

40A:10-23.4

LEGISLATIVE HISTORY CHECK Compiled by the NJ State Law Library

LAWS OF: 1999 **CHAPTER:** 431

NJSA: 40A:10-23.4 (Government employees –health benefits—retirees)

BILL NO: A2480 (Substituted for S1837)

SPONSOR(S): Azzolina and Thompson

DATE INTRODUCED: October 5, 1998

COMMITTEE: **ASSEMBLY:** State Government

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 24, 1999

SENATE: January 10, 2000

DATE OF APPROVAL: January 18, 2000

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: Original bill enacted
(Amendments during passage denoted by superscript numbers)

A2480

SPONSORS STATEMENT: (Begins on page 2 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: [Yes](#)

S1837

SPONSORS STATEMENT: (Begins on page 2 of original bill) [Yes](#)
Bill and Sponsors Statement identical to A2480

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)
Identical to Senate Statement for A2480

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: [Yes](#)
Identical to legislative Fiscal Estimate to A2480

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING:

No

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

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P.L. 1999, CHAPTER 431, *approved January 18, 2000*
Assembly, No. 2480

1 **AN ACT** concerning the payment of the cost of health benefits
2 coverage for certain local government retirees and supplementing
3 Title 40A of the New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. An employer that has established a health insurance plan
9 covering employees in and retirants from the service of the employer,
10 and their dependents, may assume the entire cost of health benefits
11 coverage during retirement for any retiree, and the retiree's
12 dependents, if (1) the retiree retired after 25 years or more of service
13 credit in a State or locally administered retirement system and a period
14 of service of up to 25 years with the employer at the time of retirement
15 and (2) the employer paid the entire cost of such coverage for the
16 retiree prior to June 26, 1995, the effective date of P.L.1995, c.136.

17
18 2. This act shall take effect immediately.

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STATEMENT

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23 The purpose of this bill is to permit certain local government
24 retirees to continue to receive fully paid health benefits coverage from
25 the retirees' former employers under certain conditions.

26 Prior to June 26, 1995, N.J.S.40A:10-23 authorized local
27 government employers to assume the entire cost of health benefits
28 coverage for retirees and their dependents if the retiree retired on a
29 disability pension, or after 25 years or more of service with the
30 employer, or at age 62 or older with at least 15 years of service with
31 the employer. However, some employers had assumed the entire cost
32 of such coverage for retirees who had less than 25 years of service
33 with the employer but who did have 25 or more years of service credit
34 in a State or locally administered retirement system. However, as a
35 result of a court decision, Wolfersberger v. Pt. Pleasant Beach, 305
36 N.J.Super. 446 (1996), aff'd 152 N.J. 40 (1997), which held that
37 providing such coverage was a violation of the statute, these
38 employers took action to terminate the payment of the cost such
39 coverage for those retirees who had less than 25 full years of service
40 with the employer. N.J.S.40A:10-23 was amended on June 26, 1995
41 to permit municipalities in the future to assume the entire cost of
42 coverage for retirees with "25 years or more of service credit in a
43 State or locally administered retirement system and a period of up to
44 25 years with the employer at the time of retirement, such period of
45 service to be determined by the employer and set forth in an ordinance

1 or resolution as appropriate...."

2 Consequently, certain retirees have been significantly harmed by the
3 local government employers' termination of payments because they
4 relied on this coverage in making certain life decisions and now face
5 the prospect of paying thousands of dollars a year for health benefits
6 coverage. Therefore, this bill permits such employers to assume the
7 entire cost of health benefits coverage for certain retirees who received
8 such coverage prior to June 26, 1995.

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13 Permits local government employers to continue health benefits
14 coverage for certain retirees.

ASSEMBLY, No. 2480

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED OCTOBER 5, 1998

Sponsored by:

Assemblyman JOSEPH AZZOLINA

District 13 (Middlesex and Monmouth)

Assemblyman SAMUEL D. THOMPSON

District 13 (Middlesex and Monmouth)

Co-Sponsored by:

