

PROPOSED REGULATORY ACTION BY CALPERS

Amend § 559.506 of Title 2 of the California Code of Regulations

§ 599.506, subdivisions (a) through (c)

These subdivisions remain unchanged.

Proposed Amendment to § 599.506 by adding a new subdivision (d)

- (d) Upon a finding by the board that enrollment has been continued by fraud as described in Government Code section 20085, all remedies provided by that section shall be pursued. For all terminations of ineligible enrollments, enrollment shall be terminated effective the date of ineligibility pursuant to subdivisions (a) through (c), and the rights, status, or obligations of all parties shall be adjusted pursuant to Government Code section 20160 subdivisions (b) and (e), except that any ineligible enrollment voluntarily terminated by the employee or annuitant prior to June 30, 2013, shall be effective prospectively from the date of termination.

Proposed Amendment to § 599.506, subdivisions (d) through (f) to renumber to § 599.506, subdivisions (e) through (g)

These subdivisions remain unchanged except for renumbering.

- (~~d~~e) If the retirement allowance of an annuitant is not sufficient to pay the withholdings for the plan in which the annuitant is enrolled, the retirement system from which the allowance is being paid shall notify the annuitant of the plans available at a cost not in excess of the retirement allowance. The annuitant may enroll in another plan whose cost is no greater than his or her allowance, if such plan is available. If the annuitant does not or cannot elect a plan at a cost to him or her not in excess of the allowance, the enrollment of the annuitant shall cease, effective as of the end of the last month for which withholding was made. Each annuitant whose enrollment is so terminated is entitled to conversion pursuant to Section 599.507.
- (~~e~~f) Whenever under this section enrollment terminates on the last day of the month and the monthly payroll period for a state department or agency does not coincide with the calendar month, enrollment ceases as of the last day of the calendar month most closely corresponding to the payroll month in which the event resulting in the termination occurs.

- (fg) Notwithstanding effective dates prescribed in this section, a termination of cancellation of enrollment based on a reduction in hours or time base must be effective prospectively only. Upon a 30-day notice, terminations or cancellations for a reduction in hours or time base may be effective retroactively if coverage was based upon fraud or intentional misrepresentation of material fact.