

DEPARTMENT OF THE TREASURY

FY 2006 INTERDEPARTMENTAL QUESTIONS

DISCUSSION POINT

Medicare Prescription Drug Benefit

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA, P.L. 108-391) establishes a voluntary prescription drug benefit under Medicare Part D, effective January 1, 2006. Employers — including states — will save from the MMA retiree drug subsidy provided to encourage them to retain their current benefits. The Center for Medicare and Medicaid Services (CMS) reports that a series of options are available to states in structuring these benefits.

Final regulations for the MMA were released in the January 28, 2005 issue of the Federal Register. Subpart R of the regulations implements section 1860D-22 of the Act, which provides for subsidy payments to sponsors of qualified retiree prescription drug plans.

Generally, employers who offer drug benefits to their retirees (and their dependents) who are eligible for Medicare Part D can choose to:

- a. Continue to provide prescription drug coverage through employment-based retiree health coverage. If such coverage is at least actuarially equivalent to the standard prescription drug coverage under Part D, the sponsor is eligible for a special federal subsidy for each individual enrolled in the sponsor's plan who is eligible for Part D but elects not to enroll in Part D;
- b. Contract with a prescription drug plan or Medicare Advantage-prescription drug plan to offer prescription drug benefits to retirees who are eligible for Medicare. Alternatively, the retiree plan sponsor itself could apply to be a Part D plan for its retirees. Such a plan may consist of "enhanced alternative coverage," offering drug coverage that is more generous than the standard prescription drug coverage under Part D; or
- c. Provide separate prescription drug coverage that supplements, or "wraps around," the coverage offered under Part D plans in which the retirees (and their Medicare eligible dependents) enroll.

QUESTION 1

Please detail how retiree prescription drug benefits will be integrated with the new federal prescription drug coverage under Medicare Part D. How much money will the State Health Benefits Program retiree prescription drug plan save in FY 2006 under the option chosen by the State? What will be the annual savings? Please specify savings by SHBP enrollment group.

ANSWER 1

Medicare Part D regulations, in an effort to encourage employers to continue to provide prescription drug coverage to Medicare eligible retirees, offer employers three means of receiving federal assistance with the cost of the coverage as follows:

- 1) Apply for a plan subsidy of up to 28% of current cost (subject to a cap) to be returned to employers if their retirees do not opt to enroll in Medicare Part D.
- 2) Enrollment of eligible retirees in approved Medicare Advantage-Prescription Drug (MA-PDs) plans. MA-PD plans would provide all of a participant's Medicare benefits including a wrap-around prescription drug benefit.
- 3) Enter into an agreement with:
 - a. a Medicare approved Prescription Drug Plan (PDP),
 - b. a Medicare approved Prescription Drug Plan (PDP) that provides enhanced benefits,
 - c. adopt an arrangement that wraps around an approved PDP, or
 - d. a direct contract with Centers for Medicare & Medicaid Services (CMS) whereby the employer-sponsored plan would be recognized as a PDP for purposes of Part D.

While the State Health Benefits Program (SHBP) will explore other options* as formal CMS guidance is issued for these plans and they become established and better understood, for calendar year 2006 the SHBP, like most employer-sponsored plans, will likely apply for the subsidy.

There are significant compliance, reporting and communication issues to be addressed under all options which will increase SHBP administrative costs and impact savings. Issues include:

- Subsidy Option: The SHBP must annually retain the services of a member of the American Academy of Actuaries to attest that the SHBP's retiree prescription drug plan(s) are at least actuarially equivalent to the standard Medicare prescription drug benefit and certify that the values have been calculated according to CMS actuarial guidelines.
- The SHBP and each of its program administrators must develop eligibility and claims reporting systems that separate Medicare eligible retirees and dependents, and their prescription drug claims, from the rest of the SHBP population. The impact of the CMS formulary on SHBP plan design must be determined. Retiree contributions, discounts, charge-backs, rebates, and administrative expenses must be removed from all claims costs eligible for plan subsidy.
- The SHBP will need to advise qualified retirees not to enroll in a Medicare D plan (PDP or MA-PD) since if they do so the SHBP will not be eligible to receive the subsidy. At the same time, if an SHBP member is also eligible for benefits from Medicaid and/or PAAD (or such benefits from another State) those programs will likely be advising participants that they must enroll in a Medicare D plan in order to maintain eligibility. In addition, Medicare D plans will be heavily marketing their plans to Medicare eligible populations, and should a SHBP participant sign up (thereby enrolling for Medicare D) the SHBP will only find out after the fact, most likely when the SHBP attempts to obtain the subsidy. The SHBP cannot prevent a participant from enrolling in Medicare Part D.
- While the SHBP may apply for the subsidy on behalf of the State, it is still unclear if it may do so on behalf of local employers or retirees who paid the full cost of participation in the SHBP.

Projected State Savings

Many issues remain to be resolved and the true number of participants for whom the SHBP may collect subsidy may only be known after the fact. That said, if the SHBP was eligible to collect the subsidy for current Medicare eligible SHBP participants, preliminary savings estimates place it at about \$50M in calendar year 2006 for all of SHBP, of which the State would receive approximately 60% or \$30M. SHBP savings for participants with State-paid coverage attributable to FY06 would be approximately \$15M which has been scored as savings in the budget request.

**Other Part D Options: Recent communications from CMS indicates that it will only approve plans submitted by PDPs that are equivalent to the Part D standard plan, and that employers maintaining plans that provide enhanced benefits will have to enter into separate arrangements with PDPs or other vendors for the provision of benefits that exceed the Part D standard plan. In view of the fact that CMS has indicated that it will not release its list of approved PDPs until mid-September it is virtually impossible to enter into substantive discussions with any vendor that is interested in being a PDP until after the approvals are released*

DISCUSSION POINT

Traditional Plan Coverage

Recently concluded contract negotiations with all eight law enforcement units closed the Traditional Plan. Effective July 1, 2005, the Traditional Plan will no longer be available to members of these bargaining units. A special open enrollment will allow employees to chose alternate coverage. In addition, the Traditional Plan will no longer be available to all prospective retirees retiring after that date. Effective immediately upon implementation, no new hires will be permitted to enroll in the Traditional Plan. The Traditional Plan has been closed to other new State hires since July 1, 2003. Since 1997, State retirees pay 25 percent of the premium for Traditional Plan coverage.

QUESTION 2

What is the amount of actual savings per fiscal year from closing Traditional Plan enrollment to State new hires? What is the projected reduction in the rate of growth of health benefit costs over the next five fiscal years by closing the Traditional Plan?

ANSWER 2

The Division of Pensions and Benefits is unable to quantify any current savings per fiscal year from closing the Traditional Plan to individuals hired on or after July 1, 2003. Had the Traditional Plan not been closed to these individuals, they would have been subject to an employee premium-share in the Traditional Plan of 25%. If any elected to enroll in the Traditional Plan, the net cost to the State would have been similar to the cost of coverage in one of the managed care plans. Since the advent of premium-share for almost all State employees in 1996, most new hires have voluntarily elected to enroll in either NJ PLUS (which requires

no employee premium-share) or one of the HMOs (only 5% premium-share) to avoid the significant premium-share requirement of the Traditional Plan.

As of March 1, 2005, only 8% of employees participating in the SHBP State Employer Group were still enrolled in the Traditional Plan.. Effective July 1, 2005 when the Traditional Plan is closed to certain law enforcement personnel pursuant to recently concluded State contract negotiations, only 7% of employees in the SHBP State Employer Group will still be enrolled in the Traditional Plan, and all of those employees are required to contribute to the cost of that coverage.

With regards to those law enforcement personnel covered by the recently negotiated State contracts, if we assume that the members currently enrolled in the Traditional Plan will elect to enroll in NJ PLUS, the estimated per capita cost saving associated with the closure of the Traditional Plan for this group is \$3,351.

