), or from the Public Employees' Retirement System (PERS) if the retiree's service was as a law enforcement officer or in a position eligible for participation in PFRS, and to dependents of a qualified retiree, but not including survivors, regardless of whether the retiree's employer participated in the program.

The bill defines a qualified retiree as a retiree who (1) retired on a benefit based on 25 or more years of service credit in PFRS or CPFPPF, or in PERS as a law enforcement officer as defined in N.J.S.A.43:15A-97 or in a position eligible for participation in PFRS; or (2) retired on a disability retirement under PFRS or CPFPPF, or under PERS as a law enforcement officer or in a position eligible for participation in PFRS, based on fewer years of service credit.

Under the bill, the State will pay 80 percent of the premium or periodic charges for the category of coverage elected by the qualified retiree under the State managed care plan (NJ Plus) or a health maintenance organization participating in the program that provides services in the 21 counties in the State, whichever provides the lower charge. The qualified retiree will pay the difference between the premium or periodic charge for the coverage and the amount paid by the State.

Any qualified retiree who retired prior to the effective date of this bill will be eligible for the coverage if the employee applies to the program within one year after the effective date of this bill.

The provisions of the bill, however, will not apply to (1) a retired State employee whose premium or periodic charges for benefits under the program are paid by the State pursuant to N.J.S.A.52:14-17.32 or N.J.S.A.52:14-17.28b; and (2) a retiree of an employer other than the State which pays the premium or periodic charges for health care

benefits for eligible retirees pursuant to N.J.S.A.52:14-17.38 or N.J.S.A.40A:10-23 on the effective date of the bill.

No provision of the bill is to be deemed to replace, supersede or modify retiree health care benefits provided by an employer by negotiated agreement, ordinance or resolution. An arbitrator in a compulsory interest arbitration proceeding is prohibited from issuing any finding, opinion or order reducing, eliminating or otherwise modifying retiree benefits (which exist as a result of a negotiated agreement, ordinance or resolution) because of the enactment of this bill to provide benefits for those who do not already receive them.

As reported, this Senate Committee Substitute is identical to Assembly Bill No. 3258 (ACS) (Kelly).

**FISCAL IMPACT:**

The Department of Treasury, estimates that the first year cost to the State, after enactment of this bill, would be approximately \$10 million.