

52:14-17.32

LEGISLATIVE HISTORY CHECKLIST

NJSA: 52:14-17.32 et al (TPAF retirees-- certain-- state payment of health insurance premiums)

LAWS OF: 1987 **CHAPTER:** 384

Bill No: A4363

Sponsor(s): Singer and others

Date Introduced: June 18, 1987

Committee: **Assembly:** Appropriations
Senate: State Government, Federal and Interstate Relations and Veterans' Affairs, Revenue, Finance and Appropriations.

Amended during passage: Yes Amendments during passage denoted by asterisks.

Date of Passage: **Assembly:** June 29, 1987
Senate: December 10, 1987

Date of Approval: January 8, 1988

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: **Assembly** Yes
Senate Yes 11-9-87 and 12-7-87

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

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ASSEMBLY, No. 4363

STATE OF NEW JERSEY

INTRODUCED JUNE 18, 1987

By Assemblyman SINGER, Assemblywoman CRECCO, Assemblyman Deverin, Assemblywoman Smith and Assemblyman Kelly

AN ACT concerning the coverage under the State Health Benefits Program of certain retired public employees, amending P. L. 1964, c. 125*, *amending and supplementing P. L. 1961, c. 49, repealing section 16 of P. L. 1964, c. 125** and supplementing article 1 of chapter 66 of Title 18A of the New Jersey Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 *1. Section 8 of P. L. 1961, c. 49 (C. 52:14-17.32) is amended to
2 read as follows:

3 8. a. The basic coverage and the major medical coverage of any
4 employee, and of his dependents, if any, shall cease upon the discon-
5 tinuance of his term of office or employment or upon cessation of
6 active full-time employment subject to such regulations as may
7 be prescribed by the commission for limited continuance of basic
8 coverage and major medical coverage during disability, part-time
9 employment, leave of absence or lay off, and for continuance of
10 basic coverage and major medical coverage after retirement, any
11 such continuance after retirement to be provided at such rates and
12-13 under such conditions as shall be prescribed by the commission,
14 subject, however, to the requirements hereinafter set forth in this
15 section. The commission may also establish regulations prescribing
16 an extension of coverage when an employee or dependent is totally
17 disabled at termination of coverage.

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

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendments adopted June 25, 1987.

18 b. Rates payable by retired employees for themselves and their
19 dependents, by active employees for dependents covered by medi-
20 care benefits, and by the State or other employer for an active
21 employee alone covered by medicare benefits, shall be determined
22 on the basis of utilization experience according to classifications
23 determined by the commission, provided, however, that the total
24 rate payable by such retired employee for himself and his de-
25 pendents, or by such active employee for his dependents and the
26 State or other employer for such active employee alone, for
27 coverage hereunder and for Part B of medicare, shall not exceed
28 by more than 25%, as determined by the commission, the total
29 amount which would have been required to have been paid by him
30 and by the State or other employer for the coverage maintained
31 had he continued in office or active employment and he and his
32 dependents were not eligible for medicare benefits. "Medicare"
33 as used in this act means the coverage provided under Title XVIII
34 of the Social Security Act as amended in 1965, or its successor plan
35 or plans.

36 c. (1) From funds appropriated therefor, the State shall pay
37 the premium or periodic charges for the benefits provided to a re-
38 tired State employee and his dependents covered under the pro-
39 gram, but not including survivors, if such employee retired from a
40 State-administered retirement system [effective on or after July 1,
41 1964] on a benefit based on 25 years or more of service credited in
42 such retirement system, excepting the employee who elected de-
43 ferred retirement, but including the employee who retired on a dis-
44 ability pension based on fewer years of service credited in such
45 retirement system and shall also reimburse such retired employee
46 for his premium charges under Part B of the federal medicare
47 program covering the retired employee and the employee's spouse.
48 In the case of full-time employees of the Rutgers University Co-
49 operative Extension Service, service credited in the federal Civil
50 Service Retirement System (5 U. S. C. § 8331 et seq.) which was
51 earned as a result of full-time employment at Rutgers University,
52 may be considered alone or in combination with service credited in
53 a State-administered retirement system for the purposes of estab-
54 lishing the minimum 25 year service requirement to qualify for the
55 benefits provided in this section. Any full-time employee of the
56 Rutgers University Cooperative Extension Service [who retired on
57 or after July 1, 1972 and] who meets the eligibility requirements
58 set forth in this amendatory act shall be eligible for the benefits
59 provided in this section, provided that at the time of retirement

60 such employee was covered by the State Health Benefits Program
61 and elected to continue such coverage into retirement.