PER CAPITA COMPARISON		
Traditional	NJ PLUS	Difference
\$9,915	\$6,564	\$3,351

TRAD. PLAN CLOSURE ESTIMATED SAVINGS	
Corrections in Trad. Plan	530
State Police in Trad. Plan	509
Total in Traditional Plan	1039
1039 x \$3,351 =	\$3,481,941.63
	\$3.5M

The estimated saving in FY 2006, based on 1,039 members currently enrolled in the Traditional plan switching to NJ PLUS is \$3.5M. We project savings of \$3.6M in FY 2007, \$3.7M in FY 2008, \$3.8M in FY 2009 and \$3.9M in FY 2010 for a total 5 years savings of \$18.5M.

DISCUSSION POINT

Post Retirement Medical Benefit Costs

A total FY 2006 appropriation of \$1.009 billion is recommended to fund post retirement medical (PRM) benefits for State employees retired from the Public Employees' Retirement System (PERS), retired employees of local school boards in the Teachers' Pension and Annuity Fund (TPAF), and other retirees eligible for PRM benefits. This is an increase of almost

\$104 million or 11.5 percent from the FY 2005 adjusted appropriation of \$904.6 million.

Of the total recommended to fund PRM benefits, almost \$600 million or 59.5 percent, would finance health care benefits for TPAF retirees. At \$589.1 million, PRM benefit funding for TPAF retirees is budgeted primarily in the Department of Education. Over 80 percent, or 47,896 local school district retirees are enrolled in the Traditional Plan. Traditional Plan coverage costs the State approximately \$22,000 for family coverage for each non-Medicare eligible retiree (retirees between 55 and 65 years of age).

QUESTION 3A

Does the demographic profile of the State workforce and New Jersey teachers reflect a "baby boom" bulge such that the State can anticipate increasing PRM State Health Benefit Program costs due not just to "continued cost escalation in the health care industry" but also due to significant numbers of new retirees?

ANSWER 3A

The demographic profile of the State workforce and "continued cost escalation in the health care industry" are both contributing to the increased Post Retirement Medical (PRM) SHBP costs. Based on the large number of active participants who are presently eligible for State-paid health benefits, as well as a large number who will be eligible within the next five years, we would anticipate significant increases in the cost of PRM benefits in future years. For FY 2006, we assumed a 6.6% increase in covered TPAF retirees over the current year. In PERS, we assumed a 6.3% increase in the number of eligible retirees.

The following chart shows a breakdown of active participants in the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System – State Only (PERS) by years of service. This chart indicates that there are a significant number of active participants currently eligible for State-paid health insurance coverage upon retirement. In TPAF, there are over 17,000 active members who are 55 or older with 25 or more years of service as of June 30, 2004, the date of the most recent actuarial valuation. In PERS, there are over 7,000 State active employees in this category. In addition, there are over 11,000 TPAF actives and 6,000 PERS State actives under age 55 with 25 or more years of service.

Distribution of Active Membership by Age and Service

Teachers' Pension and Annuity Fund

Age Group	Years of Service						Total
	Under 20	20-24	25-29	30-34	35-39	40+	
Under 55	84,932						
55-59	7,475	7,864	7,669	3,256	2		103,723
60-64	2,289	3,306	3,208	6,519	2,239	2	22,749
Over 64	583	1,434	1,420	1,114	1,686	337	8,280
Total	95,279	299	392	277	234	299	2,084
		12,903	12,689	11,166	4,161	638	136,836

Public Employees' Retirement System - State

Age Group	Years of Service						Total
	Under 20	20-24	25-29	30-34	35-39	40+	
Under 55	52,123						
55-59	7,167	7,198	4,554	1,482	113		65,470
60-65	5,502	2,009	1,829	1,619	694	19	13,337
Over 65	1,856	1,615	1,231	559	437	145	9,489
Total		370	206	116	32	39	2,619
	66,648	11,192	7,820	3,776	1,276	203	90,915

Source: June 30, 2004 Actuarial Valuation Report

QUESTION 3B

Since a significant portion of the State cost of Teachers' Pension and Annuity Plan PRM coverage is attributable to Traditional Plan coverage, has the State considered phasing-out Traditional Plan coverage for retirees? Of the top 10 private sector employers in the State, how many offer their retirees free Traditional Plan coverage? What is the estimated amount the State would save in FY 2006 if there were no Traditional Plan coverage for retirees, assuming each retiree currently enrolled in the Traditional Plan was instead enrolled in NJ PLUS?

ANSWER 3B

No serious consideration has been given to closure of the Traditional plan to retirees beyond those actions taken in 2003 to close the Traditional Plan to new State hires (who will eventually retire) and the closure of the plan for certain law enforcement personnel pursuant to recent contract negotiations. However, it is likely that the Entitlement Commission

designated by Acting Governor Codey will review and consider this type of issue.

While we cannot readily identify which employers would be considered the "top 10" in New Jersey, the Mercer Study on the State Health Benefits program did provide comparative data on both public employer plans in other states/municipalities as well as a comparison to a number of major employers in New Jersey, including Automatic Data Processing (ADP) Merck & Company and Prudential Insurance Company of America, etc.

Mercer's findings indicate that "large private sector employers offering retiree health benefits have made substantial changes in recent years in an effort to control rising costs, and are expected to sustain these efforts in the future.

- In the past two years, 44% of large private-sector firms increased retiree contributions to premiums and 36% increased cost-sharing requirements for retirees.
- Thirteen percent of surveyed employers terminated health benefits for future retirees,
- Seven percent shifted to a defined contribution approach."

Source: State Health Benefits Program and Consultant Review1.ppt

In addition, the third annual Kaiser/Hewitt Study of post-retirement medical coverage offered by large private-sector firms found that firms providing retiree health benefits experienced cost increases averaging 12.7% in 2004, with employers and retirees sharing these cost increases at most firms. Surveyed employers reported that they have made or plan to make the following changes to control costs:

- 79% increased retiree contributions for premiums in the past year, and 95% expect to do so in the coming year;
- 53% increased co-payments or coinsurance for prescription drugs in the past year, and 49% expect to do so in the coming year;
- 37% raised deductibles for health care service in the past year, and 43% expect to do so in the coming year;
- 54% of employers have imposed financial caps on their firms' contribution to at least one retiree health plan offered in 2004. (Caps have become more common since changes in Financial Accounting Standards Board rules in the early 1990s required firms to account for retiree health obligations on an accrued basis.)

The estimated State savings in FY06 if Traditional Plan coverage was eliminated and participants were enrolled in NJ PLUS is as follows:

Post Retirement Medical Benefit Costs			
COST SAVINGS IF TRADITIONAL PLAN ELIMINATED			
	REQUESTED	w Trad to NJ PLUS	Potential premium
HEALTH BENEFITS PROGRAM	FY 2006	FY 2006	savings with plan shift
STATE RETIRED CENTRALIZED PAYROLL & OTHER STATE MEMBERS (EXCLUDING TPAF & PERS)			
Traditional/Traditional shifted to NJ PLUS	\$38,347,598	\$36,171,663	\$2,175,935
NJ PLUS	\$12,533,337	\$12,533,337	
HMOs	\$8,726,536	\$8,726,536	
Parts A & B	\$3,634,492	\$3,634,492	
Total Centralized P/R & Other State Monthlies	\$63,241,963	\$61,066,028	\$2,175,935
RETIRED HIGHER EDUCATION MEMBERS (EXCLUDING TPAF & PERS)			
Traditional/Traditional shifted to NJ PLUS	\$10,815,989	\$10,202,264	\$613,725
NJ PLUS	\$3,535,044	\$3,535,044	
HMOs	\$2,461,331	\$2,461,331	
Parts A & B	\$1,025,113	\$1,025,113	
Total Retired Higher Education	\$17,837,477	\$17,223,752	\$613,725
CHAPTER 126/357 - BOARD OF EDUCATION RETIREES-Health Benefits Program			
Traditional/Traditional shifted to NJ PLUS	\$56,842,087	\$54,767,815	\$2,074,272
NJ PLUS	\$17,949,399	\$17,949,399	
HMOs	\$10,963,198	\$10,963,198	
Part B Reimbursement	\$10,562,261	\$10,562,261	
Total Chapter 126/357 Boards of Ed Retirees	\$96,316,945	\$94,242,673	\$2,074,272
CHAPTER 126 - COUNTY COLLEGE RETIREES-Health Benefits Program			
Traditional/Traditional shifted to NJ PLUS	\$7,848,898	\$7,348,914	\$499,984
NJ PLUS	\$2,006,335	\$2,006,335	
HMOs	\$1,532,063	\$1,532,063	
Part B Reimbursement	\$1,073,724	\$1,073,724	
Total Chapter 126 County College Retirees	\$12,461,020	\$11,961,036	\$499,984
CHAPTER 330 - PFRS RETIREES			
Traditional/Traditional shifted to NJ PLUS	\$7,382,257	\$7,348,353	\$33,904
NJ PLUS	\$5,629,356	\$5,629,356	
HMOs	\$7,877,796	\$7,877,796	
Total Chapter 330 Retirees	\$20,889,409	\$20,855,505	\$33,904

