



Everything Jersey

## N.J. Sen. Sweeney to unveil bill requiring state employees to contribute more for medical benefits

Published: Tuesday, February 15, 2011, 5:00 AM Updated: Tuesday, February 15, 2011, 2:37 PM



By **Jarrett Renshaw/Statehouse Bureau**

**TRENTON** — Senate President Stephen Sweeney today will unveil a plan that aims to slash the state's huge medical costs by requiring public employees to kick in significantly more to health benefits, according to three officials familiar with the proposal.

The Sweeney plan shares much common ground with Gov. Chris Christie's reform agenda and signals significant momentum in Trenton for sweeping changes to public medical benefits.

Sweeney (D-Gloucester) is expected to unveil the plan at the Statehouse today, one week before Christie delivers his proposed budget to the Legislature.

The Democrat's plan would provide immediate savings and as much as \$1 billion annually within seven years, according to the officials, who requested anonymity because they were not authorized to speak publicly on the proposal.

Under Sweeney's proposal, all public employees would pay a percentage of their premium instead of the current system that requires them to pay at least 1.5 percent of their salary, according to officials.

The increases would be phased in over seven years and would be applied on a sliding scale depending on the employees' salary.



Robert Sciarrino/The Star-Ledger

Gov. Chris Christie and Sen. President Stephen Sweeney (D-Gloucester) shake hands after a press conference where it was announced that they have reached a deal on a key part of Christie's "tool kit." Sweeney is scheduled to introduce a plan that will require public employees to kick in more for their health benefits.

### PREVIOUS COVERAGE:

- **Christie highlights education and benefits reform, fiscal discipline in Chamber of Commerce address**
- **N.J. Senate President Sweeney says state must pay into pension system for reform to happen**

For example, in the first year, public employees who make less than \$30,000 would pay 2 percent of their premium, while those who earn more than \$100,000 would pay 12 percent, according to a chart obtained by *The Star-Ledger*.

When fully implemented after the seventh year, the lowest income workers would pay 12 percent of their premiums, while top earners would pay 30 percent, according to the chart. The annual payments would range from \$2,280 to \$5,700 a year.

Christie has called for all public employees to pay 30 percent of their premiums on gradual basis, regardless of income.

Current retirees, most of whom pay nothing for their medical benefits, would not be subject to the increase under both the proposals advanced by Christie and Sweeney. All increases would go into effect at the start of the next union contract.

Like Christie, Sweeney will also call for the creation of multi-tiered benefit plan where employees can pay less for less coverage and more for increased coverage, officials said.

The high costs and debt associated with the state's health care benefits program was one of the reasons cited by Standard & Poors last week when it decided to rank New Jersey's bond rating among the lowest in the nation.

Taxpayers last year paid more than \$4 billion for public employee health benefits.

Unlike the laws governing public pension plans that typically require payments each year to fund the current and future costs, retiree medical benefits rules allow states to "pay as you go," which means they pay on the current cost each year and ignore the long-term price tag.

For New Jersey, that long-term price tag is nearly \$67 billion — about \$13 billion more than the state's pension deficit. And while the pension funds have \$48 billion on hand, the state hasn't saved a dime for medical benefits.

New Jersey has the highest unfunded liability and annual medical benefit costs in the nation, according to an analysis by the Center for State and Local Government Excellence,

As of the latest report, there are 394,521 active and retired employees enrolled in the state-administered health benefit plan. This includes active and retired employees from municipalities and school districts who participate in the state plan. Under Sweeney's proposal, towns would be temporarily blocked from joining the state system to help the fund stabilize, officials said.

- **Sweeney vows to block Gov. Christie's pension reform bills until N.J. relieves overburdened fund**

- **N.J. files response to lawsuit challenging public worker pension, benefit changes**

- **N.J. police, firefighter unions sue to stop pension reform laws**

- **N.J. lawmakers trying to reach deal on pension reform bill banning part-time workers from system**

- **N.J. Assembly introduces pension reform bills to reduce state worker benefits**

2/19/2011

N.J. Sen. Sweeney to unveil bill requirin...

The state is self-insured, which means when public workers and retirees get sick, go to the emergency room or have surgery, the state pays the bills.

© 2011 NJ.com. All rights reserved.