

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

Status as of August 6, 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: 6/25/2013-Senate Third Reading

SB 215 (Beall) Amended: 8/5/2013

Board Position: Sponsor

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

Location: 8/5/2013-Assembly Second Reading

SB 220 (Beall) Amended: 6/17/2013

Board Position: Sponsor

Public Employees' Retirement Law: PEPRA 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 PEPRA.

Location: 6/26/2013-Assembly Appropriations Committee

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

Status as of August 6, 2013

B – Other Bills

Bill Number/Author

AB 110 (Blumenfield) Chaptered: 6/27/2013

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

Location: 6/27/2013-Chaptered by the Secretary of State, Chapter Number 20, Statutes of 2013.

AB 160 (Alejo) Amended: 5/28/2013

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). The bill also exempts multi-employer retirement plans, as defined in the federal Employee Retirement Income Security Act (ERISA), from the PEPRA prohibition against offering supplemental defined benefit plans. This is an urgency bill and would go into effect immediately.

Location: 5/29/2013-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: 5/24/2013-A. 2 YEAR

AB 410 (Jones-Sawyer) Amended: 6/4/2013

Board Position: Support

PEMHCA: Retiree Benefits After Reinstatement. Would allow an annuitant who reinstates to active employment with a different employer, then subsequently retires from that second employer, to still enroll as an annuitant of the first employer from which he or she first retired. To be eligible, the second retirement must occur within 120 days after separation from employment from the second employer. In addition, the person is not eligible for a post-retirement health benefit contribution from the second employer or the post-retirement health benefit contribution payable by that employer is less than the contribution payable by the first employer during his or her prior retirement.

Location: 6/24/2013-Senate Appropriations Committee; Suspense File.

*Did not meet the legislative calendar deadline for passage from policy or fiscal committee; would require rule waivers to be given further consideration in the current year.

Bill Number/Author

***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: 5/24/2013-A. 2 YEAR

***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: 5/24/2013-A. 2 YEAR

***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: 5/24/2013-A. 2 YEAR

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: 5/3/2013-A. 2 YEAR

AB 889 (Frazier) Amended: 5/2/2013

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: 6/27/2013-Scheduled to be heard by Senate Appropriations Committee on August 12, 2013.

AB 912 (Quirk-Silva) Amended: 7/2/2013

Health Care Coverage: Fertility Preservation. Would require every large group health care service plan contract and health insurance policy that is issued, amended, or renewed, on and after January 1, 2014, to provide coverage for medically necessary expenses for standard fertility preservation services when a necessary medical treatment may directly or indirectly cause iatrogenic infertility to an enrollee or insured.

Location: 7/2/2013-Senate Appropriations Committee

***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: 5/3/2013-A. 2 YEAR

*Did not meet the legislative calendar deadline for passage from policy or fiscal committee; would require rule waivers to be given further consideration in the current year.

Bill Number/Author

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

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: 5/10/2013-A. 2 YEAR

AB 1144 (Hall) Amended: 6/19/2013

Postemployment Health Benefits: City of Carson. Provides an employer contribution towards annuitant health benefits for employees that work at least five years with the City of Carson, with the full contribution amount determined in a Memorandum of Understanding (MOU) agreed to by its employees' exclusive representative. Annuitants would receive 50 percent of the full employer contribution after five years of service with the City, increasing 10 percent annually to 100 percent after 10 years of service with the City.

Location: 6/25/2013-Senate Third 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: 5/3/2013-A. 2 YEAR

***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: 7/12/2013-S. 2 YEAR

Bill Number/Author

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

Postemployment 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: 6/25/2013-Senate Third Reading

AB 1377 (Committee on Public Employees, Retirement and Social Security) Chaptered: 7/11/2013

State Employees: Memorandum of Understanding. Approves the memoranda of understanding negotiated between the State and the Service Employees International Union (SEIU) for State employee bargaining units 1, 3, 4, 11, 14, 15, 17, 20, and 21. These agreements are proposed to run from July 2, 2013, to July 1, 2016, covering the 2013-14, 2014-15, and 2015-16 fiscal years.

Location: 7/11/2013- Chaptered by the Secretary of State, Chapter Number 63, Statutes of 2013.

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: 6/26/2013-Assembly Appropriations Committee

***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: 5/3/2013-S. 2 YEAR

Bill Number/Author

***SB 189 (Monning)** Amended: 5/8/2013

Health Care Coverage: Wellness Programs. SB 189 would, until January 1, 2020, prohibit a group health plan regulated by the Department of Managed Health Care (DMHC) or the Department of Insurance (CDI) from establishing a wellness program conditioned on meeting specific health status outcomes. It would instead allow for the establishment of participation-based wellness programs that provide financial incentives and rewards designed to reduce costs to enrollees if, among other things, participation is voluntary, the incentive is not in excess of a specified amount, and does not exceed 20 percent of the original premium amount.

Location: 5/24/2013-S. 2 YEAR

SB 277 (Beall) Amended: 6/18/2013

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: 6/26/2013-Assembly Appropriations Committee

SB 598 (Hill) Amended: 6/20/2013

Prescription Drugs: Biosimilar Products. Would basically allow a pharmacist filling a prescription order for a prescribed biological product to select a biosimilar if the biosimilar is approved and deemed interchangeable with the prescribed biologic product by the FDA, and the prescriber does not affirmatively indicate "Do not substitute" on the prescription order. For prescriptions filled prior to January 1, 2017, the bill generally requires the pharmacist to notify the prescriber whether the prescription dispensed was a biological product or an interchangeable biosimilar, or enter the information in a patient record system shared by the prescriber within five business days of the selection of a biological product or an interchangeable biosimilar.

Location: 8/5/2013-Assembly Second Reading

Bill Number/Author

SB 746 (Leno) Amended:8/6/2013

Large Group Health Plan Market: Data Disclosure. Existing law requires a health care service plan (ie. Health Maintenance Organization) to disclose specified aggregate data when the plan makes a mandatory filing with the Department of Managed Health Care (DMHC) for an unreasonable rate increase for a large group plan contract. This bill would require that this aggregate data related to unreasonable rate filings be disclosed annually and would add two additional required data elements. The bill would also establish a new requirement that all health care service plans annually disclose to the DMHC, specified aggregate data for all products sold in the large group health plan market, or, in the event that a plan is unable to furnish that data, to provide aggregate data on its year to year cost increases for specified major service categories. It would also require health care service plans that contract with no more than two medical groups in the State to provide, upon request, specified de-identified claims data or equivalent cost information to any large group purchaser that is an employer-sponsored plan with more than 1,000 covered lives or a multiemployer trust, and that demonstrates its ability to comply with applicable privacy laws.

Location: 8/5/2013-Assembly Second Reading

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

PEMHCA: Post-employment Benefits for New State Employees. Requires CalPERS to develop a comprehensive plan, pursuant to specified criteria, to restructure health and other post-retirement benefits offered to new State employees hired on or after January 1, 2015. Specified elements of the plan to be developed by the Board include pre-funding methods and contribution requirements, new employee vesting requirements, and employee benefit and participation options.

Location: 5/3/2013-S. 2 YEAR