**COST SAVINGS IF TRADITIONAL PLAN
ELIMINATED (continued)**

**PERS RETIREES HEALTH BENEFITS STATE
CONTRIBUTION**

Traditional/Traditional shifted to NJ PLUS	\$98,162,477	\$99,145,350	(\$982,873)
NJ PLUS actual cost	\$79,473,873	\$79,473,873	
HMOs actual cost	\$33,527,145	\$33,527,145	
Part B Reimbursement	\$18,002,476	\$18,002,476	
Total PERS Retirees	\$229,165,971	\$230,148,844	(\$982,873)

**TPAF RETIREES HEALTH BENEFITS STATE
CONTRIBUTION**

Traditional/Traditional shifted to NJ PLUS	\$438,466,150	\$408,022,364	\$30,443,786
NJ PLUS actual cost	\$84,661,805	\$84,661,805	
HMOs actual cost	\$30,252,209	\$30,252,209	
Part B Reimbursement	\$46,899,698	\$46,899,698	
Total TPAF Retirees	\$600,279,862	\$569,836,076	\$30,443,786

Total Retiree Costs	\$1,040,192,647	\$1,005,333,914	\$34,858,733
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DISCUSSION POINT

School District Remittance of Employee Pension Contributions

The Lakewood school district reportedly owes the State-administered pension fund \$774,000 in missed employee pension payments over the past two years. Last year, the school district had to pay \$166,000 in penalties to the Internal Revenue Service for late federal tax payments. The missed payments to the Division of Pensions and Benefits were uncovered by an auditing firm hired to help the Lakewood school board prepare its 2005-2006 budget.

QUESTION 4

How does the Division of Pensions and Benefits track employee pension remittances by local government employers? Did the division notify the Lakewood school board that it had not remitted employee pension contributions and what, if any actions did the division take to rectify this situation? What is the estimated amount of unremitted employee pension contributions among all local government employers? Does the division impose a penalty or interest for late remittances?

ANSWER 4

The Division of Pension and Benefits receives employee pension contributions on a monthly basis from local employers. The member detail relating to these contributions is submitted on a quarterly basis through a Report of Contributions submitted by the employer. This report allows the Division of Pensions and Benefits to update member accounts with the proper salary and contributions as certified by the employer. The submission of this report is the only record the Division of Pensions and Benefits has relating to members' individual pension contributions.

In order to insure that member accounts are properly credited each quarter, delinquency letters are sent to all employers who have not filed their report(s) by the due date established by the Division of Pension and Benefits.

Based on the Divisions records, the Lakewood Board of Education has submitted the report of contributions for all quarters dating back to January 2003. Although Lakewood Board of Education may have been delinquent in reporting, this lateness did not impact the posting of contributions to the employees' pension accounts. Delinquency charges were assessed for both late reports and monthly pension remittances.

On a quarterly basis, the estimated employee pension contributions not reported by local employers averages \$100,000. This figure is based on the salary submitted by the employer times the rate of contributions due for both pension contributions and contributory insurance payments. These figures are subject to change due to incorrect reporting of salaries by employers.

The Division of Pension and Benefits does impose delinquency charges for both late monthly remittances of pension contributions and for the late submission of the Report of Contributions based on statute. The rates are 6% per annum for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The Police and Fire retirement system is billed at a rate of 10% per annum. These billings are initially sent out two months after the close of the current quarter and followed up with subsequent monthly billings until these interest charges are collected.

DISCUSSION POINT

Workers Compensation Fund

The State is self-insured for workers' compensation payments made to State employees. The Budget in Brief (page 36) indicates that Workers Compensation claims have risen precipitously in recent years, resulting in significant cost increases. The FY 2006 Budget recommends \$55.5 million in DSS funding for this program. From FY 2000 through FY 2004, annual claims increased by nearly 1,400 or 20 percent, and related costs increased by \$13.6 million or 35 percent. Much of this increase was concentrated in large departments such as Human Services and Corrections which have extensive institutional operations. To help arrest this growth, the Department of the Treasury's Bureau of Risk Management plans to secure the services of an experienced risk management advisor. This firm will: (1) critically assess the functions of the bureau; (2) recommend program improvements to the State Treasurer; and (3) prepare an implementation plan and schedule.

The goal is to reduce claims, improve early intervention and communication between the bureau and the departments, streamline review and the processing of claims, improve the State's Back to Work program, and upgrade management reporting. The bureau plans to take action on the recommendations of the study during FY 2006.

FY 2005 budget language provided a "gainsharing" incentive to which the Departments of Human Services, Corrections, Law and Public Safety and Transportation, collectively account for approximately 75 percent of all claims, to retain savings realized in FY 2005 when compared to base costs in FY 2004. In addition, the Risk Management Bureau works in conjunction with the Department of Personnel to review the dates that employees are on sick leave injury, and has implemented new procedures to attempt to better control costs. The bureau also monitors fraud claims. However, as of late FY 2004, no claims had been deemed fraudulent.

A December 2004 Office of Legislative Services State Auditor report found that the coordination of Sick Leave Injury benefits, administered by the Department of Personnel and the Workers' Compensation program, administered by the Bureau of Risk Management, needs to be improved. The State Auditor sampled 111 employees where an overlap in Sick Leave Injury and Workers' Compensation benefit payments appeared likely and recommended that the Sick Leave Injury and Workers' Compensation

programs be managed by one agency which would reduce or eliminate overlapping benefit occurrences.

QUESTION 5

Please identify the main reasons workers compensation claims related to State operations have been rising steadily in recent years. When does the Bureau of Risk Management anticipate the awarding of a contract for a risk management advisor? Please define the term "experienced management advisor". Of the more than 8,000 claims made each year, has the bureau identified any claims that may be fraudulent? How much has the State recovered in fraudulently obtained workers' compensation payments this fiscal year? Please provide an overview of the State's Back to Work Program. How will this program be improved in FY 2006? Has the Bureau of Risk Management implemented an improved coordination of the administration of the Sick Leave Injury program and the Workers' Compensation program to ensure the proper processing of payments to employees and reduce or eliminate overlapping and duplicate payments? Please identify how the bureau is working more closely with the Department of Personnel, which administers the Sick Leave Injury program.

ANSWER 5

With reference to claims filings, consideration must be given that the Bureau of Risk Management is responsible for the employees of the Executive, Legislative, Judicial Branches, nine State Colleges and Universities and the Palisades Parkway Commission representing employee base of approximately 105,000 employees.

The nationwide average is 8.5 claims per 100 employees for claims involving public employees. The State of New Jersey has been under the national figure for its employee base for a number of fiscal years.

During the past few years, the types of exposures in the public arena have changed. Employees are more aware of their health and are more sensitive exposures within work environment. More occupational, more harassment, stress, and hostile work environment and pulmonary claims in addition to the more conventional traumatic events. In addition, state employees base are more educated in their rights under Title 34 than in previous years.

