

ASSEMBLY, No. 635

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman RALPH R. CAPUTO

District 28 (Essex)

Assemblyman HERB CONAWAY, JR.

District 7 (Burlington)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Co-Sponsored by:

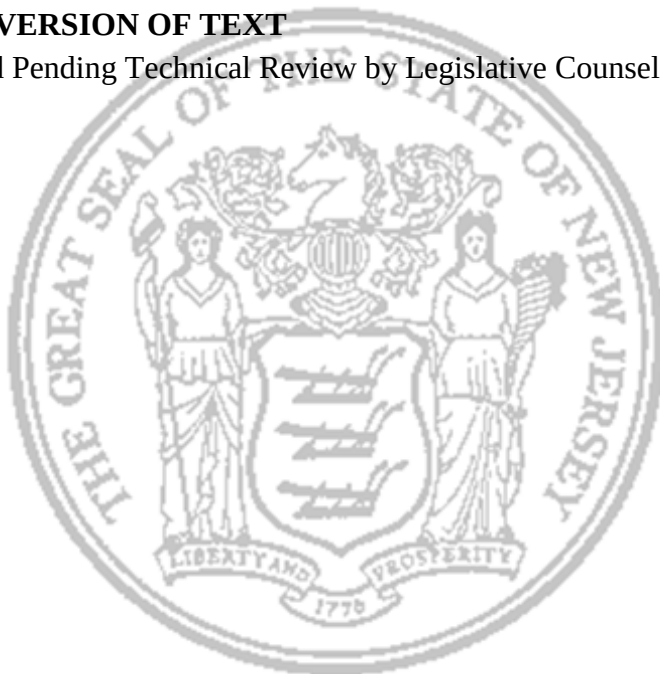
Assemblyman Chiaravalloti, Assemblywomen Reynolds-Jackson and Tucker

SYNOPSIS

Permits certain retirees to choose health care coverage under traditional Medicare or Medicare Advantage plan options offered by SHBP or SEHBP.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning the State Health Benefits Program and the
2 School Employees' Health Benefits Program and amending
3 P.L.1961, c.49.

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

7
8 1. Section 8 of P.L.1961, c.49 (C.52:14-17.32) is amended to
9 read as follows:

10 8. a. The health care benefits coverage of any employee, and
11 the employee's dependents, if any, shall cease upon the
12 discontinuance of the term of office or employment or upon
13 cessation of active full-time employment subject to such regulations
14 as may be prescribed by the commission for limited continuance of
15 coverage during disability, part-time employment, leave of absence
16 or layoff, and for continuance of coverage after retirement, any such
17 continuance after retirement to be provided at such rates and under
18 such conditions as shall be prescribed by the commission, subject,
19 however, to the requirements hereinafter set forth in this section.
20 Notwithstanding the provisions of any law to the contrary, for law
21 enforcement officers employed by the State for whom there is a
22 majority representative for collective negotiation purposes, and for
23 nonaligned sworn members of the Division of State Police who
24 retire after July 1, 2005, the coverage options available to such
25 employees in retirement shall be limited to those options that were
26 available to the employee on the employee's last day of
27 employment. The commission may also establish regulations
28 prescribing an extension of coverage when an employee or
29 dependent is totally disabled at termination of coverage.

30 b. (1) Rates payable by retired employees for themselves and
31 their dependents, by active employees for dependents covered by
32 Medicare benefits, and by the State or other employer for an active
33 employee alone covered by Medicare benefits, shall be determined
34 on the basis of utilization experience according to classifications
35 determined by the commission, provided, however, that the total
36 rate payable by such retired employee for the employee and the
37 employee's dependents, or by such active employee for the
38 employee's dependents and the State or other employer for such
39 active employee alone, for coverage hereunder and for Part B of
40 Medicare, shall not exceed by more than 25%, as determined by the
41 commission, the total amount which would have been required to
42 have been paid by the employee and by the State or other employer
43 for the coverage maintained had the employee continued in office or
44 active employment and the employee and the employee's
45 dependents were not eligible for Medicare benefits. "Medicare" as

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 underlined thus is new matter.

1 used in this act means the coverage provided under Title XVIII of
2 the Social Security Act as amended in 1965, or its successor plan or
3 plans.

4 (2) Medicare-eligible retired public employees enrolled in the
5 State Health Benefits Program or the School Employees' Health
6 Benefits Program shall have the option to select enrollment in
7 health care benefit plans offered by the State Health Benefits
8 Program and the School Employees' Health Benefits Program under
9 the traditional Medicare Program or under the Medicare Advantage
10 program. All health care benefit plans offered by the State Health
11 Benefits Program and the School Employees' Health Benefits
12 Program shall be also offered under the traditional Medicare
13 program.

14 (3) A Medicare-eligible retiree who chooses to enroll in a
15 traditional Medicare plan shall pay the difference in premiums or
16 periodic charges that the public employer pays for the benefits
17 provided to a retired public employee for that retiree to be enrolled
18 in a traditional Medicare plan instead of a Medicare Advantage
19 plan.

