

**LEGISLATIVE HIGHLIGHTS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
April 26, 2013**

Bill Number/Author	Status
<p>AB 298 (Pan)</p> <p>Rural Health Care Equity Program. This bill was a gutted and amended on April 17, 2013 to reestablish the Rural Health Care Equity Program (RHCEP) until January 1, 2015, and would extend the benefits to include all State employees and retired annuitants living in rural areas, as defined. It would provide that the program be operative only to the extent funding is provided in the annual Budget Act. This language was originally in AB 1346 (Pan).</p> <p><i>Location: 4/22/2013-Assembly Public Employees, Retirement and Social Security Committee</i></p>	<p>Significant Amendment</p>
<p>SB 774 (Walters)</p> <p>PEMHCA: Post-employment Benefits for New Public Employees. This bill was amended on April 15, 2013 from a bill that would require CalPERS to develop a plan to prefund post-employment benefits for new public employees to instead place specific prefunding requirements on post-employment health benefits for employees hired on or after January 1, 2015. This bill failed passage in Senate PERS on April 22nd.</p> <p><i>Location: 4/22/2013-Senate Public Employment and Retirement Committee</i></p>	<p>Significant Amendment</p>
<p>SB 775 (Walters)</p> <p>PEMHCA: Post-employment Benefits for Current State Employees. This bill was amended on April 15, 2013 to require the State Controller to include in its 2015 annual report on the financial condition of all State and local public retirement systems the actuarial feasibility and associated costs of a statewide buyout of current State employees' defined post-employment health care benefits. This bill failed passage in Senate PERS on April 22nd.</p> <p><i>Location: 4/22/2013-Senate Public Employment and Retirement Committee</i></p>	<p>Significant Amendment</p>

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2013 Legislative Year
Legislative Program Update**

Status as of April 26, 2013

A – CalPERS-Sponsored Bills

Bill Number/Author

AB 373 (Mullin) Amended: 3/19/2013

Board Position: Sponsor

Public Employees' Long-Term Care Act. Extends eligibility for participation in the CalPERS Long-Term Care Program to adult children of California public employees and retirees, and to same sex spouses and domestic partners of California public employees and retirees, contingent on federal law.

Location: 4/25/2013-Senate Rules Committee

SB 215 (Beall) Amended: 4/1/2013

Board Position: Sponsor

CalPERS 2013 Omnibus Bill. Makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).

Location: 4/23/2013-In Assembly. Read first time. Held at Desk.

SB 220 (Beall) Amended: 4/11/2013

Board Position: Sponsor

Public Employees' Retirement Law: PEPR A Conformity. Amends the Public Employees' Retirement Law to conform to the changes imposed by AB 340 (Furutani, Chapter 296, Statutes of 2012), including the Public Employees' Pension Reform Act of 2013, also known as PEPR A.

Location: 4/23/2013-Senate Appropriations Committee

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2013 Legislative Year**

Status as of April 26, 2013

B – Other Bills

Bill Number/Author

AB 73 (Blumenfield) Introduced: 1/10/2013

2013-14 Budget Act. Makes appropriations for support of State government for the 2013–14 fiscal year. It would take effect immediately as a budget bill.

Location: 3/14/2013-Assembly Budget Committee

AB 160 (Alejo) Amended: 4/11/2013

PEPRA Exceptions. Exempts Taft-Hartley retirement plans and retirement plans for specified federally-funded public transportation employees from the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA).

Location: 4/24/2013-Assembly Appropriations Committee

AB 298 (Pan) Amended: 4/17/2013

Rural Health Care Equity Program. Would reestablish the Rural Health Care Equity Program (RHCEP) until January 1, 2015, and would extend the benefits to include all State employees and retired annuitants living in rural areas, as defined. It would provide that the program be operative only to the extent funding is provided in the annual Budget Act.

Location: 4/22/2013-Assembly Public Employees, Retirement and Social Security Committee

Per April 15, 2013 amendment, this bill no longer effects CalPERS.