The Risk Management Advisor is under contract. The Request for Qualifications used to select the Risk Management Advisor specified the following minimum requirements:

- The firm must be knowledgeable and experienced in the field of Risk Management Administration, and have provided such services to large municipal governments that are self-insured.
- The firm must have served as a Risk Administrator for a large governmental risk management client, Joint Insurance Fund or large corporation.
- The firm must have the experience and qualifications necessary to perform the Scope of Services within the time frame specified in this RFQ.
- The firm should have at least 5 years experience operating as a Risk Administrator in the public sector.

Claimants of "interest" are routinely surveilled by outside investigators. Tapes are referred to the treating physicians for their review and comments regarding return to work and the need for additional treatment. Tapes are also used in litigation before the Division of Workers' Compensation. Files of a gross nature are have been forwarded to the Division of Criminal Justice for their review and consideration.

The managed care provider Horizon/BCBSNJ has defined procedures to continually detect fraud and control abuse on the part of employees, providers and others using all available resources and tools to identify and resist payment fraudulent claims. The procedures are multi-faceted vigilant approach to detect fraud and abuse which include detection methods matrix containing 23 detection events against 16 types of fraud and a claims management system with incorporates various features designed to detect duplicate bills, unbundling, abuse, and inappropriate treatments prior to issuance of provider payments.

There is a work in progress return-to-work program in effect at the Bureau of Risk Management. The managed care contract provides prompt and continued communication with the claimant, employer, physician/provider, and the Bureau of Risk Management claim professionals, identifying if modified duty job opportunities are available for the claimant. The program has had moderate success at Trenton

Psychiatric, Vineland Developmental Center and North Jersey Developmental Center.

A challenge to be met is the fact that State correctional officers and direct patient care employees of the Department of Human Services, given the nature of their work, must be returned to work on a full time basis as opposed to a limited duty basis. Since this segment of state's employee based constitutes the greatest percentage of claims filed, the further development and implementation of such a state-wide program would be a priority of the risk manager advisor.

The Bureau of Risk Management has partnered with the Department of Personnel in their efforts to quantify and control the use of Sick Leave Injury benefits arising from work related injuries. The Bureau has designed and developed a sub-system to the Risk Management Information System for the Department of Personnel's use to enable the Department to capture and record SLI awards on a claims basis. This initiative provides the Department of Personnel with a powerful tool to help administer and control SLI. In addition, these enhancements provide a robust information resource by which the Department can identify costs and causes of loss associated with this program.

The Bureau is also in the process of drafting a circular letter which will clearly indicated how the appointing authorities are to reimburse the Workers' Compensation Fund in situations involving decisions of the Merit System Board regarding SLI appeals in avoiding issues overlapping or duplicate payments.

The Department of Personnel and the Bureau work closely to support employees charged with the administration of the program. Online support is available at Risk Management's help desk as is training materials and formal classroom courses sponsored by the Department of Personnel and HRDI.

DISCUSSION POINT

Tort Claims Liability Fund

The State is self-insured against damages or settlements arising from tort claims alleging liability on behalf of a State agency or its employees. The State makes annual appropriations into a Tort Claims Liability Fund in an amount estimated to be sufficient to cover claims payments that might come due. The FY 2006 recommended appropriation for Tort Claims Liability Fund is \$11 million, a decrease of \$5 million from the FY 2005

adjusted appropriation of \$16 million (budget page D-445). In FY 2004, \$14.5 million was expended for this purpose.

QUESTION 6

Given the expenditure history of this account, is the FY 2006 budget recommendation of \$11 million for tort claims still believed to be sufficient? Please provide a breakdown of settlements comprising the anticipated expenses in FY 2005. What factors or circumstances explain the recommended decrease for FY 2006?

ANSWER 6

At this point, the recommended budget is expected to be sufficient. However, simply due to the nature of the fund, it is difficult to budget for anticipated claims. Attachment A is a list of actual paid settlements as of May 22, 2005.

Anticipated settlements for the balance of FY 2005 have not yet been resolved in the courts and this information is considered confidential until full settlements are reached.

The decrease for FY 2006 is based solely on what is the potential liability for the next fiscal year. The amount is not based on any type of reserves analysis and as such appropriate language has historically been available for all self-insurance funds and accounts.

Pension Contributions

Pension Fund Contributions — Seven Pension Systems (\$000)					
	Expended Amount			Appropriated	Projected
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Normal Contribution	\$654,304	\$732,646	\$796,203	\$826,733	\$918,336
Accrued Liability	507	2,714	40,569	286,292	535,634
Alternate Benefit Program	113,521	115,272	116,013	135,299	140,934
SUBTOTAL	\$768,332	\$850,632	\$952,785	\$1,248,324	\$1,594,904
Lapse	-	-	-	16,161	-
Excess Assets	(654,304)	(724,179)	(79,210)	(36,497)	-
BEF Offset ¹	-	-	(125,551)	(265,086)	(385,331)
Pension/ABP Approp.	114,028	126,453	143,536	214,171	336,715
Amount of Underfunding	-	-	(\$604,488)	(\$748,731)	(\$872,858)

DISCUSSION POINT

The table above displays information on the liability and funding of the seven pension systems and the alternate benefit program since FY 2002. For FY 2006, \$336.7 million is recommended by the Governor in total State pension and alternate benefit program contributions. This recommendation uses \$385.3 million of reserves in the Benefit Enhancement Funds within the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) to reduce the pension contribution requirements of the State to the retirement systems. Approximately \$872.9 million in pension contributions would be deferred.

From FY 2005 to FY 2006, the unfunded actuarial accrued liability (UAAL) increased by \$249.3 million or 87 percent, from \$286.3 million to \$535.6 million. At the same time, the normal contribution rose by \$91.6 million or 11.1 percent, to \$918.3 million. Over 59 percent, or \$946.6 million, of the total \$1.59 billion liability accrues to the TPAF. Several

¹BEF = Benefit Enhancement Fund established pursuant to N.J.S.A.18A:66-16 and N.J.S.A. 43:15A-22 to provide for the enhanced benefits of TPAF and PERS retirees, now being used to offset required State TPAF and PERS contributions.

states are reviewing different strategies to address public pension funding shortfalls. Rhode Island has proposed a minimum retirement age of 60; Illinois would reduce the annual cost-of-living adjustment; New Mexico raised the employee contribution rate; and California is considering a defined contribution plan.

QUESTION 7A

For each State-administered retirement system, please provide the schedule of funding progress as certified by the actuaries as of June 30, 2004. What is the difference between the actuarial and market value of assets in these systems? What are the implications of a divergence in the actuarial value and the market value of assets in terms of State contributions in future fiscal years?

ANSWER 7A

The following chart shows the schedule of funding progress for each of the State-administered retirement system as certified by the systems' actuaries.

**GASB 25 and 27 Funding Progress
As of June 30, 2004**

Fund	Valuation Assets	Accrued Liability	Unfunded Liability	GASB Funded Ratio	Market Value of Assets	Difference Between Actuarial & Market Value of Assets
PERS - State	10,693.5	12,620.4	1,926.9	84.7%	9,038.1	1,655.4
PERS - Local	16,414.0	17,077.9	663.9	96.1%	13,505.4	2,908.6
TPAF	34,632.9	40,447.7	5,814.8	85.6%	28,617.6	6,015.3
PFRS - State	1,907.1	2,288.9	381.8	83.3%	1,518.5	388.6
* PFRS - Local	16,447.6	18,258.9	1,811.3	90.1%	13,388.6	3,059.0
SPRS	1,897.5	1,949.3	51.8	97.3%	1,687.3	210.2
JRS	371.7	445.9	74.2	83.4%	330.6	41.1
CPFPPF	21.7	35.0	13.3	62.0%	22.4	(0.7)
POPF	15.9	10.1	(5.8)	158.1%	15.8	0.1

* As of June 30, 2003. The June 30, 2004 valuation is not yet completed.

In determining the annual employer contributions to the pension plans, the assets of the pensions system are valued annually using a method

that recognizes 20 percent of the difference between the market value and the actuarial value of plan assets. The rationale for using such an asset valuation method is to avoid large fluctuations in employer contributions from one year to the next (a significant negative from a budgeting perspective) that would result from using market value. Earnings (and losses) are smoothed over a five year period.

