

## LEGISLATIVE HISTORY CHECKLIST

**NJSA:** 18A:16-18 (Board of Education-- retired employees-- continuation of health insurance)

**LAWS OF:** 1987 **CHAPTER:** 386

**Bill No:** A4365

**Sponsor(s):** Smith 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:** No

**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

See journal article-- attached:

"Senat oks retirees health bills; Kean's approval is expected soon," 1-4-88 NJEA Reporter.

ASSEMBLY, No. 4365

STATE OF NEW JERSEY

INTRODUCED JUNE 18, 1987

By Assemblymen DEVERIN, KELLY and Assemblywoman Smith

AN ACT concerning health insurance coverage of retired employees of certain boards of education and certain other employers and amending and supplementing P. L. 1979, c. 391.

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

1 1. Section 7 of P. L. 1979, c. 391 (C. 18A:16-18) is amended to  
2 read as follows:

3 7. The continuance of coverage after retirement of any em-  
4 ployee **[may]** *shall* be provided at such rates and under the con-  
5 ditions as shall be prescribed in the contract subject, however, to  
6 the requirements set forth in section 8 **[hereof]** *of P. L. 1979, c. 391*  
7 *(C. 18A:16-19)*. The contribution required of any retired employee  
8 toward the cost of such coverage may be paid by **[him]** *the em-*  
9 *ployee* to the local board of education or in such other manner as  
10 the local board of education shall direct.

1 2. Section 8 of P. L. 1979, c. 391 (C. 18A:16-19) is amended to  
2 read as follows:

3 8. **[Retired]** *a. Except as otherwise prescribed by P. L. 1979,*  
4 *c. 391 (C. 18A:16-12 et seq.), retired employees shall be required*  
5 *to pay for the entire cost of coverage for themselves and their*  
6 *dependents at rates which are deemed adequate to cover the bene-*  
7 *fits, as affected by Medicare, of such retired employees and their*  
8 *dependents on the basis of the utilization of services which may*  
9 *be reasonably expected of such older age classification; provided,*  
10 *however, that the total rate payable by such a retired employee*  
11 *for himself and his dependents, for coverage under the contract*  
12 *and for Part B of Medicare, shall not exceed by more than 25%,*

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.

13 the total amount that would have been required to have been paid  
 14 by the employee and the local board of education for the coverage  
 15 maintained had he continued in office or active employment and  
 16 he and his dependents were not eligible for Medicare benefits.

17 *b.* The local board of education may, in its discretion, assume  
 18 the entire cost of such coverage and pay all of the premiums for  
 19 employees who have retired after 25 years or more service with  
 20 the local board of education, including the premiums on their  
 21 dependents, if any, under such uniform conditions as the local  
 22 board of education shall prescribe, *except that retired employees*  
 23 *and dependents who are eligible for and elect at the time of re-*  
 24 *tirement to take State-paid coverage under the State Health Bene-*  
 25 *fits Program pursuant to paragraph (2) of subsection b. of section*  
 26 *7 of P. L. 1964, c. 125 (C. 52:14-17.38) shall not be eligible for*  
 27 *employer-paid coverage under this subsection.*

1 3. (New section) Any retired employee of a local board of edu-  
 2 cation or other employer which has entered into a group health  
 3 insurance contract pursuant to the provisions of section 2 of P. L.  
 4 1979, c. 391 (C. 13A:16-13) who is not eligible for State-paid  
 5 coverage for himself and his dependents under the State Health  
 6 Benefits Program pursuant to paragraph (2) of subsection b. of  
 7 section 7 of P. L. 1964, c. 125 (C. 52:14-17.38) and who on the  
 8 effective date of this 1987 amendatory and supplementary act is  
 9 not receiving coverage under such a contract through his former  
 10 employer shall be entitled to coverage under the contract if he  
 11 applies therefor within one year of that effective date to the local  
 12 board of education or other employer from whose service he re-  
 13 tired, provided that such coverage shall be subject to all other  
 14 provisions of P. L. 1979, c. 391.

1 4. This act shall take effect on the first day of the fourth month  
 2 after the date of enactment but shall remain inoperative unless  
 3 and until Assembly Bill No. 4363 of 1987 and Assembly Bill No.  
 4 4364 of 1987 are enacted.

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#### STATEMENT

This bill requires that any retired employee of a local board of education or other employer which provides group health coverage for its active employees under a contract with a private carrier shall be permitted to retain that coverage if he assumes the cost thereof; under current law, employees of such an employer may retain such coverage after retirement only at the discretion of the employer. The bill also provides for a one-year period following the date of the bill's enactment during which period retired em-

ployees who are not receiving coverage under such a contract will be permitted to enroll therefor.

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**PENSIONS AND RETIREMENT—PERS, TPAE, OTHER**

Requires that retired employees of local boards of education shall be permitted to assume cost of continuing coverage under former employer's group health insurance contract with private carrier.

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13 the total amount that would have been required to have been paid  
 14 by the employee and the local board of education for the coverage  
 15 maintained had he continued in office or active employment and  
 16 he and his dependents were not eligible for Medicare benefits.