AB 382 (Mullin) Introduced: 2/14/2013

Disclosure of Real Estate Investment Information. Adds nonpublicly traded real estate investments to the list of alternative investments whose specified records are exempt from disclosure under the California Public Records Act.

Bill Number/Author

AB 410 (Jones-Sawyer) Introduced: 2/15/2013

Board Position: Support

PEMHCA: Retiree Benefits After Reinstatement. Allows an annuitant who, after reinstatement to active employment, subsequently retires to enroll as an annuitant of the employer from which he or she first retired, unless the annuitant is entitled to a higher contribution from the employer from which he or she subsequently retires. To be eligible, the annuitant must have at least five years of service with the employer from which he or she first retired. In addition, retirement must occur within 120 days after separation from employment from the most recent employer.

Location: 4/10/2013-Assembly Appropriations Committee

AB 459 (Mitchell) Amended: 4/18/2013

Board Position: Support

Food and Beverage Guidelines for State Concessions and Vending Operations. Increases the required percentage of food and beverages meeting specified nutritional guidelines that are provided in vending machines on State owned or occupied property, to 50 percent by January 1, 2015, and increases the percentage each year by 25 percent until it reaches 100 percent. It also requires all new or renewed contracts for food concessions and cafeterias on state property to include specified food and nutrition guidelines, and encourages vendors to offer food and beverage items grown, packaged or produced within the State.

Location: Scheduled to be heard by the Assembly Appropriations Committee on April 30, 2013.

AB 507 (Garcia) Introduced: 2/20/2013

School Member Post-Retirement Death Benefits. Current law requires a \$2,000 death benefit be paid to the designated beneficiary of a retired school member, and allows school employers to elect to provide a higher benefit of \$3,000, \$4,000 or \$5,000, with the additional employer contributions required to fund the benefit computed as a level percentage of member compensation. This bill would eliminate these contract options and raise the required benefit to \$4,000 for a school member deaths occurring during 2014, and increase the benefit each year by \$500 until it reaches \$6,000, whereupon it would be adjusted annually in the same manner as retiree COLA payments. It would also allow school employers the ability to contract to pay a \$5,000 benefit until the mandatory benefit level reaches that amount.

Location: 4/17/2013-Assembly Appropriations Committee; suspense file.

AB 761 (Dickinson) Amended: 3/19/2013

Board Position: Oppose

Firearm and Ammunition Manufacturer Divestment. Prohibits CalPERS and CalSTRS from investing in companies that manufacture firearms or ammunition for a recipient other than the United States military, and requires the sale or transfer of any existing investments in these companies. Further, this bill requires the governing board of each retirement system to report to the Legislature any investments in these specified firearms and ammunition manufacturers, and the sale or transfer of those investments, subject to their fiduciary duty, by January 1, 2015, and every year thereafter.

Location: 4/24/2013-Assembly Appropriations Committee

Bill Number/Author

AB 785 (Weber) Introduced: 2/21/2013

CalPERS: Direct Mailing Assistance. Requires CalPERS to provide direct mailing assistance, upon request, to any organization that provides employee representation or membership services to CalPERS annuitants. The direct mailing must be for lawful purposes and cannot be for the support or opposition of any political party, ballot measure, or candidate. The mailing address data may only be provided to a mail processing center through a secure data sharing agreement under which the organization or any other entity cannot have direct access to any names or addresses. The organization must pay all reasonable costs of the mailing, and CalPERS would not be required to notify annuitants that their data has been released to a mail processing center for the purposes of these direct mailings.

Location: 3/4/2013-Assembly Public Employees, Retirement and Social Security Committee

AB 889 (Frazier) Amended: 4/23/2013

Health Care Coverage: Prescription Drugs. Would impose specified requirements on health care service plans or health insurers that restrict medications pursuant to step therapy or fail first protocol. It would also require health plans to establish an expeditious process to authorize exceptions to step therapy when medically necessary, require the duration of any step therapy or fail first protocol to be consistent with up-to-date evidence-based outcomes and current published peer-reviewed medical and pharmaceutical literature, and prohibit health plans and insurers from requiring that a patient try and fail on more than two medications before allowing access to other medication prescribed by the provider, as specified.