In periods of sustained losses, the market value of plan assets can be significantly lower than the actuarial value of assets, since only 20% of the difference is recognized in any one year. The divergence of the market value and actuarial value of assets due to sustained losses will generate increased employer contribution requirements. However, the asset valuation method currently used minimizes the budgetary impact by spreading the increased employer contribution requirement over a five year period, as opposed to burdening employers with a significantly large pension increase in each year the plan incurs an actuarial loss. Periods of sustained actuarial gains would the reverse impact on employer contributions.

QUESTION 7B

What types of pension reforms, if any, are being considered by the Administration at this time?

ANSWER 7B

Acting Governor Codey is currently in the process of forming the Entitlement Commission which will be reviewing and considering these types of issues.

QUESTION 7C

If legislation were enacted to provide early retirement incentives similar to those granted under the provisions of P.L.2002, c.23, with a retirement deadline of June 30, 2005, how many State employees would be eligible for the program and what is the estimated total liability by retirement system?

ANSWER 7C

In anticipation of this questions we had our actuaries, Mellon for PERS, and Milliman USA for TPAF, prepare estimates in November 2004 on eligibility and liabilities if an early retirement incentive (ERI) program identical to the program authorized by P.L. 2002, c.23 was offered

with a retirement deadline of June 30, 2005. First, please note that administratively it would be next to impossible to implement an ERI by June 30. Secondly, potentially eligible employees would not have sufficient time to make an informed decision as to whether to participate or not. That being said, the following chart provides the estimates as requested.

The estimate assumed employees must retire by July 1, 2005. The following three categories of benefits would be offered:

- Category 1: Employees who are age 50 with at least 25 years of service receive an additional three years of service (veterans receive an additional 3/55 of compensation)
- Category 2: Employees who are at least age 60 with at least 20, but less than 25, years of service receive free post-retirement medical benefits, and
- Category 3: Employees who are at least 60 with at least 10, but less than 20, years of service receive an additional pension of \$500 per month for 24 months.

Early Retirement Incentive Program for State Employees Cost Summary

PERS-State				
Category	Number of Employees	Payroll	Total Additional Liability	Annual Additional Cost
1	9,790	\$ 691,330,275	\$ 1,532,602,058	\$ 76,966,128
2	1,700	\$ 98,902,524	\$ 81,622,347	\$ 4,099,013
3	3,536	\$ 176,259,148	\$ 120,082,137	\$ 6,030,435
Total	15,026	\$ 966,491,947	\$ 1,734,306,542	\$ 87,095,576

TPAF-State				
Category	Number of Employees	Payroll	Total Additional Liability	Annual Additional Cost
1	136	\$ 11,489,323	\$ 18,527,961	\$ 1,067,247
2	7	\$ 536,435	\$ 376,141	\$ 21,666
3	3	\$ 231,625	\$ 133,245	\$ 7,675
Total	146	\$ 12,257,383	\$ 19,037,347	\$ 1,096,588

Total State Employees				
Category	Number of Employees	Payroll	Total Additional Liability	Annual Additional Cost
1	9,926	\$ 702,819,598	\$ 1,551,130,019	\$ 78,033,375
2	1,707	\$ 99,438,959	\$ 81,998,488	\$ 4,120,679
3	3,539	\$ 176,490,773	\$ 120,215,382	\$ 6,038,110
Total	15,172	\$ 978,749,330	\$ 1,753,343,889	\$ 88,192,164

DISCUSSION POINT

Giants Stadium Agreement

On April 22, 2005, the New Jersey Sports and Exposition Authority's Board of Directors approved an agreement with the National Football League franchise New York Giants to build a new Giants Stadium. Under the reported terms of the deal, the State will be responsible for \$124 million in debt that remains on the existing stadium. The chairman of the sports authority, Carl J. Goldberg, said the agency's lawyers believed that \$72 million of that amount would have to be retired immediately when the existing stadium is demolished. Mr. Goldberg said the authority already has the cash to pay that off. Whether the authority pays off more than that, refinances the remaining debt or both has not been determined. For FY 2006, the State is projected to pay \$25.7 million in debt service payments on the sports complex.

QUESTION 8

How will the \$124 million in existing debt on the stadium be paid off? What is the anticipated schedule of payment for this debt? What adjustments to the FY 2006 recommended appropriation for the Sports and Exposition Authority Operations - Debt Service result from this agreement? How will this agreement affect State budget revenues and expenditures in future years?

ANSWER 8

There are actually several debt issuances outstanding and many of these will potentially need to be refinanced as a part of this deal (for example, some tax exempt issues may need to be refinanced taxable) and once refinanced, other terms (like duration and rate) will also change. In addition, there are certain presumed asset sales that will occur both as part of Xanandu and potentially involving other NJSEA properties. And these asset sales may be used to retire and/or service debt. The Giants deal can only be assessed within the context of an overall restructuring of the NJSEA balance sheet and the actual amount of outstanding debt and assumptions about how that debt will be serviced can really only be determined once the financial advisors currently working on the deal have completed their analysis.

Additionally, the construction of the new stadium may result in more sales tax and income tax.

DISCUSSION POINT

Enhanced 911 County Grants

The Governor's Budget recommends continued funding of \$14.9 million in grants to counties to enhance their 911 Emergency Telephone Systems. Budget language stipulates that grants would be determined using criteria to be developed by the 9-1-1 Commission and the Departments of the Treasury and Community Affairs and the Attorney's General Office. The purpose is to create incentives for the regional consolidation of 911 call services and public safety answering points. The commission oversees the Office of Information Technology in the planning, design, and implementation of the Statewide emergency enhanced 9-1-1 telephone system. As of April 25, 2005, no county grants had been disbursed.

QUESTION 9

Have grant criteria been determined by the 9-1-1 Commission and the departments referenced above? If not, when and how will they be determined? What are the reasons for the apparent delay in the disbursement of grant funds? Does the department plan to disburse the FY 2005 grants? If so, please provide a list showing the amount of grant awarded by county and documentation that each county receiving a grant meet the criteria established by the 9-1-1 Commission. What is the basis for a two-year funding total of almost \$30 million for county grants? How much additional funding will be required for this purpose?

ANSWER 9

The grant criteria for FY 2005 have been developed by the 911 Commission and are currently being reviewed by the Attorney General's Office. The criteria proposed for FY 2005 are as follows:

The first round of PSAP Equipment Grants in FY 2005 will be distributed for the purpose of expediting the implementation of the FCC wireless E9-1-1 requirements. To accomplish this objective, grant requests from PSAPs that are operated either on a state or county basis, or counties that wish to implement countywide initiatives on behalf of all PSAPs within that county that accomplish the FCC wireless E9-1-1 requirements will be awarded first. Should sufficient funding be available, regional PSAP serving multiple municipalities with a combined minimum population base of 65K and functioning as the prime wireless PSAP within their jurisdiction

will be considered before other requests. Applications will be evaluated based on the following factors:

1. Population base served using the most recent U.S. Bureau of Census population statistics with annual mean population of resort municipalities as calculated by P.L. 1998 c. 50.
2. Wireless 9-1-1 call volume.
3. Combined PSAP and Public Safety Dispatch abilities.
4. Cost of project.
5. Timeframe to completion.
6. Successful PSAP Audit
7. Compliance with DSPTF 9-1-1 Sector Best Practices
8. Outside grant awards to supplement project.

Due to the fact that the grant applications for FY 2005 have not yet been sent to the PSAPs, a listing of the awards by PSAP or county cannot be made at this time.

This is expected to be a long-term funding commitment. While the exact amount of the out-year appropriation requirements will be outlined in future budget proposals, it is fair to conclude that the need for additional funding will be predicated at least in part on changing technology in this area as well as the State's willingness to consolidate the current array of 911 centers to form a more efficient operation without sacrificing service quality.

DISCUSSION POINT

Employee Actions

The State is anticipating a \$50 million savings from employee actions (page D-456). These may include a 10 percent cut in the commissioners' offices and other administrative accounts and the attrition of 500 State employees.