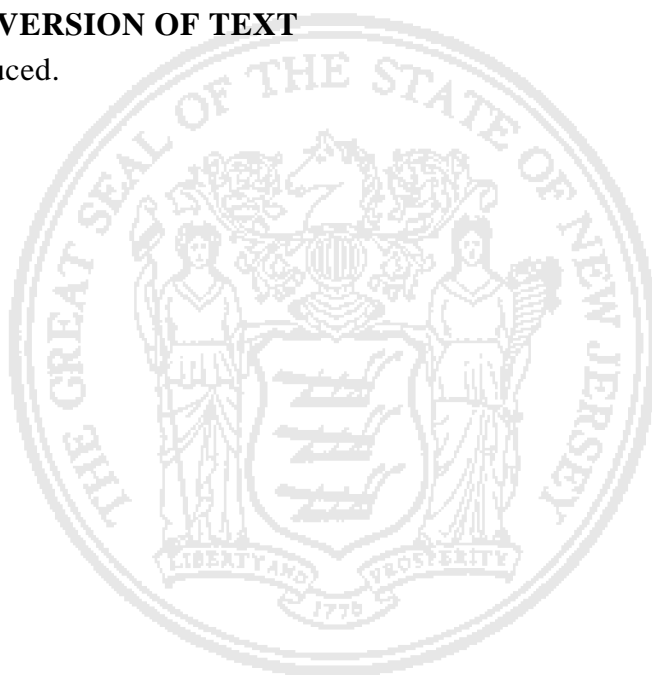
Assemblyman Gusciora, Senators Kyrillos, Lynch, Bucco and Allen

SYNOPSIS

Permits local government employers to continue health benefits coverage for certain retirees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/11/2000)

1 AN ACT concerning the payment of the cost of health benefits
2 coverage for certain local government retirees and supplementing
3 Title 40A of the New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. An employer that has established a health insurance plan
9 covering employees in and retirants from the service of the employer,
10 and their dependents, may assume the entire cost of health benefits
11 coverage during retirement for any retiree, and the retiree's
12 dependents, if (1) the retiree retired after 25 years or more of service
13 credit in a State or locally administered retirement system and a period
14 of service of up to 25 years with the employer at the time of retirement
15 and (2) the employer paid the entire cost of such coverage for the
16 retiree prior to June 26, 1995, the effective date of P.L.1995, c.136.

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18 2. This act shall take effect immediately.

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STATEMENT

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23 The purpose of this bill is to permit certain local government
24 retirees to continue to receive fully paid health benefits coverage from
25 the retirees' former employers under certain conditions.

26 Prior to June 26, 1995, N.J.S.40A:10-23 authorized local
27 government employers to assume the entire cost of health benefits
28 coverage for retirees and their dependents if the retiree retired on a
29 disability pension, or after 25 years or more of service with the
30 employer, or at age 62 or older with at least 15 years of service with
31 the employer. However, some employers had assumed the entire cost
32 of such coverage for retirees who had less than 25 years of service
33 with the employer but who did have 25 or more years of service credit
34 in a State or locally administered retirement system. However, as a
35 result of a court decision, Wolfersberger v. Pt. Pleasant Beach, 305
36 N.J.Super. 446 (1996), aff'd 152 N.J. 40 (1997), which held that
37 providing such coverage was a violation of the statute, these
38 employers took action to terminate the payment of the cost such
39 coverage for those retirees who had less than 25 full years of service
40 with the employer. N.J.S.40A:10-23 was amended on June 26, 1995
41 to permit municipalities in the future to assume the entire cost of
42 coverage for retirees with "25 years or more of service credit in a
43 State or locally administered retirement system and a period of up to
44 25 years with the employer at the time of retirement, such period of
45 service to be determined by the employer and set forth in an ordinance
46 or resolution as appropriate...."

1 Consequently, certain retirees have been significantly harmed by the
2 local government employers' termination of payments because they
3 relied on this coverage in making certain life decisions and now face
4 the prospect of paying thousands of dollars a year for health benefits
5 coverage. Therefore, this bill permits such employers to assume the
6 entire cost of health benefits coverage for certain retirees who received
7 such coverage prior to June 26, 1995.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2480

STATE OF NEW JERSEY

DATED: FEBRUARY 11, 1999

The Assembly State Government Committee reports favorably Assembly, No. 2480.

This bill permits certain local government retirees to receive fully paid health benefits coverage from the retirees' former employers under certain conditions.

Prior to June 26, 1995, N.J.S.40A:10-23 authorized local government employers to assume the entire cost of health benefits coverage for retirees and their dependents if the retiree retired on a disability pension, or after 25 years or more of service with the employer, or at age 62 or older with at least 15 years of service with the employer. Some employers, however, had assumed the entire cost of such coverage for retirees who had less than 25 years of service with the employer but who did have 25 or more years of service credit in a State or locally administered retirement system. After a court held that providing such coverage was a violation of the statute, Wolfersberger v. Pt. Pleasant Beach, 305 N.J.Super. 446 (1996), aff'd 152 N.J. 40 (1997), these employers terminated the payment of the cost of such coverage for those retirees who had less than 25 full years of service with the employer.