17 *b.* The local board of education may, in its discretion, assume  
 18 the entire cost of such coverage and pay all of the premiums for  
 19 employees who have retired after 25 years or more service with  
 20 the local board of education, including the premiums on their  
 21 dependents, if any, under such uniform conditions as the local  
 22 board of education shall prescribe, *except that retired employees*  
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 24 *tirement to take State-paid coverage under the State Health Bene-*  
 25 *fits Program pursuant to paragraph (2) of subsection b. of section*  
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 27 *employer-paid coverage under this subsection.*

1 3. (New section) Any retired employee of a local board of edu-  
 2 cation or other employer which has entered into a group health  
 3 insurance contract pursuant to the provisions of section 2 of P. L.  
 4 1979, c. 391 (C. 18A:16-13) who is not eligible for State-paid  
 5 coverage for himself and his dependents under the State Health  
 6 Benefits Program pursuant to paragraph (2) of subsection b. of  
 7 section 7 of P. L. 1964, c. 125 (C. 52:14-17.38) and who on the  
 8 effective date of this 1987 amendatory and supplementary act is  
 9 not receiving coverage under such a contract through his former  
 10 employer shall be entitled to coverage under the contract if he  
 11 applies therefor within one year of that effective date to the local  
 12 board of education or other employer from whose service he re-  
 13 tired, provided that such coverage shall be subject to all other  
 14 provisions of P. L. 1979, c. 391.

1 4. This act shall take effect on the first day of the fourth month  
 2 after the date of enactment but shall remain inoperative unless  
 3 and until Assembly Bill No. 4363 of 1987 and Assembly Bill No.  
 4 4364 of 1987 are enacted.

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#### SPONSORS STATEMENT

This bill requires that any retired employee of a local board of education or other employer which provides group health coverage for its active employees under a contract with a private carrier shall be permitted to retain that coverage if he assumes the cost thereof; under current law, employees of such an employer may retain such coverage after retirement only at the discretion of the employer. The bill also provides for a one-year period following the date of the bill's enactment during which period retired em-

employees who are not receiving coverage under such a contract will be permitted to enroll therefor.

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PENSIONS AND RETIREMENT—PERS, TPAF, OTHER

Requires that retired employees of local boards of education shall be permitted to assume cost of continuing coverage under former employer's group health insurance contract with private carrier.

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ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4365

STATE OF NEW JERSEY

DATED: JUNE 25, 1987

The Assembly Appropriations Committee favorably reports Assembly Bill No. 4365.

Assembly Bill No. 4365 requires that any retired employee of a local board of education which provides group health benefits coverage for its active employees under a contract with a private carrier shall be permitted to retain that coverage if he assumes the cost.

Under current law, these employees may retain coverage after retirement only at the discretion of the employer.

The bill provides for a one year period of enrollment for those retirees not covered under such a contract.

According to the Division of Pensions, of the approximate 600 school districts, 467 participate in the State Health Benefits Plan (SHBP). Of the remaining districts, only a few have no provision for the retirees to receive group coverage. These districts would have to offer the retirees the option of staying with the private carrier at the cost of the retiree if the person has less than 25 years of service. Those retirees with 25 years or more of service have the option of joining the SHBP, which under this three-bill package, will be paid for by the State.

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

STATEMENT TO

**ASSEMBLY, No. 4365**

**STATE OF NEW JERSEY**

DATED: NOVEMBER 9, 1987

The Senate State Government Committee reports favorably Assembly Bill No. 4365.

This bill concerns the continuance of health insurance coverage for employees who retire from a local board of education or other employer offering group health coverage to its active employees under a contract with a private carrier. It provides that a retired employee shall be allowed to continue coverage if the retiree pays the entire cost of such coverage for himself and his dependents at rates deemed adequate to cover the benefits but which shall not exceed by more than 25% the total amount that an active employee and employer would pay. Under existing law, continuance of coverage for a retired employee is at the discretion of the employer. The bill also stipulates that retired employees electing State-paid coverage under the State Health Benefits Program shall not be eligible for employer-paid coverage. Lastly, the bill provides for a one-year period following the enactment date of this act in which a retired employee who is not receiving coverage under a contract through a former employer and who is not eligible for State-paid coverage shall be permitted to enroll for coverage.

This bill is part of a package of bills and shall remain inoperative until Assembly Bill No. 4363 OCR of 1987 and Assembly Bill No. 4364 OCR of 1987 are enacted. It is identical to Senate Bill No. 3577.

SENATE REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 4365**

**STATE OF NEW JERSEY**

DATED: DECEMBER 7, 1987

The Senate Revenue, Finance and Appropriations Committee reported Assembly Bill No. 4365 favorably.

Assembly Bill No. 4365 concerns the provision of health benefits for certain retirees of the "Teachers' Pension and Annuity Fund" (TPAF) who don't qualify for State-paid State Health Benefits Program (SHBP) benefits. The bill provides that any retiree of a local board of education offering group health coverage to its active employees under a contract with a private carrier shall be allowed to continue that health benefit coverage. The retiree must pay the entire cost of such coverage for himself and his dependents at rates deemed adequate to cover the benefits, but the rates shall not exceed by more than 25% the total amount that an active employee and employer would pay. Under current law, permitting continuance of coverage for retired employees is optional for those employers providing coverage under a contract with a private carrier.

A retired employee who is not receiving coverage under a contract through a former employer and who is not eligible for State-paid SHBP coverage shall be permitted to enroll for coverage within one year after the effective date of the bill.

This bill shall remain inoperative until Assembly Bill No. 4363 OCR of 1987 and Assembly Bill No. 4364 OCR of 1987 are enacted. It is identical to Senate Bill No. 3577.

**FISCAL IMPACT:**

This bill has no fiscal impact for the State. Each retiree would be responsible for paying the continued coverage.