

**ASSEMBLY, No. 1488**  
**STATE OF NEW JERSEY**  
**214th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2010 SESSION

**Sponsored by:**

**Assemblyman DAVID P. RIBLE**

**District 11 (Monmouth)**

**Assemblyman GORDON M. JOHNSON**

**District 37 (Bergen)**

**Co-Sponsored by:**

**Assemblywoman Angelini**

**SYNOPSIS**

Requires local unit public employers to maintain and preserve retiree health benefits of PFRS retirees at least at the same level as provided at employee retirement.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel

**AN ACT** concerning retiree health benefits coverage for certain retirees of the Police and Firemen's Retirement System and their dependents, and amending various parts of the statutory law.

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

1. N.J.S.40A:10-23 is amended to read as follows:

40A:10-23. a. Retired employees shall be required to pay for the entire cost of coverage for themselves and their dependents at rates which are deemed to be adequate to cover the benefits, as affected by Medicare, of the retired employees and their dependents on the basis of the utilization of services which may be reasonably expected of the older age classification; provided, however, that the total rate payable by a retired employee for himself and his dependents, for coverage under the contract and for Part B of Medicare, shall not exceed by more than 25% the total amount that would have been required to have been paid by the employee and his employer for the coverage maintained had he continued in office or active employment and he and his dependents were not eligible for Medicare benefits.

The employer may, in its discretion, assume the entire cost of such coverage and pay all of the premiums for employees a. who have retired on a disability pension, or b. who have retired after 25 years or more of service credit in a State or locally administered retirement system and a period of service 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, or c. who have retired and reached the age of 65 years or older with 25 years or more of service credit in a State or locally administered retirement system and a period of service 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, or d. who have retired and reached the age of 62 years or older with at least 15 years of service with the employer, including the premiums on their dependents, if any, under uniform conditions as the governing body of the local unit shall prescribe. The period of time a county law enforcement officer has been employed by any county or municipal police department, sheriff's department or county prosecutor's office, may be counted

cumulatively as "service with the employer" for the purpose of qualifying for payment of health insurance premiums by the county pursuant to this section.

b. Notwithstanding the provisions of subsection a. of this section or of any other law, rule or regulation to the contrary, the employer shall provide to a retired employee who is a member of the Police and Firemen's Retirement System, and to the retired employee's dependents, not less than the same health care benefits coverage as was provided to the retired employee at the time of his or her retirement, without any alteration, change, modification or diminution. The provisions of this subsection shall not preclude an improvement in the retired employee's health care benefits coverage, or any increased cost paid by the employer for the health care benefits coverage provided to the retired employee and to the retired employee's dependents.

For the purposes of this subsection, "health care benefits coverage" means health benefit premium payments and other related costs, major medical payments, hospital benefits, dental benefits, prescription benefits, Medicare Part A and Part B reimbursements and any other benefits which are provided to employees by the employer upon retirement.

(cf: P.L.1995, c.136, s.1)

2. Section 1 of P.L.1983, c.372 (C.40A:10-36) is amended to read as follows:

1. a. The governing body of any local unit, including any contracting unit as defined in section 2 of P.L.1971, c.198 (C.40A:11-2), may by resolution agree to join together with any other local unit or units to establish a joint insurance fund for the purpose of insuring against liability, property damage, and workers' compensation as provided in Articles 3 and 4 of chapter 10 of Title 40A of the New Jersey Statutes, insuring against loss or theft of moneys or securities, providing blanket bond coverage of certain county or municipal officers and employees for faithful performance and discharge of their duties as provided under section 1 of P.L.1967, c.283 (C.40A:5-34.1), insuring against bodily injury and property damage claims arising from environmental impairment liability and legal representation therefor to the extent that such coverages, as approved by the Commissioner of Banking and Insurance, are provided by the purchase of insurance and no risk is retained by the fund, providing contributory or non-contributory group health insurance or group term life insurance, or both, to employees or their dependents or both, through self insurance, the purchase of

commercial insurance or reinsurance, or any combination thereof, and insuring against any loss from liability associated with sick leave payment for service connected disability as provided by N.J.S.18A:30-2.1, and may appropriate such moneys as are required therefor. The maximum risk to be retained for group term life insurance by a joint insurance fund on a self-insured basis shall not exceed a face amount of \$5,000 per covered employee or dependent or more if approved by the Commissioners of Banking and Insurance and Community Affairs. As used in this subsection: (1) "life insurance" means life insurance as defined pursuant to N.J.S.17B:17-3; (2) "health insurance" means health insurance as defined pursuant to N.J.S.17B:17-4 or service benefits as provided by health service corporations, hospital service corporations or medical service corporations authorized to do business in this State; and (3) "dependent" means dependent as defined pursuant to N.J.S.40A:10-16.

b. The governing body of any local unit, including any contracting unit as defined in section 2 of P.L.1971, c.198 (C.40A:11-2), may by resolution agree to join together with any other local unit or units to establish a joint insurance fund for the sole purpose of insuring against bodily injury and property damage claims arising from environmental impairment liability and legal representation therefor to the extent and for coverages approved by the Commissioner of Banking and Insurance.

c. Notwithstanding the provisions of any other law, rule or regulation to the contrary, an employer participating in a joint insurance fund for group health insurance shall provide to a retired employee who is a member of the Police and Firemen's Retirement System, and to the retired employee's dependents, not less than the same health care benefits coverage as was provided to the retired employee at the time of his or her retirement, without any alteration, change, modification or diminution. The provisions of this subsection shall not preclude an improvement in the retired employee's health care benefits coverage, or any increased cost paid by the employer or joint insurance fund for the health care benefits coverage provided to the retired employee and to the retired employee's dependents.