62 (2) Notwithstanding the provisions of this section to the con-
63 trary, from funds appropriated therefor, the State shall pay the
64 premium or periodic charges for the benefits provided to a retired
65 State employee and his dependents covered under the program, but
66 not including survivors, if: (a) the employee retires on or after
67 the effective date of this 1986 amendatory act; (b) the employee
68 was employed by Rutgers University prior to January 2, 1955 and
69 remained in continuous service with Rutgers University until
70 retirement even though the employee (i) did not join a State-
71 administered retirement system, or, (ii) became a member of a
72 State-administered retirement system, but accumulated less than
73 25 years of credited service; and (c) the employee is covered by
74 the program at the time of retirement.*

1 ***[1.]*** *2.* Section 7 of P. L. 1964, c. 125 (C. 52:14-17.38) is
2 amended to read as follows:

3 7. ***[a.]*** The Division of Pensions shall certify to the cer-
4 tifying agent of each employer electing participation under the
5 program the premium rates and periodic charges applicable to the
6 coverage provided for employees and dependents. The participat-
7 ing employer shall remit to the division all contributions to
8 premiums and periodic charges in advance of their due dates,
9 subject to the rules and regulations of the commission.

10 The employer shall reimburse the active employee for his pre-
11 mium charges under Part B of the federal Medicare Program
12 covering the employee and the employee's spouse.

13 ***[b. (1)]*** From funds allocated therefor, the employer other
14 than the State may pay the premium or periodic charges for the
15 benefits provided to a retired employee and his dependents covered
16 under the program, if such employee retired from a State or
17 locally-administered retirement system on a benefit based on 25
18 years or more of service credited in such retirement system, ex-
19 cepting the employee who elected deferred retirement, but includ-
20 ing the employee who retired on a disability pension based on
21 fewer years of service credited in such retirement system, and
22 may also reimburse such retired employee for his premium charges
23 under Part B of the federal Medicare Program covering the re-
24 tired employee and the employee's spouse. "Retired employee
25 and his dependents" may, upon adoption of an appropriate resolu-
26 tion therefor by the participating employer, also include otherwise
27 eligible employees, and their dependents, who retired from a State

28 or locally-administered retirement system ***[on or after July 1,**
 29 **1964, notwithstanding that said]*** **prior to the date that the** em-
 30 ployer became a participating employer in the New Jersey State
 31 Health Benefits Program ***[after said date]***. The term may also,
 32 upon adoption of an appropriate resolution therefor by the partici-
 33 pating employer, include otherwise eligible employees, and their
 34 dependents, who did not elect to continue coverage in the program
 35 during such time after the employer became a participating em-
 36 ployer that the employer did not pay premium or periodic charges
 37 for benefits to retired employees and their dependents pursuant to
 38 this section. Eligibility and enrollment of such employees and
 39 dependents shall be in accordance with such rules and regulations
 40 as may be adopted by the State Health Benefits Commission.

41 The employer other than the State may, by resolution, pay the
 42 premium or periodic charges for the benefits provided to the sur-
 43 viving spouse of a retired employee and his dependents covered
 44 under the program as provided in this section.

45 ****[(2) Notwithstanding the provisions of paragraph (1) of this***
 46 *subsection, eligibility for coverage under the program is extended*
 47 *to any member or former member of the Teachers' Pension and An-*
 48 *nuity Fund, article 1 of chapter 66 of Title 18A of the New Jersey*
 49 *Statutes, and his dependents, but not including survivors, if such*
 50 *former member retired from that fund effective on or after July*
 51 *1, 1964, or shall hereafter retire from the fund, on a benefit based*
 52 *on 25 years or more of service credited in the fund, excepting a*
 53 *member or former member who elects or elected deferred retire-*
 54 *ment, but including a member or former member who, retires or*
 55 *retired on a disability pension based on fewer years of service*
 56 *credited in the fund. A retired employee otherwise qualified for*
 57 *coverage under this paragraph shall be eligible therefor without*
 58 *regard to whether the former employer of the employee was a*
 59 *participating employer at the time of the employee's retirement.*
 60 *or whether the employer ceased to be a participating employer*
 61 *following the employee's retirement, or whether the employee*
 62 *elected to continue coverage in the program during such time after*
 63 *the employer became a participating employer that the employer*
 64 *did not pay premium or periodic charges for benefits to retired*
 65 *employees and their dependents pursuant to paragraph (1) of*
 66 *this subsection.*

67 *From funds allocated therefor, the State shall pay to the*
 68 *Teachers' Pension and Annuity Fund the amount of the premium*
 69 *or periodic charges for benefits provided to a retired employee and*

70 *his dependents under this paragraph and shall also reimburse the*
 71 *retired employee for his premium charges under Part B of the*
 72 *federal medicare program covering the retired employee and the*
 73 *employee's spouse.*

