

[First Reprint]

ASSEMBLY, No. 5118

STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED DECEMBER 9, 2024

Sponsored by:

Assemblywoman LISA SWAIN

District 38 (Bergen)

Co-Sponsored by:

**Assemblywomen Flynn, Speight, Donlon, Peterpaul, Reynolds-Jackson and
Assemblyman Tully**

SYNOPSIS

Provides health care benefits to disabled members of TPAF and PERS.

CURRENT VERSION OF TEXT

As reported by the Assembly State and Local Government Committee on
December 12, 2024, with amendments.



(Sponsorship Updated As Of: 12/19/2024)

1 AN ACT concerning health benefits for disabled members of the
2 Teachers' Pension and Annuity Fund and the Public Employees'
3 Retirement System and amending P.L.2010, c.3.

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

7
8 1. Section 10 of P.L.2010, c.3 (C.18A:66-39.1) is amended to
9 read as follows:

10 10. a. A person who becomes a member of the Teachers'
11 Pension and Annuity Fund, N.J.S.18A:66-1 et seq., on or after the
12 effective date of P.L.2010, c.3 shall not be eligible for an ordinary
13 or accidental disability retirement allowance, but shall be eligible
14 for disability insurance coverage pursuant to this section.

15 b. The State Treasurer is hereby authorized and permitted to
16 purchase from one or more insurance companies, as determined by
17 him, group disability benefit coverage to provide for the disability
18 benefit in the amounts specified herein. The group disability
19 benefit coverage may be provided under one or more policies issued
20 to the State Treasurer specifically for this purpose or, in the
21 discretion of the State Treasurer, under one or more policies issued
22 to the State Treasurer which provide group life insurance coverage
23 for members of the retirement system designated in subsection a. of
24 this section. Any dividend or retrospective rate credit allowed by
25 an insurance company attributable to this program shall be credited
26 in an equitable manner to the funds available to meet the employers'
27 obligations under such retirement system.

28 Premiums for such group insurance coverage shall be paid from
29 a special fund, hereby created, called the "Teachers Group
30 Disability Insurance Premium Fund." The State Treasurer shall
31 estimate annually the amount which shall be required for premiums
32 for such benefits for the ensuing fiscal year and shall certify such
33 amounts which shall be applied against the total employer
34 contributions due for the members of the retirement system whose
35 members are covered, depositing such amounts in the premium
36 fund.

37 During the period such group insurance policy or policies are in
38 effect with respect to members of the retirement system, the State
39 Treasurer shall in no way commingle moneys in this fund with any
40 retirement system.

41 c. A person shall not be allowed the group disability benefit
42 coverage if on the date the person enrolls in the retirement system,
43 the person is 60 or more years of age, unless the person furnishes
44 satisfactory evidence of insurability and, on the effective date of the

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ASL committee amendments adopted December 12, 2024.

1 person's enrollment, is actively at work and performing all the
2 regular duties at the customary place of employment.

3 The effective date of coverage for such a benefit shall be the first
4 day of the month which immediately follows the date when such
5 evidence is determined to be satisfactory.

6 Such evidence of insurability shall not be required of any person
7 enrolling in the retirement system upon transfer from another
8 retirement system, if such retirement system provided a benefit of a
9 similar nature and the transferring person was covered by such a
10 benefit at the time of the transfer. If such transferring person was
11 not covered by such a benefit at the time of the transfer, the person
12 may be allowed the benefit under the group policy or policies;
13 however, any such person shall furnish satisfactory evidence of
14 insurability if he had been unable or failed to give such evidence as
15 a member of the retirement system from which the person
16 transferred.

17 Any person who must furnish satisfactory evidence of
18 insurability, and who ceases to be enrolled in the retirement system
19 without such evidence having been given, shall continue to be
20 subject to the same requirement if the person subsequently becomes
21 a member.

22 d. The disability benefit coverage provided under such group
23 policy or policies shall provide a monthly income if the member
24 becomes totally disabled from occupational or nonoccupational
25 causes for a period of at least six consecutive months following the
26 effective date of the coverage. The monthly disability benefit may
27 be paid by the insurance company so long as the member remains
28 disabled up to the seventieth birthday, provided the disability
29 commenced prior to the sixtieth birthday. The benefit shall
30 terminate when the member is no longer considered totally disabled
31 or begins to receive retirement benefits.