For the purposes of this subsection, "health care benefits coverage" means health benefit premium payments and other related costs, major medical payments, hospital benefits, dental benefits, prescription benefits, Medicare Part A and Part B reimbursements and any other benefits which are provided to employees by the employer upon retirement.

(cf: P.L.1999, c.434, s.2)

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

7. a. The Division of Pensions and Benefits shall certify to the certifying agent of each employer electing participation under the program the premium rates and periodic charges applicable to the coverage provided for employees and dependents. The participating employer shall remit to the division all contributions to premiums and periodic charges in advance of their due dates, subject to the rules and regulations of the commission.

Notwithstanding the provisions of any other law to the contrary, the obligations of a participating employer other than the State to pay the premium or periodic charges for health benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be determined by means of a binding collective negotiations agreement. With respect to employees for whom there is no majority representative for collective negotiations purposes, the employer may, in its sole discretion, modify the respective payment obligations set forth in law for the employer and such employees in a manner consistent with the terms of any collective negotiations agreement binding on the employer.

b. (1) From funds allocated therefor, the employer other than the State, upon the adoption and submission to the division of an appropriate resolution prescribed by the commission, may pay the premium or periodic charges for the benefits provided to a retired employee and the employee's dependents covered under the program, if the employee retired from a State or locally-administered retirement system, excepting the employee who elected deferred retirement, and may also reimburse the retired employee for the employee's premium charges under Part B of Medicare covering the retired employee and the employee's spouse if the employee:

(a) retired on a disability pension; or

(b) retired after 25 or more years of nonconcurrent service credit in one or more State or locally-administered retirement systems, excluding service credited under the Defined Contribution Retirement Program established pursuant to P.L.2007, c.92 (C.43:15C-1 et al.), and a period of service 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; or

(c) retired and reached the age of 65 years or older with 25 years or more of nonconcurrent service credit in one or more State or locally-administered retirement systems, excluding service credited under the Defined Contribution Retirement Program, and a period of service 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; or

(d) retired and reached the age of 62 years or older with at least 15 years of service with the employer, excluding service credited under the Defined Contribution Retirement Program.

"Retired employee and the employee's dependents" may, upon adoption of an appropriate resolution therefor by the participating employer, also include otherwise eligible employees, and their dependents, who retired from one or more State or locally-administered retirement systems prior to the date that the employer became a participating employer in the New Jersey State Health Benefits Program or who did not elect to continue coverage in the program during such time after the employer became a participating employer that the employer did not pay premium or periodic charges for benefits to retired employees and their dependents pursuant to this section. Eligibility and enrollment of such employees and dependents shall be in accordance with such rules and regulations as may be adopted by the State Health Benefits Commission.

The employer other than the State may, by resolution, pay the premium or periodic charges for the benefits provided to the surviving spouse of a retired employee and the employee's dependents covered under the program as provided in this section.

(2) Notwithstanding the provisions of any other law to the contrary, the obligations of an employer other than the State, except an independent State authority, board, commission, corporation, agency, or organization deemed to be covered by section 6 of P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose employees are covered by section 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or periodic charges for health benefits coverage under the provisions of paragraph (1) may be determined by means of a binding collective negotiations agreement, including any agreement in force at the time of the adoption of this act, P.L.1999, c.48. With respect to employees for whom there is no

majority representative for collective negotiations purposes, the employer may, in its sole discretion, determine the payment obligations for the employer and the employees, except that if there are collective negotiations agreements binding upon the employer for employees who are within the same community of interest as employees in a collective negotiations unit but are excluded from participation in the unit by the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), the payment obligations shall be determined in a manner consistent with the terms of any collective negotiations agreement applicable to the collective negotiations unit.

c. Notwithstanding the provisions of any other law to the contrary, the payment obligations of an employee of an employer other than the State, except an independent State authority, board, commission, corporation, agency, or organization, for health benefits coverage under subsection b. shall be the payment obligations applicable to the employee on the date the employee retires on a disability pension or the date the employee meets the service credit and service requirements for the employer payment for the coverage, as the case may be.

d. Notwithstanding the provisions of this section or of any other law, rule or regulation to the contrary, an employer who is a local unit shall provide to a retired employee who is a member of the Police and Firemen's Retirement System, and to the retired employee's dependents, not less than the same health care benefits coverage as was provided to the retired employee at the time of his or her retirement, without any alteration, change, modification or diminution. The provisions of this subsection shall not preclude an improvement in the retired employee's health care benefits coverage, or any increased cost paid by the employer for the health care benefits coverage provided to the retired employee and to the retired employee's dependents.

For the purposes of this subsection, "health care benefits coverage" means health benefit premium payments and other related costs, major medical payments, hospital benefits, dental benefits, prescription benefits, Medicare Part A and Part B reimbursements and any other benefits which are provided to employees by the employer upon retirement.

(cf: P.L.2007, c.92, s.30)

4. This act shall take effect immediately.

## STATEMENT

This bill would require an employer who is a local unit to provide to a retired employee who is a member of the Police and Firemen's Retirement System, and to the retired employee's dependents, not less than the same health care benefits coverage as was provided to the retired employee at the time of his or her retirement, without any alteration, change, modification or diminution. The language of the bill does not preclude an improvement in the retired employee's health care benefits coverage, or any increased cost paid by the employer for the health care benefits coverage provided to the retired employee and to the retired employee's dependents.

"Health care benefits coverage" is defined in the bill to mean health benefit premium payments and other related costs, major medical payments, hospital benefits, dental benefits, prescription benefits, Medicare Part A and Part B reimbursements and any other benefits which are provided to employees by the employer upon retirement.