QUESTION 10

Please itemize where these projected savings will accrue and provide some detail as to how these savings will be achieved. What was the projected number of full time State employees used to calculate the amounts recommended for employee benefits? Do the recommended funding levels for active State employee benefits incorporate savings from the attrition of 500 State employees?

ANSWER 10

The State anticipated \$50 million in savings including a 10% cut in the commissioners' office and other administrative accounts and the attrition of 500 state employees. Although the recommended budget includes funding for 81,096 state employees, the employee benefits were based on actual fall 2004 headcounts of approximately 77,500 employees. The majority of funded vacancies appear in non-state programs, which will provide resources for these costs in the event that vacancies are filled. The projected FY 2006 state-funded positions remain level after consideration of growth as offset by the planned attrition.

DISCUSSION POINT

Children Relief Fund

The Governor's budget proposes a \$547,000 increase in funding for Catastrophic Illness in Children Relief Fund - Employer Contribution (page D-455), to a recommended \$672,000. Eligibility for payments from the "Catastrophic Illness in Children Relief Fund" (N.J.S.A.26:2-148 et seq.), was expanded under the provisions of P.L. 2003, c.370, which raised the limit on a child's eligibility for payment or reimbursement from the Fund from 18 to 21. This law also permitted the Commission to retain consultants on a contract basis.

The purpose of the Fund is to provide assistance to children and their families whose medical expenses due to a child's "catastrophic illness" extend beyond the families' available resources. Revenue is derived from a \$1 annual surcharge per employee for all employers who are subject to the New Jersey Unemployment Compensation Law. At the close of FY 2004, the Fund's unexpended balance totaled \$3.8 million. However, the Governor's FY 2006 recommended budget estimates virtually no unexpended balance (budget page H-4).

QUESTION 11

Please provide an update on the status of this program and the reasons for the depletion in the Fund's unexpended balance. Since enactment of P.L.2003, c.260, has the Commission hired consultants on a contract basis? If so, what is the projected amount that will be expended for this purpose in FY 2005? Please itemize the program expenditures that will be funded with this recommended appropriation in FY 2006.

ANSWER 11

This memorandum is to serve as a response from the Catastrophic Illness in Children Relief Fund Commission to the fiscal year 2006 Interdepartmental questions (#11). The first part of the question is associated with the reasons for the depletion in the Fund's unexpended balance. The following is the status of the program and an itemized description of revenue and expenditures that resulted in the depletion of the fund:

FY05

REVENUE:

Fund Balance July 1, 2004 (fy05)	3,800,000
Projected Department of Labor Services and Assessments	6,300,000
Projected Investment earnings	95,000
S1398-Lead Poisoning Transfer	3,000,000
PROJECTED TOTAL REVENUE	13,195,000

EXPENDITURES:

Projected Gov Direction, Management & Control (Family and provider payments)	(7,049,235)
Projected Operating Expenses	(1,400,000)
S1446-Palliative Care Network	(170,000)
PROJECTED TOTAL EXPENDITURES	(8,619,235)

FUND BALANCE JUNE 30, 2005 (FY05)	4,575,765
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FY06

REVENUE:

Projected Fund Balance July 1, 2005 (fy06)	4,575,765
Projected Department of Labor Services and Assessments	5,800,000
Projected Investment earnings	77,000
PROJECTED TOTAL REVENUE	10,452,765

EXPENDITURES:

Projected Gov Direction, Management & Control (Family and provider payments)	(7,000,000)
Projected Full year Impact of S1965-Eligibility	(1,200,000)

Operating Expenses	(1,700,000)
PROJECTED TOTAL EXPENDITURES	(9,900,000)
PROJECTED FUND BALANCE JUNE 30, 2006 (FY06)	552,765

In response to the second part of question #11, the Commission has not hired consultants on a contract basis since the enactment of P.L. 2003, c.370

The concluding part of the question is associated with a proposed increase of \$547,000 in funding for Catastrophic Illness in Children Relief Fund-Employer Contributions to a recommended \$672,000.00. We have been informed by our OMB representative the Interdepartmental General Fund appropriation (on page D-455) refers to the state payments into the fund as an employer, not anything associated with the Trust Fund itself. The increase from \$125 to \$672 is to make up for prior year nonpayment into the fund.

DISCUSSION POINT

Cash Management Reserve Fund

The FY 2006 budget includes an offset of \$12 million to the amount appropriated for Employee Benefits entitled "Credit for Cash Management Reserve Refund" (page D-452). Recommended budget language (page D-453) would authorize the Treasurer to provide a corresponding reduction in appropriated State Aid and Grants-in-Aid to be distributed by the State to government units that participate in the State's Cash Management Fund reserve fund, up to the amount of the funds returned from the reserve fund to those participating governmental units.

In 2002, the Division of Investment issued a \$72 million surety bond, an amount equal to the cash released to the State's General Fund in FY 2002 and FY 2003, to be credited to the CMF Loss Reserve Fund.

QUESTION 12

Please provide a list of each nonstate governmental unit and is projected State Aid and Grants-in-Aid payment reduction, by program, that correspond to the \$12 million CMF loss reserve being transferred to the General Fund. Is the surety bond still available to provide coverage against loss to these nonstate governmental entities? Will nonstate participants

whose State funding corresponds to the CMF Loss Reserve reduction have loss coverage equivalent to other nonstate CMF participants, or will one group have less coverage than the other?

ANSWER 12

The FY 2006 Governor's Budget recommends the use of \$12 million from the Cash Management Reserve Fund (CMRF) to offset the cost of Employee Benefits. The Treasurer is authorized through budget language to make a corresponding reduction in appropriated State Aid and Grants-in-Aid accounts to governmental units that participate in the CMRF. General Provision budget language also authorizes the use of a surety bond to provide coverage in the remote instance of any loss to the Fund. (See page F-7 of the FY 2006 Governor's Budget). A surety bond was also arranged in FY 2003, when this initiative was last implemented, and the provisions of that bond require that the CMRF maintain a balance of \$13 million. Since the balance in the Fund totalled \$25 million as of June, 2004, the remaining \$12 million exceeded the required balance and is available as budget relief in the manner described above. The loss coverage for nonstate participants will not be materially affected by this proposal, nor will they be on a different footing in that regard from other CMRF participants.

DISCUSSION POINT

Salary Increases

FY 2005 Appropriations Act budget language directed the State Treasurer to establish directives governing salary ranges and rates of pay and salary increases, including a 3.9 percent cost-of-living adjustment (COLA) for public sector managers.

QUESTION 13

Have public sector managers received this 3.9 percent COLA as required by the FY 2005 Appropriations Act? If not, why? What was the effective date of this COLA?

ANSWER 13

No, the public sector managers received 2.9 percent, which was consistent with State-negotiated contracts. The COLA was effective as of June 26, 2004.

DISCUSSION POINT

Liberty Science Center

The FY 2006 budget recommends an appropriation of \$589,000 for debt service on New Jersey Economic Development authority (EDA) bonds issued for the Liberty Science Center. In April 2005 the EDA issued \$43.8 million in bonds (2005 Series B) to finance the Liberty State Park project (of which the Liberty Science Center is a component), which resulted in total FY 2006 debt service costs of approximately \$2.4 million. However, about \$3.8 million in proceeds from this bond sale were deposited to a capitalized interest fund, which appears adequate to fund debt service requirements for both FY 2006 and FY 2007.

QUESTION 14

Given the results of the 2005 Liberty State Park Project Series B bond issuance, is it necessary to appropriate any State funds in FY 2006 or FY 2007 for EDA debt service for the Liberty Science Center? If so, please explain why.

ANSWER 14

Yes. Funds need to be appropriated for debt service due on the prior Liberty State Park Bonds (1992 A, 1996 A and 2003 A) in the amounts of \$1.778 million for FY2006 and \$2.410 million in FY 2007. The amount raised for capitalized interest is to fund interest for the 2005 Series B Bonds.