32 The member shall be considered totally disabled if the member is
33 unable to perform each duty of the member's occupation and is
34 under the regular care of a physician. After the 12 months
35 following the commencement of such disability benefit payments,
36 the member shall be unable to engage in any gainful occupation for
37 which the member is reasonably fitted by education, training or
38 experience. Total disability shall not be considered to exist if the
39 member is gainfully employed. Following an agreement with the
40 insurance company and the policyholder, the member may continue
41 to receive disability benefits for a limited time while performing
42 some type of work. During the period of rehabilitation, the monthly
43 benefit shall be the regular payment less 80% of the member's
44 earnings from such rehabilitative position.

45 e. A member shall be deemed to be in service and covered by
46 the disability benefit insurance provisions for a period of no more
47 than six months while on official leave of absence without pay if
48 satisfactory evidence is presented to the Division of Pensions and
49 Benefits that such leave of absence without pay is due to illness and

1 that the member was not actively engaged in any gainful occupation
2 during such period of leave of absence without pay.

3 Disability benefit insurance provisions of the group policy or
4 policies shall not cover disability resulting from or contributed to
5 by pregnancy, act of war, intentionally self-inflicted injury, or
6 attempted suicide whether or not sane. For purposes of such
7 disability benefit coverage, the member shall not be considered to
8 be disabled while the member is imprisoned or while outside the
9 United States, its territories or possessions, or Canada.

10 If the member has recovered from the disability for which the
11 member had received benefits and again becomes totally disabled
12 while insured, the later disability shall be regarded as a continuation
13 of the prior one unless the member has returned to full-time covered
14 employment for at least six months. If the later absence is due to an
15 unrelated cause and the member had returned to full-time work, it
16 shall be considered a new disability. The disability benefit
17 insurance cannot be converted to an individual policy.

18 No person shall be covered by the disability benefit provision of
19 the group policy or policies except upon the completion of one year
20 of full-time continuous employment in a position eligible for
21 participation in a retirement system designated in subsection a. of
22 this section.

23 f. The disability benefit provided under such group policy or
24 policies shall be in an amount equal to 60% of the member's base
25 monthly salary, reduced by periodic benefits, other than health
26 insurance, to which the member may be entitled during the period
27 of total disability. The minimum monthly disability benefit shall be
28 \$50.

29 The periodic benefit by which the monthly disability benefit may
30 be reduced shall include salary or wages, retirement benefits or
31 benefits from any source for which the State or other public
32 employer has paid any part of the cost or made payroll deductions,
33 other than health insurance, Social Security disability or other
34 benefits, including dependents' benefits, and benefits paid by Social
35 Security at the option of the participant before the age of 65, but not
36 including any increase in Social Security benefits enacted after the
37 disability benefit under such group policy or policies has
38 commenced, and any other periodic benefits provided by law
39 except on account of military service.

40 For pension purposes, the member shall be considered as if the
41 member was in active service for the duration of the time the
42 disability benefit is received. When a member **【begins to receive】**
43 receives a disability benefit under such group policy or policies, the
44 insurance company shall pay an amount equal to the employee
45 contribution which would have been required of the member and
46 deducted from the member's base salary **【in order to meet the**
47 **member's obligation for the purchase of the member's individual**
48 **retirement annuity】** just prior to the receipt of the disability benefit.
49 Such amount shall be paid by the insurance company into the

1 Teachers' Pension and Annuity Fund without reduction by any
2 other periodic benefit which the member is eligible to receive.
3 **【Such amount shall be paid by the insurance company to the insurer**
4 **or insurers for the member's retirement annuity.】**

5 g. Notwithstanding any other provision of law, an insurance
6 company or companies issuing such policy or policies may credit
7 the policyholder either directly or in the form of reduced premiums,
8 with savings by the company or companies in the event that no
9 brokerage commission or commissions are paid by the company or
10 companies on the issuance of such policy or policies.

11 No employer obligations shall be paid when the member is on a
12 leave of absence without pay or when the member no longer is
13 enrolled in the retirement system designated in subsection a. of this
14 section.

15 h. The group disability insurance policy or policies shall
16 provide a member with an opportunity to purchase additional
17 coverage.

18 i. A member or disability insurance benefit recipient who is
19 disabled and receiving a benefit under this section shall **【remain**
20 **eligible for employer-provided】** be entitled to health care benefits
21 coverage under the School Employees' Health Benefit Program in
22 the same manner as such coverage is provided by the **【employer】**
23 State to retirees of the 【retirement system】 Teachers' Pension and
24 Annuity Fund who receive health insurance under the School
25 Employees' Health Benefits Program, except the benefit shall be
26 free and there shall be no employee contribution requirement.
27 There shall be no deadline for a disability insurance recipient to
28 enroll in coverage and no eligibility requirements imposed on that
29 recipient to receive coverage other than the requirement that a
30 member be a recipient of disability insurance under this section.