1 2. (New section) A member of the retirement system who retires
 2 therefrom on a benefit based on 25 years or more of service
 3 credited in the retirement system and any former member of the
 4 retirement system who retired on such a benefit effective on or
 5 after July 1, 1964, excepting a member or former member who
 6 elects or elected deferred retirement but including a member or
 7 former member who retires or retired on a disability pension based
 8 on fewer years of service, and the dependents of that member or
 9 former member, shall be entitled during the retirement of the
 10 member or former member to health benefits coverage under the
 11 "New Jersey State Health Benefits Program Act," P. L. 1961,
 12 c. 49 (C. 52:14-17.25 et seq.), without regard to whether the em-
 13 ployer from whom the members or former member retires or
 14 retired is a participant in the State Health Benefits Program. A
 15 former member becoming eligible for coverage under the State
 16 Health Benefits Program under the provisions of this section shall
 17 make application for the coverage to the retirement system within
 18 one year of the effective date of this act.

19 The cost of the coverage for such member or former member
 20 shall be a liability of the retirement system, and reserves shall be
 21 established for the funding of the liability, including liability ac-
 22 crued on the basis of service rendered prior to July 1, 1936, in the
 23 same manner as for the funding of the liability for retirement
 24 allowances, pursuant to such rules and regulations as the director
 25 of the Division of Pensions shall adopt. The State shall pay the
 26 cost of the liability established under this section.

27 The State Health Benefits Commission shall annually certify to
 28 the retirement system the cost of the health benefits coverage for
 29 retired employees under this section and the retirement system
 30 shall forthwith remit the amount due to the commission.]*

1 *3. (New section) *A qualified retiree from the Teachers' Pension*
 2 *and Annuity Fund (N. J. S. 18A:66-1 et seq.) and dependents of a*
 3 *qualified retiree, but not including survivors, are eligible to partici-*
 4 *pate in the program, regardless of whether the retiree's employer*
 5 *participated in the program.*

6 *A qualified retiree is a retiree who:*

7 *a. Retired on a benefit based on 25 or more years of service*
 8 *credit; or*

9 *b. Retired on a disability pension based on fewer years of service*
10 *credit.*

11 *A retiree who elected deferred retirement is not a qualified retiree.*

12 *The program shall reimburse a qualified retiree who participates*
13 *in the program for the premium charges under Part B of the*
14 *federal medicare program for the retiree and the retiree's spouse.*

15 *A qualified retiree who retired prior to the effective date of this*
16 *1987 amendatory and supplementary act is eligible for the coverage*
17 *if the retiree applies to the program for it within one year after the*
18 *effective date.*

19 *The premium or periodic charges for benefits provided to a*
20 *qualified retiree and the dependents of the retiree, and the cost for*
21 *reimbursement of medicare premiums shall be paid by the Teachers'*
22 *Pension and Annuity Fund. The State Health Benefits Commission*
23 *shall annually certify to the fund the cost for providing health*
24 *benefits coverage to qualified retirees and their dependents under*
25 *this section. The fund shall annually remit to the commission the*
26 *amount certified at a time specified by the State Treasurer.*

1 4. *Section 16 of P. L. 1964, c. 125 (C. 52:14-17.32a) is repealed.**

1 ***[3.]*** *5.* *This act shall take effect on the first day of the fourth*
2 *month following the date of enactment, but shall remain inopera-*
3 *tive unless and until Assembly Bill No. 4364 of 1987 and Assembly*
4 *Bill No. 4365 of 1987 are enacted.*

PENSIONS AND RETIREMENT—PERS, TPAF, OTHER
Provides State paid coverage under SHBP to retirants from
TPAF with at least 25 years' service.

STATEMENT

This bill extends State-paid coverage under the State Health Benefits Program to any member or former member of the Teachers' Pension and Annuity Fund who retired, other than on a deferred retirement allowance, on a benefit based on at least 25 years of service. The bill also provides that the cost of such coverage shall be a liability of the TPAF which shall be financed through reserve funding.

PENSIONS AND RETIREMENT—PERS, TPAF, OTHER

Provides State paid coverage under SHBP to retirants from TPAF with at least 25 years' service.

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ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4363

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 25, 1987

The Assembly Appropriations Committee favorably reports Assembly Bill No. 4363 with committee amendments.

Assembly Bill No. 4363, as amended, extends State-paid coverage under the State Health Benefits Program to any member or former member of the Teacher's Pension and Annuity Fund (TPAF) who retired on a benefit based on at least 25 years of service. This does not pertain to a referred retirement allowance. The bill also provides that the cost of this coverage will become a liability of the TPAF to be financed through reserve funding.