20 (4) The Division of Pensions and Benefits shall calculate the
21 difference in premiums or periodic charges that the public employer
22 pays for the benefits provided to a retired public employee for that
23 retiree to be enrolled in a traditional Medicare plan instead of a
24 Medicare Advantage.

25 c. (1) From funds appropriated therefor, the State shall pay the
26 premium or periodic charges for the benefits provided to a retired
27 State employee and the employee's dependents covered under the
28 program, but not including survivors, if such employee retired from
29 one or more State or locally-administered retirement systems on a
30 benefit or benefits based in the aggregate on 25 years or more of
31 nonconcurrent service credited in the retirement systems, excluding
32 service credited under the Defined Contribution Retirement
33 Program established pursuant to P.L.2007, c.92 (C.43:15C-1 et al.),
34 and excepting the employee who elected deferred retirement, but
35 including the employee who retired on a disability pension based on
36 fewer years of service credited in the retirement systems and shall
37 also reimburse such retired employee for the premium charges
38 under Part B of the federal Medicare program covering the retired
39 employee and the employee's spouse. In the case of full-time
40 employees of the Rutgers University Cooperative Extension
41 Service, service credited in the federal Civil Service Retirement
42 System (5 U.S.C.s.8331 et seq.) which was earned as a result of
43 full-time employment at Rutgers University, may be considered
44 alone or in combination with service credited in one or more State
45 or locally-administered retirement systems for the purposes of
46 establishing the minimum 25-year service requirement to qualify for
47 the benefits provided in this section. Any full-time employee of the
48 Rutgers University Cooperative Extension Service who meets the

1 eligibility requirements set forth in this amendatory act shall be
2 eligible for the benefits provided in this section, provided that at the
3 time of retirement such employee was covered by the State Health
4 Benefits Program and elected to continue such coverage into
5 retirement.

6 (2) Notwithstanding the provisions of this section to the
7 contrary, from funds appropriated therefor, the State shall pay the
8 premium or periodic charges for the benefits provided to a retired
9 State employee and the employee's dependents covered under the
10 program, but not including survivors, if: (a) the employee retires on
11 or after the effective date of this 1987 amendatory act; (b) the
12 employee was employed by Rutgers University prior to January 2,
13 1955 and remained in continuous service with Rutgers University
14 until retirement even though the employee (i) did not join a State-
15 administered retirement system, or, (ii) became a member of a
16 State-administered retirement system, but accumulated less than 25
17 years of credited service; and (c) the employee is covered by the
18 program at the time of retirement.

19 (3) Notwithstanding the provisions of this section to the
20 contrary, in the case of an employee of a State college, as described
21 in chapter 64 of Title 18A of the New Jersey Statutes, or of a
22 county college, as defined in N.J.S.18A:64A-1, service credited in a
23 private defined contribution retirement plan which was earned as an
24 employee of an auxiliary organization, as defined in section 2 of
25 P.L.1982, c.16 (C.18A:64-27), at a State or county college shall be
26 considered in combination with service credited in a State-
27 administered retirement system for the purposes of establishing the
28 minimum 25-year service requirement to qualify for the benefits
29 provided in this section, provided that the employee is covered by
30 the program at the time of retirement.

31 (4) Notwithstanding the provisions of this section to the
32 contrary, from funds appropriated therefor, the State shall pay the
33 premium or periodic charges for the benefits provided to a retired
34 State employee and any dependents covered under the program, but
35 not including survivors, if the employee: (a) retired prior to the
36 effective date of P.L.1997, c.335 (C.52:14-17.32), under the State
37 Police Retirement System, established pursuant to P.L.1965, c.89
38 (C.53:5A-1 et seq.), with more than 20 but less than 25 years of
39 service credit in the retirement system; (b) was subsequently
40 employed by the State in another position or positions not covered
41 by the State Police Retirement System; (c) has, in the aggregate, at
42 least 30 years of full-time employment with the State; and (d) is
43 covered by the program at the time of terminating full-time
44 employment with the State.
45 (cf: P.L.2007, c.103, s.46)

46
47 2. This act shall take effect January 1 next following the date
48 of enactment.

STATEMENT

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2
3 This bill will permit Medicare-eligible retired public employees
4 who are enrolled in the State Health Benefits Program (SHBP) or
5 the School Employees' Health Benefits Program (SEHBP) the
6 option to choose health care benefit plans under the State self-
7 funded traditional Medicare program or under the insured Medicare
8 Advantage program for their health care benefits coverage in
9 retirement. The bill requires all health care plans that are offered
10 under the SHBP and the SEHBP to be also offered under the
11 traditional Medicare program. Medicare-eligible retirees who
12 choose to enroll in a traditional Medicare plan will be required to
13 pay the difference in employer paid premiums or periodic charges
14 between the traditional Medicare plan chosen and the former
15 Medicare Advantage plan in which they were enrolled. The
16 Division of Pensions and Benefits is required to calculate the
17 difference in employer-paid premiums or periodic charges resulting
18 from the change in enrollment.