The bill allows the employers who so terminated payment of health care benefits for those certain retirees to resume the payment for such coverage because N.J.S.40A:10-23 was amended on June 26, 1995 to permit local government employers in the future to assume the entire cost of coverage for employees "who have retired after 25 years or more of service credit in a State or locally administered retirement system and a period of up to 25 years with the employer at the time of retirement, such period of service to be determined by the employer and set forth in an ordinance or resolution as appropriate."

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2480

STATE OF NEW JERSEY

DATED: DECEMBER 13, 1999

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2480.

This bill permits certain local government employers to provide certain of their retirees with paid health benefits coverage.

N.J.S.40A:10-23 authorizes local government employers to assume the entire cost of health benefits coverage for their retired employees (and the dependents of those retirees) who met certain service requirements prior to retirement. Prior to June 26, 1995, an employer could extend this benefit only to employees who retired on a disability pension, or after 25 years or more of service with the employer, or at age 62 or older with at least 15 years of service with the employer. Some local public employers, however, had assumed the entire cost of such coverage for retirees who had 25 or more years of service credit in a State or locally administered retirement system, but less than 25 years of service with the employer. After a court held that providing such coverage was a violation of the statute, Wolfersberger v. Pt. Pleasant Beach, 305 N.J.Super. 446 (1996), aff'd 152 N.J. 40 (1997), these employers terminated the payment of the cost of such coverage for those retirees who had less than 25 full years of service with the employer and were not otherwise qualified for the coverage.

The bill allows the employers who so terminated payment of health care benefits for those retirees to resume payment for such coverage. This paid coverage is authorized for such retirees who retired after the enactment of legislation on June 26, 1995 to permit local government employers in the future to assume the entire cost of coverage for employees "who have retired after 25 years or more of service credit in a State or locally administered retirement system and a period of up to 25 years with the employer at the time of retirement"

This bill is identical to Senate Bill No. 1837, also reported this day by the committee.

FISCAL IMPACT

The Office of Legislative Services (OLS) notes that there is no State cost of this bill, because the language of the bill affects only local government employers. The cost of the bill will be borne solely by local government employers that elect to assume the entire cost of health benefits coverage for those employees who had received paid

health benefits coverage from their employers prior to June 26, 1995, and who were later found not to be eligible for that benefit. The OLS notes that the bill is permissive, so that no local government employer will be required to cover the cost of health benefits coverage for retirees so situated.

The OLS has no information as to how many local governments or local government retirees would be affected by this bill. However, information provided by the Division of Pensions and Benefits indicates that as of July 1, 1999, the average yearly cost of providing a retiree (not qualified for Medicare benefits) with health benefits under a managed care plan of the State Health Benefits Program is \$2,660 for an individual, and \$5,832 for a couple.

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 2480

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: JULY 14, 1999

Assembly Bill No. 2480 of 1998 bill permits certain local government retirees to receive fully paid health benefits coverage from the retirees' former employers under certain conditions.

Prior to June 26, 1995, N.J.S.40A:10-23 authorized local government employers to assume the entire cost of health benefits coverage for retirees and their dependents if the retiree retired on a disability pension, or after 25 years or more of service with the employer, or at age 62 or older with at least 15 years of service with the employer. Some employers, however, had assumed the entire cost of such coverage for retirees who had less than 25 years of service with the employer but who did have 25 or more years of service credit in a State or locally administered retirement system. After a court held that providing such coverage was a violation of the statute, Wolfersberger v. Pt. Pleasant Beach, 305 N.J.Super. 446 (1996), aff'd 152 N.J. 40 (1997), these employers terminated the payment of the cost of such coverage for those retirees who had less than 25 full years of service with the employer.

The bill allows the employers who so terminated payment of health care benefits for those certain retirees to resume the payment for such coverage.

The Office of Legislative Services (OLS) notes that there is no State cost of this bill, because the language of the bill affects only local government employers. The cost of the bill will be borne solely by local government employers that elect to assume the entire cost of health benefits coverage for those employees who had received paid health benefits coverage from their employers prior to June 26, 1995, and who were later found not to be eligible for that benefit. The OLS notes that the bill is permissive, so no local government employer will be required to cover the cost of health benefits coverage for retirees so situated.