31 j. The State Treasurer shall establish an appeals process to be
32 used when an employer or employee disagrees with the insurer on
33 the employee's ability to return to employment or on issues related
34 to physical examinations.

35 (cf: P.L.2010, c.3, s.10)

36

37 2. Section 11 of P.L.2010, c.3 (C.43:15A-42.1) is amended to
38 read as follows:

39 11. a. A person who becomes a member of the Public
40 Employees' Retirement System of New Jersey, P.L.1954, c.84
41 (C.43:15A-1 et seq.), on or after the effective date of P.L.2010, c.3
42 shall not be eligible for an ordinary or accidental disability
43 retirement allowance, but shall be eligible for disability insurance
44 coverage pursuant to this section.

45 b. The State Treasurer is hereby authorized and permitted to
46 purchase from one or more insurance companies, as determined by
47 him, group disability benefit coverage to provide for the disability
48 benefit in the amounts specified herein. The group disability

1 benefit coverage may be provided under one or more policies issued
2 to the State Treasurer specifically for this purpose or, in the
3 discretion of the State Treasurer, under one or more policies issued
4 to the State Treasurer which provide group life insurance coverage
5 for members of the retirement system designated in subsection a. of
6 this section. Any dividend or retrospective rate credit allowed by
7 an insurance company attributable to this program shall be credited
8 in an equitable manner to the funds available to meet the employers'
9 obligations under such retirement system.

10 Premiums for such group insurance coverage shall be paid from
11 a special fund, hereby created, called the "Public Employees Group
12 Disability Insurance Premium Fund." The State Treasurer shall
13 estimate annually the amount which shall be required for premiums
14 for such benefits for the ensuing fiscal year and shall certify such
15 amounts which shall be applied against the total employer
16 contributions due for the members of the retirement system whose
17 members are covered, depositing such amounts in the premium
18 fund.

19 During the period such group insurance policy or policies are in
20 effect with respect to members of the retirement system, the State
21 Treasurer shall in no way commingle moneys in this fund with any
22 retirement system.

23 c. A person shall not be allowed the group disability benefit
24 coverage if on the date the person enrolls in the retirement system,
25 the person is 60 or more years of age, unless the person furnishes
26 satisfactory evidence of insurability and, on the effective date of the
27 person's enrollment, is actively at work and performing all the
28 regular duties at the customary place of employment.

29 The effective date of coverage for such a benefit shall be the first
30 day of the month which immediately follows the date when such
31 evidence is determined to be satisfactory.

32 Such evidence of insurability shall not be required of any person
33 enrolling in the retirement system upon transfer from another
34 retirement system, if such retirement system provided a benefit of a
35 similar nature and the transferring person was covered by such a
36 benefit at the time of the transfer. If such transferring person was
37 not covered by such a benefit at the time of the transfer, the person
38 may be allowed the benefit under the group policy or policies;
39 however, any such person shall furnish satisfactory evidence of
40 insurability if he had been unable or failed to give such evidence as
41 a member of the retirement system from which the person
42 transferred.

43 Any person who must furnish satisfactory evidence of
44 insurability, and who ceases to be enrolled in the retirement system
45 without such evidence having been given, shall continue to be
46 subject to the same requirement if the person subsequently becomes
47 a member.

48 d. The disability benefit coverage provided under such group
49 policy or policies shall provide a monthly income if the member

1 becomes totally disabled from occupational or nonoccupational
2 causes for a period of at least six consecutive months following the
3 effective date of the coverage. The monthly disability benefit may
4 be paid by the insurance company so long as the member remains
5 disabled up to the seventieth birthday, provided the disability
6 commenced prior to the sixtieth birthday. The benefit shall
7 terminate when the member is no longer considered totally disabled
8 or begins to receive retirement benefits.

9 The member shall be considered totally disabled if the member is
10 unable to perform each duty of the member's occupation and is
11 under the regular care of a physician. After the 12 months
12 following the commencement of such disability benefit payments,
13 the member shall be unable to engage in any gainful occupation for
14 which the member is reasonably fitted by education, training or
15 experience. Total disability shall not be considered to exist if the
16 member is gainfully employed. Following an agreement with the
17 insurance company and the policyholder, the member may continue
18 to receive disability benefits for a limited time while performing
19 some type of work. During the period of rehabilitation, the monthly
20 benefit shall be the regular payment less 80% of the member's
21 earnings from such rehabilitative position.