ATTACHMENT A

FISCAL YEAR 2005 TORTS EXPENDITURES BY OBJECT

Revised 05/20/2005

TOTAL OBJECT DOC-NUM VENDOR DESCRIPTION AMOUNT

5811

09494008026753	JOHN R CHESEBRO	SET/04-02756/CHESEBRO,JOHN	200.00
94008025874	HELEN HARRIS	SETTLEMENT-HARRIS	14,700.00
94008025934	AMY JOHNSON	SETTLEMENT-JOHNSON	415,000.00
94008025445	MARIA T FELICIANO	SETTLEMENT-FELICIANO	46,000.00
94008025319	SHAROB ABDUL AZIZ #264388	SETTLEMENT-ABDUL-AZIZ	1,734.20
94008025725	CHRISTOPHER DELGADO	SETTLEMENT-DELGADO	466.67
94008025704	DAVID I OLITSKY	SETTLEMENT-OLITSKY	500.00
94008025372	FAY MARK DECEASED ESTAT	SETTLEMENT-MARK	71,510.20
94008025345	GERARD CARDENAS	SETTLEMENT-CARDENAS	20,000.00
94008026288	GERARD CARDENAS	SETTLEMENT-CARDENAS	55,000.00

TOTAL FOR: 5811

625,111.07

5812

94008025936	LABADY AND RANDOLPH LLC	LOCKEY PUNITIVE DAMAGES	750,000.00
94008025322	STEVENS HINDS AND WHITE P	SETTLEMENT-BROWN	0.20
94008025322	STEVENS HINDS AND WHITE P	SETTLEMENT-BROWN	66,666.47
94008026098	JOHANNA NEUPAUER REILLY	SETTLEMENT-REILLY	5,186.55
94008026270	DANIEL P MCNERNEY ESQ	SETTLEMENT-WILLIAMSON	65,000.00
94008026107	PODVEY SACHS MEANOR CAT	SETTLEMENT-GLOBAL MOTORS	15,000.00
94008025828	DESTRIBATS CAMPBELL	SETTLEMENT-CIPOLLA	15,000.00
09494008026963	PRESS & TAGLIALATELLA LLC	SETTLEMENT-CALDWELL	11,500.00
09494008026964	PRESS & TAGLIALATELLA LLC	SETTLEMENT-BLACKSON	6,500.00
09494008026943	PRESS & TAGLIALATELLA LLC	SETTLEMENT-MURPHY	5,000.00
94008025773	ORLOVSKY MOODY & SCHAEF	SETTLEMENT-BELLARAN	40,000.00
09494008026784	LOUGHLIN & LATIMER	SETTLEMENT-PANNONE	25,000.00
94008026096	RONALD C HUNT ESQ	SETTLEMENT-EVERET	800,000.00
94008026428	BARRY CORRADO GRASSI &	SETTLEMENT-TIRU	15,000.00
94008025384	FRED SHAHROOZ SCAMPATO	SETTLEMENT-ROSSKY	42,500.00
94008026484	TRAUTMANN VEVES & LUTHE	SETTLEMENT-LANDANO	250,000.00
94008026494	MCHUGH & BRANCATO LLP	SETTLEMENT-ROCKLAND COACHES	1,500.00
09494008026832	RUTGERS LAW SCHOOL	SETTLEMENT-LODATO	7,500.00
94008026167	BOCHETTO & LENTZ PC	SETTLEMENT-STEWART	500.00

TOTAL FOR: 5812

2,121,853.22

5813

94008026099	WILLIAM A RIBACK	SETTLEMENT-ROJAS	1,500.00
94008026429	LEAVITT KERSON & DUANE	SETTLEMENT-HOLTZ	151,000.00
94008025922	CAPPIELLO HOFMANN & KATZ	SETTLEMENT-ABDULLAH	100,000.00
94008025444	LEE ISRAEL	SETTLEMENT-ISREAL	2,500.00

TOTAL OBJECT **DOC-NUM** **VENDOR** **DESCRIPTION** **AMOUNT**

09494008026831	JONATHAN B FREEDMAN	SETTLEMENT-MCDOWELL	67,500.00
94008025503	FLORIO & PERRUCCI LLC	SETTLEMENT-ROSENTHAL	100,000.00
94008025708	OFFICE OF THE PUBLIC DEFE	PD#88736-95-42202297	1,223.76
94008026103	CLERK OF THE SUPERIOR CO	SETTLEMENT-HABUDA	2,000.00
94008026178	OCEAN CO SURROGATES CO	SETTLEMENT-WERNER	12,435.48
94008025702	MESSINEO & MESSINEO ESQS	SETTLEMENT LEVY	25,000.00
94008026427	LEONARD ADLER ESQ	SETTLEMENT-YANG	20,000.00
94008025321	BENDIT & WEISTOCK PA	SETTLEMENT-TROOST	150,000.00
94008026197	SEAMAN & CLARK	SETTLEMENT-KARMATZ	5,000.00
94008025323	SUFRIN ZUCKER STEINBERG	SETTLEMENT-RINGO	8,500.00
94008026488	DOLAN & DOLAN PA	SETTLEMENT-SAYRE	35,000.00
09494008026962	STARK & STARK ESQS	SETTLEMENT-FORT	175,000.00
94008025835	SHEBELL & SHEBELL LLC	SETTLEMENT-GUIDA	2,500.00
94008025830	DRAZIN & WARSHAW ESQ	SETTLEMENT-WHALEN	3,500.00
94008026381	JAVERBAUM & WURGAFT ESQ	SETTLEMENT-OSTASZEWSKI	1,000.00
09494008026830	LEONARD & BUTLER	SETTLEMENT-JOHNSON	75,000.00
09494008026554	TOMPKINS MCGUIRE WACHEN	SETTLEMENT-AVERSANO	115,000.00
94008026100	ANDREW A BALLERINI ESQ	SETTLEMENT-KLINE	300,000.00
09494008026556	SHAPIRO & SHAPIRO PA	SETTLEMENT-LOPEZ	100,000.00
09494008025641	SAMUEL J RAGONESE	SETTLEMENT-HAMMEL	5,000.00
09494008026818	MUNICIPAL EXCESS LIABILITY	SETTLEMENT-JACOBS	15,000.00
94008026430	LACOVARA GLOESER LACOVA	SETTLEMENT-LACOVARA	25,000.00
94008025443	WILLIAM BYRNES ESQ	SETTLEMENT-BYRNES	500.00
94008025374	MURRAY S ISSADORE	SETTLEMENT-BOYER	3,500.00
94008025502	LOUIS J KOTLIKOFF ESQ	SETTLEMENT-STOUT	195,000.00
09494008026944	T K SHAMY ESQ	SETTLEMENT-VALENTI	45,000.00
09494008026555	JOEL WAYNE GARBER	SETTLEMENT-HAGUE	24,000.00
94008025437	LAWRENCE A LEBROCQ	SETTLEMENT-FARRELL	10,000.00
94008025814	KOULIKOURDIS & ASSOCIATE	SETTLEMENT-VALASCO PALM	250.00
94008025436	GRUBER COLABELLA LIUZZA	SETTLEMENT-KENNEDY	5,000.00
94008025705	BARRY CORRADO GRASSI &	SETTLEMENT-GIBBONE	48,776.24
94008025703	CHASE KURSHAN HERZFELD	SETTLEMENT-DIAMOND	500.00
94008026495	BROWN & BERGMAN PA	SETTLEMENT-GOMEZ	5,000.00
94008025829	RICHARD MCMAHON ESQ	SETTLEMENT-SERRANO	150,000.00
94008026196	MICHAEL S BUBB ESQ PC	SETTLEMENT-SPAIGHTS	186,000.00
94008026101	PLICK & RISI ESQS LLC	SETTLEMENT-HREJLA	25,000.00
94008026496	JOSEPH P GRIMES ESQ	SETTLEMENT-CURRY	3,000.00
94008025373	ADRIAN J MOODY	SETTLEMENT-SUTTON	12,000.00
94008025923	STACEY L SCHWARTZ ESQ	SETTLEMENT-BRADBURY	10,000.00
94008025921	EICHEN LEVINSON LLP	SETTLEMENT-LIGHTBOURNE	6,000.00
09494008026553	SHAFFER & GAIER LLC	SETTLEMENT-CULP	59,524.13
09494008026547	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE	138.00
09494008026546	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE	100.00

