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

Status as of December 2, 2013

A – CalPERS-Sponsored Bills

Bill Number/Author

AB 373 (Mullin) Chaptered: 10/12/2013 **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.

Status: 10/12/2013 - Chaptered by the Secretary of State, Chapter 768, Statutes of 2013

SB 215 (Beall) Chaptered: 10/12/2013 **Board Position: Sponsor**

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

Status: 10/12/2013 - Chaptered by the Secretary of State, Chapter 778, Statutes of 2013

SB 220 (Beall) Chaptered: 10/4/2013 **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.

Status: 10/4/2012 - Chaptered by the Secretary of State, Chapter 528, Statutes of 2013

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
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Status as of December 2, 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.

Status: 6/27/2013 - Chaptered by the Secretary of State, Chapter 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.

Status: 2 Year Bill

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.

Status: 2 Year Bill

AB 410 (Jones-Sawyer) Chaptered: 10/4/2013 **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 if 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.

Status: 10/04/2013 - Chaptered by the Secretary of State, Chapter 525, Statutes of 2013

Bill Number/Author

AB 431 (Mullin) Amended: 9/12/2013

PEPRA: Felony Forfeiture. Specifies that the PEPRA requirements related to forfeiture of retirement benefits for a job-related felony conviction do not apply to a terminated retirement system or if there has been a complete discontinuance of contributions under the retirement system. The bill also makes other changes related to retirement systems governed by the County Employees' Retirement Law of 1937.

Status: 2 Year Bill

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.

Status: 2 Year Bill

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 provide school employers the ability to contract to pay a $5,000 benefit until the mandatory benefit level reaches that amount.

Status: 2 Year Bill

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 that 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.

Status: 2 Year Bill

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.

Status: 2 Year Bill

AB 837 (Wieckowski) Amended: 9/6/2013

PEPRA: New judges: Contribution rates. Exempts judges elected to office prior to January 1, 2013, and designated as new members under PEPRA from the equal sharing of normal costs requirement under PEPRA. The bill also makes changes to avoid chaptering out conflicts with other PEPRA-related legislation.

Status: 2 Year Bill

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.

Status: 2 Year Bill

AB 912 (Quirk-Silva) Vetoed: 10/5/2013 **Board Position: Oppose, unless Amended**

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.

Status: 10/5/2013 - Vetoed by the Governor

Bill Number/Author

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.

Status: 2 Year Bill

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 interchangable.

Status: 2 Year Bill

AB 1144 (Hall) Chaptered: 9/6/2013 **Board Position: Neutral**

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.

Status: 9/6/2013 - Chaptered by the Secretary of State, Chapter 244, Statutes of 2013

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.

Status: 2 Year Bill

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.

Status: 2 Year Bill

Bill Number/Author

AB 1222 (Bloom) Chaptered: 10/4/2013

PEPRA Exceptions: Transit Employees. Exempts California transit employees of public employers from all of the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA), until January 1, 2015, or until a court determines that the PEPRA does not violate specified federal transit labor laws, whichever is sooner. If a court determines that PEPRA does violate federal transit labor laws, this exemption would continue indefinitely. The bill also authorizes the Department of Finance (DOF) to provide $26 million in cashflow loans to local transit agencies impacted by the federal withholding of transit grant dollars, and is an urgency bill.

Status: 10/4/2013 - Chaptered by the Secretary of State, Chapter 527, Statutes of 2013

AB 1346 (Pan) Chaptered: 10/12/2013 **Board Position: Neutral**

Postemployment Health Benefits: Sacramento Metropolitan Fire District. Provides an employer contribution towards annuitant health benefits for individuals that work at least five years with the Sacramento Metropolitan Fire District, with the full contribution amount determined in a Memorandum of Understanding (MOU) agreed to by its employees' exclusive representative, or by the governing board for its unrepresented employees. Employees first hired on or after December 1, 2011 would receive 25 percent of the full employer contribution after five years of service, increasing 5 percent annually to 100 percent with twenty years of CalPERS-covered service.

Status: 10/12/2013 - Chaptered by the Secretary of State, Chapter 774, Statutes of 2013

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.

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

SB 13 (Beall) Chaptered: 10/4/2013 **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 and rule-making authority for retirement systems to implement the PEPRA. The bill is an urgency measure that would go into effect immediately.

