

52:14-17.38

LEGISLATIVE HISTORY CHECKLIST

(State Health Benefits Program--  
Local government to include  
certain retired employees

WJSA 52:14-17.38

LAWS OF 1979

CHAPTER 54

Bill No. S660

Sponsor(s) Merlino

Date Introduced January 19, 1978

Committee: Assembly County Government

Senate County & Municipal Government

Amended during passage Yes

Amendments during  
passage denoted by  
asterisks

Date of Passage: Assembly December 11, 1978

Senate May 15, 1978

Date of approval March 27, 1979

Following statements are attached if available:

Sponsor statement Yes

Committee Statement: Assembly  No

Senate Yes

Fiscal Note  No

Veto message  No

Message on signing  No

Following were printed:

Reports  No

Hearings  No

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**SENATE, No. 660**

**STATE OF NEW JERSEY**

INTRODUCED JANUARY 19, 1978

By Senator MERLINO

Referred to Committee on County and Municipal Government

AN ACT concerning certain retired employees of counties, municipalities and school districts in connection with the New Jersey State Health Benefits Program and amending P. L. 1964, c. 125.

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

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

3 7. The Division of Pensions shall certify to the certifying agent  
4 of each employer electing participation under the program the  
5 premium rates and periodic charges applicable to the coverage  
6 provided for employees and dependents. The participating em-  
7 ployer shall remit to the division all contributions to premiums  
8 and periodic charges in advance of their due dates, subject to the  
9 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 From funds allocated therefor, the employer other than the State  
14 may pay the premium or periodic charges for the benefits provided  
15 to a retired employee and his dependents covered under the pro-  
16 gram, but not including survivors, if such employee retired from a  
17 State or locally-administered retirement system on a benefit based  
18 on 25 years or more of service credited in such retirement system,  
19 excepting the employee who elected deferred retirement, but in-  
20 cluding the employee who retired on a disability pension based on  
21 fewer years of service credited in such retirement system and may  
22 also reimburse such retired employee for his premium charges  
23 under Part B of the Federal Medicare Program covering the  
24 retired employee and the employee's spouse. "*Retired employee*

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

25 and his dependents'' may, upon adoption of an appropriate reso-  
26 lution therefor by the participating employer, also include \***[any**  
27 otherwise eligible employee, and his**]**\* otherwise eligible employ-  
28 ees, and their\* dependents, who retired from a State or locally-  
29 administered retirement system \***[at any time prior to the date**  
30 on which said employer became a participating employer in ac-  
31 cordance with the provisions of the New Jersey State Health Bene-  
32 fits Program Act**]**\* on or after July 1, 1964, notwithstanding that  
33 said employer became a participating employer in the New Jersey  
34 State Health Benefits Program after said date\*. Eligibility and  
35 enrollment of such employees and dependents shall be in accordance  
36 with such rules and regulations as may be adopted by the State  
37 Health Benefits Commission.

1 2. This act shall take effect immediately.

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27 *otherwise eligible employee, and his dependents, who retired from*  
 28 *a State or locally-administered retirement system at any time prior*  
 29 *to the date on which said employer became a participating employer*  
 30 *in accordance with the provisions of the New Jersey State Health*  
 31 *Benefits Program Act. Eligibility and enrollment of such employees*  
 32 *and dependents shall be in accordance with such rules and regula-*  
 33 *tions as may be adopted by the State Health Benefits Commission.*  
 1 2. This act shall take effect immediately.

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*Sponsors'* STATEMENT

The purpose of this bill is to permit local units of government, at their discretion, to extend the same health insurance benefits to employees retired prior to the date that the local unit became a participating employer under the New Jersey State Health Benefits Program Act as are already available to employees retiring after said date pursuant to the section of law amended by this bill.

The local unit of government or the retired employee, as the case may be, will be required to pay all necessary premium charges.

5660 (1978)

SENATE COUNTY AND MUNICIPAL  
GOVERNMENT COMMITTEE

STATEMENT TO  
SENATE, No. 660

STATE OF NEW JERSEY

DATED: APRIL 27, 1978

Senate Bill No. 660 would permit local governmental employers, by resolution, to extend the benefits of the State Health Benefits Program to their employees who retired prior to the local government's participation in the program.

Committee received unofficial communication from the Department of the Treasury estimating that the costs to local employers may be as high as \$6.5 million in 1979 and \$7.0 million in 1980.

The committee amended the bill to provide that the local employer may cover employees retiring prior to the employers participation in the State Health Benefits Program, but not prior to July 1, 1964, the date prior to which the State does not cover its retired employers. The committee believed that the legislation should not allow local employers to cover employees retiring prior to that date, thus engendering pressure for the State to do the same for its employees retiring prior to such date at an estimated cost of \$2.5 million.

The committee also amended the bill to assure that the local employer would cover all employees retired prior to participation, if it chose to cover any such retired employees. Some ambiguity appeared to exist under the bill as to whether or not the local employer would be permitted to select among such employees as to whom it would cover.

*Opinions Received:* League of Municipalities—qualified approval. “The League endorses Senate Bill No. 660. However, this endorsement is based upon the fact that such increase in cost must be exempted from the Cap law. If such exception is not provided, we must withhold our approval of this bill.”

The committee notes that since this provision of benefits is a permissive extension of an existing program, and not a mandated new program, the local employer costs would not be exempted from the local budget caps. This, of course, would be a factor each municipality would have to consider in deciding whether or not to extend such benefits to retired employees.