The OLS has no information as to how many local governments or local government retirees would be affected by this bill. However, information provided by the Division of Pensions and Benefits indicates that as of July 1, 1999, the average yearly cost of providing a retiree (no Medicare) with health benefits under a managed care plan

of the State Health Benefits Program is \$2,660 for an individual, and \$5,832 for a couple. The OLS also notes that any local government employer electing to pay this benefit would likely be spending property tax dollars to do so.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

SENATE, No. 1837

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED MAY 6, 1999

Sponsored by:

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Senator JOHN A. LYNCH

District 17 (Middlesex, Somerset and Union)

Co-Sponsored by:

Senators Bucco and Allen

SYNOPSIS

Permits local government employers to continue health benefits coverage for certain retirees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/11/2000)

1 AN ACT concerning the payment of the cost of health benefits
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1 Consequently, certain retirees have been significantly harmed by the
2 local government employers' termination of payments because they
3 relied on this coverage in making certain life decisions and now face
4 the prospect of paying thousands of dollars a year for health benefits
5 coverage. Therefore, this bill permits such employers to assume the
6 entire cost of health benefits coverage for certain retirees who received
7 such coverage prior to June 26, 1995.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1837

STATE OF NEW JERSEY

DATED: DECEMBER 13, 1999

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1837.

This bill permits certain local government employers to provide certain of their retirees with paid health benefits coverage.

N.J.S.40A:10-23 authorizes local government employers to assume the entire cost of health benefits coverage for their retired employees (and the dependents of those retirees) who met certain service requirements prior to retirement. Prior to June 26, 1995, an employer could extend this benefit only to employees who retired on a disability pension, or after 25 years or more of service with the employer, or at age 62 or older with at least 15 years of service with the employer. Some local public employers, however, had assumed the entire cost of such coverage for retirees who had 25 or more years of service credit in a State or locally administered retirement system, but less than 25 years of service with the employer. After a court held that providing such coverage was a violation of the statute, Wolfersberger v. Pt. Pleasant Beach, 305 N.J.Super. 446 (1996), aff'd 152 N.J. 40 (1997), these employers terminated the payment of the cost of such coverage for those retirees who had less than 25 full years of service with the employer and were not otherwise qualified for the coverage.

The bill allows the employers who so terminated payment of health care benefits for those retirees to resume payment for such coverage. The paid coverage was authorized for such retirees who have retired since the enactment of legislation on June 26, 1995 to permit local government employers in the future to assume the entire cost of coverage for employees "who have retired after 25 years or more of service credit in a State or locally administered retirement system and a period of up to 25 years with the employer at the time of retirement"

This bill is identical to Assembly Bill No. 2480, also reported this day by the committee.

FISCAL IMPACT

The Office of Legislative Services (OLS) notes that there is no State cost of this bill, because the language of the bill affects only local government employers. The cost of the bill will be borne solely by local government employers that elect to assume the entire cost of

health benefits coverage for those employees who had received paid health benefits coverage from their employers prior to June 26, 1995, and who were later found not to be eligible for that benefit. The OLS notes that the bill is permissive, so that no local government employer will be required to cover the cost of health benefits coverage for retirees so situated.

The OLS has no information as to how many local governments or local government retirees would be affected by this bill. However, information provided by the Division of Pensions and Benefits indicates that as of July 1, 1999, the average yearly cost of providing a retiree (not qualified for Medicare benefits) with health benefits under a managed care plan of the State Health Benefits Program is \$2,660 for an individual, and \$5,832 for a couple.

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 1837

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: JANUARY 4, 2000

Senate Bill No. 1837 of 1999 permits certain local government retirees to receive fully paid health benefits coverage from the retirees' former employers under certain conditions.

Prior to June 26, 1995, N.J.S.40A:10-23 authorized local government employers to assume the entire cost of health benefits coverage for retirees and their dependents if the retiree retired on a disability pension, or after 25 years or more of service with the employer, or at age 62 or older with at least 15 years of service with the employer. Some employers, however, had assumed the entire cost of such coverage for retirees who had less than 25 years of service with the employer but who did have 25 or more years of service credit in a State or locally administered retirement system. After a court held that providing such coverage was a violation of the statute, Wolfersberger v. Pt. Pleasant Beach, 305 N.J.Super. 446 (1996), aff'd 152 N.J. 40 (1997), these employers terminated the payment of the cost of such coverage for those retirees who had less than 25 full years of service with the employer.

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67.