Location: Scheduled to be heard by the Assembly Health Committee on April 30, 2013.

AB 912 (Quirk-Silva) Introduced: 2/22/2013

Health Care Coverage: Fertility Preservation. Would require health insurance companies to provide fertility preservation coverage for patients undergoing treatments known to cause infertility.

Location: Scheduled to be heard by the Assembly Health Committee on April 30, 2013.

AB 931 (Gaines, Beth) Amended: 3/21/2013

Public Employees' Retirement System: Health Benefits. Would require the CalPERS Board to establish wellness programs for State employees and annuitants that provide financial incentives for participation and are consistent with the Affordable Care Act. It also requires the Board to offer all employees and annuitants that participate in CalPERS health plans, a health savings account option for the payment of qualified medical expenses, in conjunction with a high-deductible health plan.

Location: 4/1/2013-Assembly Public Employees, Retirement and Social Security Committee

AB 1139 (Lowenthal) Introduced: 2/22/2013

Bill Number/Author

Prescription Drugs: Biosimilar Products. Allows a pharmacist filling a prescription order for a prescribed biological product to select a biosimilar deemed by the Food and Drug Administration (FDA) to be interchangeable.

Location: Scheduled to be heard by the Assembly Business, Professions and Consumer Protection Committee on April 30, 2013.

AB 1144 (Hall) Amended: 4/15/2013

PEMHCA Contracting Agencies: Employer Contribution for Retiree Health Benefits. This bill allows contracting agencies to provide an employer contribution for postretirement health coverage based on the credited years of service that an employee worked for the agency, if mutually agreed to by the agency and its employees' exclusive representative in a memorandum of understanding, or for non-represented employees, if certified by the agency to CalPERS. It would also prohibit an employer contribution for an employee with less than 5 years of credited service with the contracting agency.

Location: 4/25/2013-Assembly Second Reading

AB 1163 (Levine) Introduced: 2/22/2013

CalPERS Board of Administration: Composition. Changes the composition of the CalPERS Board of Administration by replacing the State Personnel Board (SPB) appointed board member with the Director of Finance (DOF) and adding two public members with financial expertise and no financial interest in the CalPERS System appointed by the Governor. These composition changes would only become operative upon ratification by voters at a statewide election.

Location: 3/7/2013-Assembly Public Employees, Retirement and Social Security Committee

AB 1175 (Bocanegra) Amended: 3/21/2013

Post-retirement Health Benefits: Dissolved Los Angeles Redevelopment Agency. Requires the governing board of the dissolved Los Angeles Redevelopment Agency's successor agency to designate the entity responsible for post-retirement health benefit costs of former redevelopment agency employees. This entity would be considered the employer of these employees for the purposes of making ongoing contributions for health premiums.

Location: Scheduled to be heard by the Assembly Local Government Committee on May 1, 2013.

AB 1346 (Pan) Amended: 4/25/2013

Post-employment Health Benefits: Sacramento Metropolitan Fire District. Among other things, this bill provides an employer contribution towards retiree health benefits for employees that work at least five years with the Sacramento Metropolitan Fire District, with the full contribution amount determined in a Memorandum of Understanding agreed to by its employees' exclusive representative. They would receive 25 percent of the full employer contribution after five years of service, increasing 5 percent annually to 100 percent with 20 years of CalPERS-covered service.

Location: 4/25/2013-Assembly Appropriations Committee

Bill Number/Author

SB 13 (Beall) Amended: 2/6/2013

Board Position: Support

Pension Reform Act Clarifications. Amends the Public Employees' Pension Reform Act of 2013 (PEPRA) to correct or clarify several provisions, including those related to new judges' retirement benefits. It would also close the State Alternate Retirement Program (ARP) to new members on January 1, 2013 rather than July 1, 2013, and provide rule-making authority for retirement systems to implement the PEPRA. The bill is an urgency measure that would go into effect immediately.