Status: 10/4/2013 - Chaptered by the Secretary of State, Chapter 528, Statutes of 2013

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.

Status: 2 Year Bill

Bill Number/Author

SB 102 (Committee on Budget and Fiscal Review)
Chaptered: 9/27/2013

State Memoranda of Understanding: Addenda. Approves side agreements to memoranda of understanding (MOU) between the State and Bargaining Units 1, 3, 4, 5, 7, 8, 11, 12, 15, 17, 18, 19, and 20. Among their provisions, these MOU addenda address issues related to salary increases, and the phasing in of salary increases for the calculation of final compensation for retirement purposes. This bill provides an appropriation, and would take effect immediately.

Status: 9/27/2013 - Chaptered by the Secretary of State, Chapter 397, Statutes of 2013

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.

Status: 2 Year Bill

SB 277 (Beall) Chaptered: 10/11/2013 **Board Position: Neutral**

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.

Status: 10/11/2013 - Chaptered by the Secretary of State, Chapter 755, Statutes of 2013

SB 598 (Hill) Vetoed: 10/12/2013 **Board Position: Oppose, unless Amended**

Prescription Drugs: Biosimilar Products. Would 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 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.

Status: 10/12/2013 - Vetoed by the Governor

Bill Number/Author

SB 746 (Leno) Vetoed: 10/13/2013 **Board Position: Support**

Large Group Health Market: Data Disclosure. Requires health plans and insurers participating in the large group market to annually disclose specified aggregate data related to their contracts to the Department of Managed Health Care or the California Department of Insurance. In the event that a plan or insurer is unable to furnish certain specified data, it would be required to provide aggregate data on its year to year cost increases for specified major service categories. It would also require Kaiser Permanente to provide, upon request, specified de-identified claims data or equivalent cost information to certain large group purchasers.

Status: 10/13/2013 - Vetoed by the Governor

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.

Status: 2 Year Bill

SR 18 (Leno) Enrollment: 9/11/2013

Human Rights Violations in Russia. Declares the California State Senate's condemnation of the Russian government's attacks on the LGBT community and enactment of laws targeting them and their supporters. Among other things, it encourages CalPERS and CalSTRS, whenever feasible and consistent with their fiduciary responsibilities, to cease making direct investments in Russia and to encourage companies in which employee retirement funds are invested and that are doing business in Russia, to refrain from actions that promote or otherwise enable human rights violations in Russia.

Status: 9/11/2013 - S. Adopted

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C - Chaptered 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.

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

AB 373 (Mullin) Chaptered: 10/12/2013 **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.

Status: 10/12/2013 - Chaptered by the Secretary of State, Chapter 768, Statutes of 2013

AB 410 (Jones-Sawyer) Chaptered: 10/4/2013 **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 if 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.

Status: 10/4/2013 - Chaptered by the Secretary of State, Chapter 525, Statutes of 2013

AB 1144 (Hall) Chaptered: 9/6/2013 **Board Position: Neutral**

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.

Status: 9/6/2013 - Chaptered by the Secretary of State, Chapter 244, Statutes of 2013

Bill Number/Author

AB 1222 (Bloom) Chaptered: 10/4/2013

PEPRA Exceptions: Transit Employees. Exempts California transit employees of public employers from all of the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA), until January 1, 2015, or until a court determines that the PEPRA does not violate specified federal transit labor laws, whichever is sooner. If a court determines that PEPRA does violate federal transit labor laws, this exemption would continue indefinitely. The bill also authorizes the Department of Finance (DOF) to provide $26 million in cashflow loans to local transit agencies impacted by the federal withholding of transit grant dollars, and is an urgency bill.

Status: 10/4/2013 - Chaptered by the Secretary of State, Chapter 527, Statutes of 2013

AB 1346 (Pan) Chaptered: 10/12/2013 **Board Position: Neutral**

Postemployment Health Benefits: Sacramento Metropolitan Fire District. Provides an employer contribution towards annuitant health benefits for individuals that work at least five years with the Sacramento Metropolitan Fire District, with the full contribution amount determined in a Memorandum of Understanding (MOU) agreed to by its employees' exclusive representative, or by the governing board for its unrepresented employees. Employees first hired on or after December 1, 2011 would receive 25 percent of the full employer contribution after five years of service, increasing 5 percent annually to 100 percent with twenty years of CalPERS-covered service.

