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**TO: HEALTH BENEFIT OFFICERS AND ASSISTANTS OF THE
STATE, CALIFORNIA STATE UNIVERSITY AND
CONTRACTING PUBLIC AGENCIES**

**SUBJECT: HEALTH BENEFIT OFFICER GUIDANCE ON NEW LAWS FOR
2001**

New laws that take effect on January 1, 2001 have changed CalPERS health program requirements. Please read and share this information with employees.

CONTRACTING AGENCIES

Assembly Bill 2383, Chapter 874, Statutes 2000

This bill addresses less than half-time employees and the survivors of a California State Teachers Retirement System (CalSTRS) retiree who did not leave the survivor a monthly allowance under CalSTRS.

Less than Half-Time Employees

Effective January 1, 2001, the law permits less than half-time employees of a CalPERS health program contracting public agency or school to be deemed "employees" for purposes of the Public Employees' Medical and Hospital Care Act (PEMHCA). Contracting agencies and schools may offer health coverage to less than half-time employees by adopting a new resolution.

Before adopting the resolution, the employer should note that the employer's share of the pre-retirement health contribution must be the same for less than half-time employees as it is for full-time employees in the same recognized employee organization. For example, a full-time bus driver and a less than half-time bus driver must

receive the same employer pre-retirement health contribution since they are both considered "employees" for PEMHCA purposes. Employers will not be permitted to establish a separate group for less than half-time employees.

School or public agency employers must add all of the following groups if they decide to offer health coverage to less than half-time employees:

- All permanent or regular employees who are not members of the California State Teachers Retirement System, are employed less than half-time, and who have an appointment of six months or longer. This means classified school employees and employees of non-school public agencies.
- A school may deem all less than half-time employees who are regular, permanent, probationary, temporary, or substitutes who have an appointment for a semester, or for six months, or for half of the school year or longer, to be employees for PEMHCA purposes provided the employer adopts a resolution.
- Substitutes with an appointment of 100 days or more in the school year can also qualify using the same resolution.

Employers adopting resolutions to add less than half-time employees will see these new employees listed on the employer's monthly health bill from CalPERS.

Survivors without an Allowance Derived from a Deceased CalSTRS Retiree

Effective January 1, 2001, the law includes a new annuitant category. This new category of retiree for PEMHCA purposes is defined as:

A family member of a deceased retired member of CalSTRS:

1. Who retired within 120 days of separation from employment, and
2. Who prior to his/her death received a retirement allowance that did not provide for a survivor allowance to family members.

Agencies need not adopt a resolution since these

survivors are deemed to be retirees and have a mandatory right to enroll.

An individual who is a survivor (without an allowance) of a CalSTRS retiree who retired from a school district currently contracting for PEMHCA coverage has until January 1, 2003 to request enrollment.

An individual who is a survivor (without an allowance) of a CalSTRS retiree (who retired from a school district not currently contracting for PEMHCA) can enroll if the school district contracts with CalPERS for health benefits in the future. The survivor has a one-year period beginning from the effective date of the contract resolution to enroll.

School districts are required to pay the full employer post-retirement contribution for these survivors based on the amount they currently contribute for other retirees in the recognized employee organization.

Assembly Bill 2463, Chapter 904, Statutes 2000

Effective January 1, 2001, the law is changing the requirements to continue health benefit eligibility in retirement. This legislation states in part, that:

"Any annuitant who satisfies the requirement to retire within 120 days of separation as specified in subdivision (e) of Section 22754 may continue his or her enrollment, enroll within 60 days of retirement, or enroll during any future open enrollment period. . . ." ; and

"If the survivor of an annuitant who satisfied the requirement to retire within 120 days of separation as specified in subsection (e) of Section 22754 is also an annuitant as defined in this part, he or she shall also be eligible to enroll within 60 days of the annuitants death or during any future open enrollment period. . . ."

The CalPERS Board of Administration will establish the effective date of enrollment for these individuals.

Another optional provision has been added to the law that permits public agencies and school employers to offer coverage to the family members of deceased employees.

Currently, Government Code Section 22821 states that:

"All eligible family members of a deceased employee of a contracting

agency who are validly enrolled hereunder on the date of the employee's death shall be deemed to be annuitants. . . ."

Under the new law, Section 22821.1, is added and states that:

"All eligible family members of a deceased employee of a contracting agency who are **eligible for coverage** hereunder on the date of the employee's death shall be deemed to be annuitants" (emphasis added)

A contracting agency may adopt by resolution either one or both sections.

CALIFORNIA STATE UNIVERSITY (CSU)

Assembly Bill 211, Chapter 12, Statutes 2000

Effective January 1, 2001, the law will allow (by Memorandum of Understanding) all California State University teaching associates, lecturers, coaches, and interpreters appointed to work in an academic year classification for a least six weighted teaching units for one semester, or at least six weighted teaching units for two or more consecutive quarter terms, to be enrolled in a CalPERS health plan upon **appointment** (no qualifying period is required).

The employee has 60 days from the date of appointment to enroll. CSU is required to enroll the employee and to offer COBRA upon expiration of the appointment. If the employee is rehired, a new enrollment will occur and COBRA will cease.

CSU employees in the above mentioned classifications may have multiple appointments at different campuses. When this situation occurs, CSU must review the combined appointments to determine if the combination of appointments results in the employee working in an academic year classification for at least six weighted teaching units for one semester or for two or more consecutive quarter terms. When the combined appointments equal six weighted teaching units for one semester or for two or more consecutive quarter terms, CSU must offer coverage to the employee upon appointment to the position that places the individual in qualifying status.

If you have any questions regarding the provided information, please call CalPERS at (800) 237-3345.

Respectfully,

Tom Fischer, Chief
Health Benefit Services Division