Location: 4/11/2013-Assembly Desk

SB 24 (Walters) Introduced: 12/3/2012

Public Employees' Retirement: Benefit Plans. Eliminates the requirement in the California Public Employees' Pension Reform Act of 2013 (PEPRA) that local government employers seek the approval of the Legislature before providing retirement benefits less generous than required by PEPRA for new employees. It also corrects a drafting error in PEPRA related to retirement benefits for new judges.

Location: 1/10/2013-Senate Public Employment and Retirement Committee

SB 65 (Leno) Introduced: 1/10/2013

2013-14 Budget Act. Makes appropriations for support of State government for the 2013–14 fiscal year. It would take effect immediately as a budget bill.

Location: 1/10/2013-Senate Budget and Fiscal Review Committee

SB 189 (Monning) Amended: 4/22/2013

Health Care Coverage: Wellness Programs. Prohibits wellness program incentives that are linked to premiums, cost sharing or conditioned on meeting specific health status outcomes. The bill would sunset on January 1, 2020.

Location: Scheduled to be heard by the Senate Health Committee on May 1, 2013.

SB 277 (Beall) Amended: 3/21/2013

State Peace Officers' and Firefighters' Defined Contribution Plan: Closure. Terminates the State Peace Officers' and Firefighters' Defined Contribution Plan on January 1, 2014 or upon specified Internal Revenue Service (IRS) approvals, whichever is later. The bill prohibits new participants in the Plan, requires the cessation of all contributions into the Plan, allows rollovers into the CalPERS Supplemental Contributions Program and other specified means of asset distribution, and discharges the CalPERS Board from liability and responsibility upon Plan assets distribution.

Location: 4/22/2013-Senate Appropriations Committee; suspense file.

Bill Number/Author

SB 598 (Hill) Amended: 4/16/2013

Prescription Drugs: Biosimilar Products. Allows a pharmacist filling a prescription order for a prescribed biological product to select a biosimilar only if the biosimilar is determined interchangeable by the FDA with the prescribed biologic product and the prescriber does not personally indicate, either orally or in his or her own handwriting, "Do not substitute". For prescriptions filled prior to January 1, 2017, the bill requires the pharmacy to notify the prescriber or enter the appropriate information in a patient record system shared by the prescriber within five business days of the selection and requires the pharmacy retains a written record of the biosimilar selection for at least three years.

Location: Scheduled to be heard by the Senate Health Committee on May 1, 2013.

SB 774 (Walters) Amended: 4/15/2013

PEMHCA: Post-employment Benefits for New Public Employees. This bill would require the following for employees first hired on or after January 1, 2015: 1) prohibits a State employer, as defined, from providing post-employment health care benefits on behalf of its employees unless it fully funds those benefits; 2) prohibits a public employer from entering into a memorandum of understanding or other collective bargaining agreement that provides for defined post-employment health care benefits unless each employee who opts in pays at least 50 percent of the actuarially required contributions to fund those health care benefits; and 3) provide that the employer share of contribution for post-employment health benefits is 50 percent after 15 years of credited State service and would increase that percentage by 5 percent for each year of credit State service up to 100 percent after 25 years of credited State service.

Location: 4/22/2013-Senate Public Employment and Retirement Committee

Per April 15, 2013 amendment, this bill no longer effects CalPERS.

SB 775 (Walters) Introduced: 2/22/2013

PEMHCA: Post-employment Benefits for Current State Employees. Requires CalPERS to develop a comprehensive plan, pursuant to specified criteria, to provide current State employees certain options to receive a buyout or transfer of promised post-employment health care benefits. Specified requirements for the plan to be developed by CalPERS include the creation and administration of retiree health care savings accounts, determination of the potential costs of the program, and development of actuarial methods to determine the present value of post-retirement health care benefits.
