Pension and Health Benefits Review Commission
Vote Results
September 12, 2008

S-1811 (Sweeney)/A-2657 (Burzichelli)
Requires health insurers, SHBP, Medicaid, and NJ FamilyCare to provide coverage for anesthesiology services in connection with outpatient colorectal cancer screening.

Motion: Recommend not to enact since the SHBP already provides this coverage.

Discussion: The PPO’s and HMO’s participating in the SHBP already provide this coverage. Aside from the SHBP, this bill would mandate the coverage for all health insurance policies in the State, other than the self-insured contracts, but including contracts for health care services under the Medicaid and NJ FamilyCare Program. The enactment of this bill would continue the questionable practice of mandating health benefits coverage. Such mandates tend to continue to place the health insurance industry outside of the “free enterprise” system and drive up the cost of health insurance for both the employer provided coverage and individual policies. The continued enactment of health benefit mandate legislation could soon make coverage unaffordable for both.

A-2535 (Gusciora/Wisniewski)
Requires dental benefits coverage for dental composite restorations.

Motion: Recommend not to enact.

Discussion: Composite restorations are already covered under the SHBP Employee Dental Plan if prescribed as necessary by the treating dentist. Under the SHBP’s Dental Plan Organization (DPO), the member may have a co-payment depending on the type of material the provider is using. Under the SHBP’s Dental Expense Plan (DEP), both amalgam and composite fillings are covered under the basic service at 80%. However, if a member requests a composite filling on a molar or premolar, the plan will provide an alternate benefit of an amalgam restoration. The patient is responsible for the upgrade restoration. The American Dental Association’s position on dental amalgams concludes it is an effective and safe restorative material.

Mr. Jim Schulz representing the NJ Dental Association addressed the Commission in support of this bill.

S-1639 (Turner)
Provides no PERS credit and no health care benefits for new appointees to State or local agency, board, commission, authority or instrumentality with compensation less than $20,000 and fewer than 35 hours per week.

Motion: Recommend not to enact since it only addresses partial pension reforms.

Discussion: The Commission recommends that the dollar threshold be eliminated and supports the provision in the bill of hours of work is fixed at fewer than 35 hours per week. Since this bill would eliminate pension only for part-time appointed officials, the Commission believes it only partially addresses the issue of pension reform.

A-2770 (O'Scanlon/Greenwald)
Requires prospectively that public employees, appointees and elected officials work 35 or more
hours per week with annual compensation equivalent to 1820 times State minimum wage for health care benefits.

**Motion:** Recommend not to enact.

**Discussion:** The Commission supports the intent of this bill since it advocates limiting employer paid health benefit coverage to full-time employees only. The issue of linking a dollar threshold with hours worked per week is problematic since an employee may meet the dollar threshold but not the 35 hour work week. Currently, regulations defining full-time for SHBP coverage are different for State and local employees. State workers are required to work 35 hours per week to be considered full-time. Local employers in the SHBP may elect to define full-time, starting at a minimum 20 hour work week. The Commission does support the 35 hour work week provision to obtain health care benefits.

**A-2727 (Polistina/Amodeo)**
Eliminates PERS credit and health care benefits for appointees to State or local agency, board, commission, authority or instrumentality with annual compensation less than $20,000 and weekly hours fewer than 35.

**Motion:** Recommend not to enact since it only addresses partial pension reforms.

**Discussion:** The Commission recommends that the dollar threshold be eliminated and supports the provision in the bill of hours of work is fewer than 35 hours per week. Since this bill would eliminate pension only for appointees, the Commission believes it only partially addresses the issue of pension reform.

**S-1629 (Turner)**
Reduces vesting requirement under State-administered retirement systems to five years’ service.

**Motion:** Recommend to enact since the effect of this bill would be to provide a vesting standard that is already in place in the private sector.

**Discussion:** The ten year vesting requirement in the State’s retirement systems (eight years for Legislators) is more stringent than the vesting standards required in qualified private sector pensions plans. The change to a five year vesting was recommended by the Benefits Review Task Force (BRTF) in their report dated December, 2005. As discussed by the Commission, both BRTF and the Commission consultant recognized that there would be a cost to this change.

**A-2757 (Schaer)**
Provides employees and officers working fewer than 1,000 hours annually will be ineligible for TPAF or PERS membership and service credit but will be eligible for Defined Contribution Retirement Program.

**Motion:** Recommend not to enact.

**Discussion:** The provisions of this bill would be applicable to both new prospective public employees and to current PERS and TPAF members who continue to be employed in positions in which fewer than 1,000 hours are worked annually after the effective date of this bill. These members would no longer accrue additional PERS or TPAF membership credit, but would participate in the DCRP instead. The Attorney General and Office of Legislative Services advised the Joint legislative Committee on Public Employee Benefits Reform that any legislation that detrimentally alters the pensions of active members in the State-administered retirement system with at least five years of service, or of retired members, “would be unconstitutional as violative of the federal and State constitutional proscription against impairment of the obligations of
contract.” Consequently, this bill’s provision making it applicable to all current members may render the bill unenforceable as it applies to current appointees who have accrued five years of pension service. In addition, the bill as written could have members entering in and out of the defined benefit plan and the defined contribution plan. If members work more than 1,000 hours one year, they would be required to contribute to the defined benefit plan and in the following year they work less than 1,000 hours they would be required to enroll in the defined contribution plan. Members flipping in and out of two different pension systems would further complicate a pension plan already made more complex by recently enacted pension reforms.

A-2647 (Polistina/Amodeo)
Makes certain State and local appointed public officials ineligible, retroactive to July 1, 2007, for PERS membership regardless of prior PERS membership.

Motion: Recommend not to enact.

Discussion: This bill would be retroactive to July 1, 2007. The enactment of this legislation would require appointees to withdraw from PERS and enroll in the DCRP, which they may claim unjust since they may have accepted the appointment with the understanding that continued PERS participation would be allowed. This bill would change the terms of the initial employment contract and have an impact on future retirement benefits to which they may be entitled.

A-2575 (Casagrande)
Imposes new criteria of $18,000 compensation and 30 hours weekly for TPAF and PERS membership as well as for TPAF and PERS credit after break in service.

Motion: Recommend not to enact.

Discussion: This bill would eliminate the current $1,500 and $500 annual compensation threshold for PERS and TPAF membership eligibility, respectively, and replace it with the requirement to work at least 30 hours per week and an annual salary of $18,000 to participate in PERS and TPAF. This bill contains no provision for participation in any other State plan, such as the Defined Contribution Retirement Program (DCRP) for individuals who would not qualify for the PERS and TPAF under this bill. The bill links compensation with hours worked for TPAF and PERS membership. The Commission recommends that the dollar threshold be eliminated and supports full-time employment as the criteria for membership eligibility.

A-3032 (Milam/Albano)/S-2053 (Van Drew)
Permits public employees to waive enrollment in State-administered pension systems and elect enrollment in Defined Contribution Retirement Program.

Motion: Recommend to enact.

Discussion: The bill permits public employees to waive enrollment in State-administered pension system and elect enrollment in the Defined Contribution Retirement program. The Commission supports the permissive nature of the bill since it allows public employees to make a choice whether to participate in a defined benefit plan or a defined contribution plan.