This bill shall remain inoperative until enactment of Assembly Bill Nos. 4364 and 4365 which recalculate unfunded liability, prefund the cost of living adjustments and give health benefits coverage to retired employees of local boards of education if coverage is with a private carrier.

Currently, this cost is not paid for by the State as it is for State employees with 25 or more years of service.

FISCAL IMPACT:

There is no fiscal note on this bill, however the Division of Pensions has stated that the State will anticipate cost savings from the new financing of the TPAF under the three-bill package concerning accrued liability, prefunding COLAs, and interest assumption.

COMMITTEE AMENDMENTS:

The committee amended the bill, at the suggestion of the State Treasurer's Office and the State Director of Pensions, to make technical amendments, and remove the cut-off date of July 1, 1964 for eligible retirants.

SENATE STATE GOVERNMENT AND FEDERAL AND
INTERSTATE RELATIONS AND VETERANS AFFAIRS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 4363

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STATE OF NEW JERSEY

DATED: NOVEMBER 9, 1987

The Senate State Government Committee reports favorably Assembly Bill No. 4363 OCR.

This bill concerns health benefits and medicare coverage for Teachers' Pension and Annuity Fund members. It provides that a qualified retiree (defined as a person who retires on a benefit based on 25 or more years of service credit or who retires on a disability pension based on fewer years of service credit) and dependents of a qualified retiree, but not including survivors, shall be eligible to participate in the State Health Benefits Program, regardless of whether the retiree's employer participated in the program. A retiree who elected a deferred retirement shall not be considered to be a qualified retiree. The bill stipulates that premium charges for program benefits for a qualified retiree shall be paid by the TPAF. In addition, the program shall reimburse a qualified retiree for federal medicare Part B premium charges and this reimbursement cost shall also be paid by the TPAF. The State Health Benefits Commission shall annually certify to the fund the cost of providing coverage to qualified retirees and their dependents. The fund shall annually remit to the commission the amount certified.

A qualified retiree who retired prior to the effective date of this act is eligible for coverage if the retiree applies to the program within one year after the effective date. The bill also eliminates or repeals various restrictive dates under the State Health Benefits Program.

This act shall remain inoperative until Assembly Bill No. 4364 OCR of 1987 and Assembly Bill No. 4365 of 1987 are enacted. It is identical to Senate Bill No. 3575.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 4363

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STATE OF NEW JERSEY

DATED: DECEMBER 7, 1987

The Senate Revenue, Finance and Appropriations Committee reported Assembly Bill No. 4363 OCR favorably.

Assembly Bill No. 4363 OCR concerns the provision of health benefits under the State Health Benefits Program (SHBP) and medicare coverage for certain members of the Teachers' Pension and Annuity Fund (TPAF). The bill provides that a qualified retiree (25 or more years of service credit, or a retiree on a disability pension) and dependents of a qualified retiree, but not survivors, shall be eligible to participate in the SHBP, regardless of whether the retiree's employer participates in the program. Under current law, such retirees may only participate in SHBP if their employer participates in SHBP and elects to make benefits available to qualified retirees. "Nonqualified" retirees (less than 25 years of service credit) of an employer which participates in SHBP may currently continue such coverage at their own cost.

The bill provides that premium charges for program benefits for a qualified retiree shall be paid by the TPAF; and since the State pays the employers' share of TPAF costs, this means the State will pay these premium charges. Currently, SHBP-participating employers are required to pay the premium charges for qualified retirees, and relatively few school districts have chosen to make these benefits available. In addition, the bill provides that qualified retirees shall be reimbursed for federal medicare Part B premium charges and this reimbursement cost shall also be paid by the TPAF, that is, by the State. The State Health Benefits Commission shall annually certify to the fund the cost of providing coverage to qualified retirees and their dependents. The fund shall annually remit to the commission the amount certified.

A qualified retiree who retired prior to the effective date of this bill shall be permitted to enroll for coverage within one year after the effective date. A retiree who elected a deferred retirement is not considered a qualified retiree. The bill also eliminates or repeals various restrictive dates under the State Health Benefits Program.

This act shall remain inoperative until Assembly Bill No. 4364 OCR of 1987 and Assembly Bill No. 4365 of 1987 are enacted. It is identical to Senate Bill No. 3575.

FISCAL IMPACT:

The fiscal impact of this bill is not known at this time. The Division of Pensions has indicated that, if all employers currently paid SHBP benefits for qualified retirees, the cost of the added benefits would be approximately \$24 to \$25 million annually. Under this bill, these benefit costs would be paid by the State. However, the actual annual State cost is unknown, since Assembly Bill No. 4364 OCR provides that the cost of providing this coverage, along with cost of living adjustment costs, shall be prefunded.