TOTAL OBJECT **DOC-NUM** **VENDOR** **DESCRIPTION** **AMOUNT**

09494008026545	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE	185.50
09494008026548	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE	137.80
94008026170	JASON CHIODI	PROPERTY DAMAGE	500.00
94008026074	MARC CROWLEY	PROPERTY/ROAD DAMAGE	500.00
94008026072	HAROLD LYONS	PROPERTY DAMAGE/ROAD	500.00
94008026078	SUSAN NAGLE	PROPERTY DAMAGE/ROAD	500.00
94008026273	PAUL HOUCK	PROPERTY DAMAGE/ROAD	51.25
94008026272	RAINA BAUCKHAM	PROPERTY DAMAGE/ROAD	201.40
94008026207	JOHN LAZORCHAK	PROPERTY DAMAGE/ROAD	409.40
94008026224	JOHN MULDER	PROPERTY DAMAGE	248.21
94008026073	PAM CHIARADIA	PROPERTY DAMAGE	500.00
94008026455	TRACEY YOUNG	PROPERTY DAMAGE	492.90
09494008026633	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	500.00
94008026431	BARRY DEMBROWSKI	PROPERTY DAMAGE	500.00
94008026432	MONAJ THOMAS	PROPERTY DAMAGE	219.37
94008026433	DOUG TOBIN	PROPERTY DAMAGE	90.00
94008026446	SHELLY MARCHETTI	PROPERTY DAMAGE	295.00
94008026277	ALEXIS SIEGFRIED	PROPERTY DAMAGE	100.70
94008026169	ROBERT KEATING	PROPERTY DAMAGE/ROAD	433.53
94008026208	BARRY STEWART	VEHICLE DAMAGE	500.00
09494008026542	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE	500.00
94008026275	NICOLE VOLPE	PROPERTY DAMAGE/ROAD	100.00
09494008026544	NJCFS MISCELLANEOUS VEN	BODILY INJURY	128.29
94008026274	STACI PESOLA	PROPERTY DAMAMGE/ROAD	100.00
94008025181	KUL PHOGAT	CAR	500.00
09494008026223	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE	457.00
94008026088	MARIA DAMATO	PROPERTY DAMAGE 2/19/04	100.00
94008026077	MELANIE POUST	PROPERTY DAMAGE/ROAD	500.00
94008026076	JAMES DAVIES	PROPERTY DAMAGE/ROAD	270.30
09494008026543	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	500.00
94008026075	CHARLES SANDERS	PROPERTY DAMAGE/ROAD	804.12
94008026276	RICHARD SUAREZ	PROPERTY DAMAMGE	500.00
94008025787	BRUCE VAN DEVLUET	D/A 3/16/04	261.82
94008025780	JACK COLLINS	PROPERTY DAMAGE	100.00
94008025925	TONI KENDRICK	3/16/04 PROPERTY DAMAMGE	500.00
94008025924	LISA GREENWALD	4/1/04 ROAD DAMAGE	500.00
94008025919	MICHELE LOMBARD	D/A 7/26/04	351.89
94008025839	KATHRYN BENNETT	REAR SIDE WINDOW	500.00
94008025927	COLLEEN PAPACCIOLLI	PROPERTY DAMAMGE 1/22/04	500.00
94008025788	JANICE ANTHONY	D/A 3/16/04	128.98
94008025931	THOMAS GREEN	2/21/04 PROPERTY DAMAMGE	292.90
94008025786	SOUTH JERSEY GAS COMPAN	D/A 2/26/04	1,931.19
94008025785	DIANE ORRICO	D/A 3/16/04	500.00

TOTAL OBJECT DOC-NUM VENDOR DESCRIPTION AMOUNT

DOC-NUM	VENDOR	DESCRIPTION	AMOUNT
94008025784	ELIZABETH COEN	D/A 6/1/04	278.00
94008025783	BRUCE MCGLYNN	D/A 5/5/04	499.05
94008025782	STEVEN C. MONOGHAN	D/A 4/26/04	500.00
94008025179	TIM MURPHY	CAR WINDOW	327.00
94008025838	SHARLENE WILLIAMS	PROPERTY DAMAGE/ROAD	445.13
09494008026935	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	140.58
09494008026942	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	107.06
09494008026941	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	56.61
09494008026940	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	85.00
09494008026939	NJCFS MISCELLANEOUS VEN	DAMAGED VEHICLE	217.65
09494008026938	NJCFS MISCELLANEOUS VEN	04-05-12-58-07	3,734.93
94008025926	BONNIE KLEIN	PROPERTY DAMAGE	286.03
09494008026936	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	500.00
94008025762	EDWARD SIMPSON	PROPERTY DAMAGE	96.00
09494008026934	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	500.00
09494008026933	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	72.97
09494008026932	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	250.00
09494008026931	NJCFS MISCELLANEOUS VEN	DAMAGE D/A 4/2/04	663.34
09494008026892	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE	134.00
94008025932	KATHLEEN WHITE	05/6/04	200.00
09494008026937	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE/ROAD	196.30
94008025177	DONNA DAVES	CAR	250.00
94008025781	VENTRESS TRUAX	D/A 2/3/03	106.50
94008025439	RITA WAGNER	04-02377 D/A 3/19/04	200.00
94008025325	PAUL ANGERT	WINDSHIELD	750.00
94008025324	JOSEPH OLIVER	2 FLAT TIRES	239.38
94008025255	SAM SPINELLI	PROPERTY DAMAGE	150.00
94008025615	KRZYSZTOF BANACH	PROPERTY DAMAGE	500.00
94008025178	JOAN KELLER	TREE FELL ON TENT	197.99
94008025616	ROBERT CHEN	PROPERTY DAMAGE	500.00
94008025176	JOHN MURRAY	POT HOLE	681.88
94008025175	MARK BECKLEY	POT HOLE	340.50
94008025174	JOSEPH MILLER	MAILBOX	25.14
94008025173	ROBIN WILSON	ANYENNA & WINDSHIELD WIPERA	215.71
94008025172	WALTON OSBOURNE	2 TIRES	174.00
94008025171	CHARLES DURNIN	DAMAGE TRUCK	500.00
94008025180	SHARIFA R. SALAAM	CAR	754.52
94008025623	EVERETT CLARK	PROPERTY DAMAMGE	100.00
94008025761	GEORGE MAHAN	PROPERTY DAMAGE	500.00
94008025760	URSZULA CHOROMANSKA	PROPERTY DAMAGE	619.87
94008025699	TABATHA PIAKOWSKI	T. PIAKOWSKI 2/3/04	116.00
94008025659	WILLIAM G BROWN	04-4268 5/14/04	150.52
94008025649	DENISE DE GONDEA	PROPERTY DAMAMGE/ROAD 2/20/04	1,000.00

TOTAL OBJECT DOC-NUM VENDOR DESCRIPTION AMOUNT

94008025607	HILDA FROST	PROPERTY DAMAGE 6/2/04	581.72
94008025647	MENSON ASSOCIATES	PROPERTY DAMAGE/ROAD 12/6/03	2,355.00
09494008026733	NJCFS MISCELLANEOUS VEN	PROPERTY DAMAGE	500.00
94008025622	NEIL KEOUGH	PROPERTY DAMAMGE	361.00
94008025621	DIANE BOWERS	PROPERTY DAMAGE	156.60
94008025620	ROBERT GREEN	PROPERTY DAMAMGE	865.38
94008025619	SCOTT ANGUS	PROPERTY DAMAMGE	45.53
94008025618	DESIRE HALL	PROPERTY DAMAMGE	500.00
94008025617	TAMI STRICCHIOLA	PROPERTY DAMAMGE	250.00
94008025648	DAVE MURRAY	PROPERTY DAMAMGE/ROAD 2/8/04	500.00

TOTAL FOR: 5813

2,328,316.05

5,075,280.34

GRAND TOTAL