22 e. A member shall be deemed to be in service and covered by
23 the disability benefit insurance provisions for a period of no more
24 than six months while on official leave of absence without pay if
25 satisfactory evidence is presented to the Division of Pensions and
26 Benefits that such leave of absence without pay is due to illness and
27 that the member was not actively engaged in any gainful occupation
28 during such period of leave of absence without pay.

29 Disability benefit insurance provisions of the group policy or
30 policies shall not cover disability resulting from or contributed to
31 by pregnancy, act of war, intentionally self-inflicted injury, or
32 attempted suicide whether or not sane. For purposes of such
33 disability benefit coverage, the member shall not be considered to
34 be disabled while the member is imprisoned or while outside the
35 United States, its territories or possessions, or Canada.

36 If the member has recovered from the disability for which the
37 member had received benefits and again becomes totally disabled
38 while insured, the later disability shall be regarded as a continuation
39 of the prior one unless the member has returned to full-time covered
40 employment for at least six months. If the later absence is due to an
41 unrelated cause and the member had returned to full-time work, it
42 shall be considered a new disability. The disability benefit
43 insurance cannot be converted to an individual policy.

44 No person shall be covered by the disability benefit provision of
45 the group policy or policies except upon the completion of one year
46 of full-time continuous employment in a position eligible for
47 participation in a retirement system designated in subsection a. of
48 this section.

1 f. The disability benefit provided under such group policy or
2 policies shall be in an amount equal to 60% of the member's base
3 monthly salary, reduced by periodic benefits, other than health
4 insurance, to which the member may be entitled during the period
5 of total disability. The minimum monthly disability benefit shall be
6 \$50.

7 The periodic benefit by which the monthly disability benefit may
8 be reduced shall include salary or wages, retirement benefits or
9 benefits from any source for which the State or other public
10 employer has paid any part of the cost or made payroll deductions,
11 other than health insurance, Social Security disability or other
12 benefits, including dependents' benefits, and benefits paid by Social
13 Security at the option of the participant before the age of 65, but not
14 including any increase in Social Security benefits enacted after the
15 disability benefit under such group policy or policies has
16 commenced, and any other periodic benefits provided by law
17 except on account of military service.

18 For pension purposes, the member shall be considered as if the
19 member was in active service for the duration of the time the
20 disability benefit is received. When a member **【begins to receive】**
21 receives a disability benefit under such group policy or policies, the
22 insurance company shall pay an amount equal to the employee
23 contribution which would have been required of the member and
24 deducted from the member's base salary **【in order to meet the**
25 **member's obligation for the purchase of the member's individual**
26 **retirement annuity】** just prior to the receipt of the disability benefit.
27 Such amount shall be paid by the insurance company into the Public
28 Employees' Retirement System without reduction by any other
29 periodic benefit which the member is eligible to receive. **【Such**
30 **amount shall be paid by the insurance company to the insurer or**
31 **insurers for the member's retirement annuity.】**

32 g. Notwithstanding any other provision of law, an insurance
33 company or companies issuing such policy or policies may credit
34 the policyholder either directly or in the form of reduced premiums,
35 with savings by the company or companies in the event that no
36 brokerage commission or commissions are paid by the company or
37 companies on the issuance of such policy or policies.

38 No employer obligations shall be paid when the member is on a
39 leave of absence without pay or when the member no longer is
40 enrolled in the retirement system designated in subsection a. of this
41 section.

42 h. The group disability insurance policy or policies shall
43 provide a member with an opportunity to purchase additional
44 coverage.

45 i. A member or disability insurance benefit recipient who is
46 disabled and receiving a benefit under this section shall **【remain**
47 **eligible for employer-provided】** be entitled to health care benefits
48 coverage under the State Health Benefit Program ¹or the School

1 Employees' Health Benefits Program¹ in the same manner as such
2 coverage is provided by the **【employer】** State to retirees of the
3 **【retirement system】** Public Employees' Retirement System who
4 receive health insurance under the State Health Benefits Program
5 ¹or the School Employees' Health Benefits Program¹ , except the
6 benefit shall be free and there shall be no employee contribution
7 requirement. There shall be no deadline for a disability insurance
8 recipient to enroll in coverage and no eligibility requirements
9 imposed on that recipient to receive coverage other than the
10 requirement that a member be a recipient of disability insurance
11 under this section.

12 j. The State Treasurer shall establish an appeals process to be
13 used when an employer or employee disagrees with the insurer on
14 the employee's ability to return to employment or on issues related
15 to physical examinations.

16 (cf: P.L.2010, c.3, s.11)

17

18 3. This act shall take effect immediately.