Status: 10/12/2013 - Chaptered by the Secretary of State, Chapter 774, Statutes of 2013

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.

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

SB 13 (Beall) Chaptered: 10/4/2013 **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 and rule-making authority for retirement systems to implement the PEPRA. The bill is an urgency measure that would go into effect immediately.

Status: 10/4/2013 - Chaptered by the Secretary of State, Chapter 528, Statutes of 2013

Bill Number/Author

SB 102 (Committee on Budget and Fiscal Review)
Chaptered: 9/27/2013

State Memoranda of Understanding: Addenda. Approves side agreements to memoranda of understanding (MOU) between the State and Bargaining Units 1, 3, 4, 5, 7, 8, 11, 12, 15, 17, 18, 19, and 20. Among their provisions, these MOU addenda address issues related to salary increases, and the phasing in of salary increases for the calculation of final compensation for retirement purposes. This bill provides an appropriation, and would take effect immediately.

Status: 9/27/2013 - Chaptered by the Secretary of State, Chapter 397, Statutes of 2013

SB 215 (Beall) Chaptered: 10/12/2013 **Board Position: Sponsor**

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

Status: 10/12/2013 - Chaptered by the Secretary of State, Chapter 778, Statutes of 2013

SB 220 (Beall) Chaptered: 10/4/2013 **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.

Status: 10/4/2013 - Chaptered by the Secretary of State, Chapter 526, Statutes of 2013

SB 277 (Beall) Chaptered: 10/11/2013 **Board Position: Neutral**

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.

Status: 10/11/2013 - Chaptered by the Secretary of State, Chapter 755, Statutes of 2013

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D - Vetoed Bills

Bill Number/Author

AB 912 (Quirk-Silva) Vetoed: 10/5/2013 **Board Position: Oppose, unless Amended**

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.

Governor's Veto Message:
To the Members of the California State Assembly: I am returning Assembly Bill 912 without my signature. The bill requires health plans and insurers to cover fertility preservation services when a medical treatment may cause infertility. This requirement would apply only to health coverage purchased by large employers. Large group employers already have the ability to negotiate richer benefit packages that meet the needs of their employees. While I understand the desire to preserve fertility where possible, such coverage was not included in the essential health benefits that the Legislature passed just last year for individual and small group coverage. Coverage that goes beyond the essential health benefits is no doubt useful and desirable for many, but we should not consider mandating additional benefits until we implement the comprehensive package of reforms that are required by the federal Affordable Care Act. Sincerely, Edmund G. Brown Jr.

Bill Number/Author

SB 598 (Hill) Vetoed: 10/12/2013 **Board Position: Oppose, unless Amended**

Prescription Drugs: Biosimilar Products. Would 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 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.

Governor’s Veto Message:
To the Members of the California State Senate: Senate Bill 598 would effect two changes to our state's pharmacy law. First, it would allow interchangeable "biosimilar" drugs to be substituted for biologic drugs, once these interchangeable drugs are approved by the federal Food and Drug Administration (FDA). This is a policy I strongly support. Second, it requires pharmacists to send notifications back to prescribers about which drug was dispensed. This requirement, which on its face looks reasonable, is for some reason highly controversial. Doctors with whom I have spoken would welcome this information. CalPERS and other large purchasers warn that the requirement itself would cast doubt on the safety and desirability of more cost-effective alternatives to biologics. The FDA, which has jurisdiction for approving all drugs, has not yet determined what standards will be required for biosimilars to meet the higher threshold for "interchangeability." Given this fact, to require physician notification at this point strikes me as premature. For these reasons, I am returning SB 598 without my signature.
Sincerely, Edmund G. Brown Jr.

SB 746 (Leno) Vetoed: 10/13/2013 **Board Position: Support**

Large Group Health Market: Data Disclosure. Requires health plans and insurers participating in the large group market to annually disclose specified aggregate data related to their contracts to the Department of Managed Health Care or the California Department of Insurance. In the event that a plan or insurer is unable to furnish certain specified data, it would be required to provide aggregate data on its year to year cost increases for specified major service categories. It would also require Kaiser Permanente to provide, upon request, specified de-identified claims data or equivalent cost information to certain large group purchasers.

Governor’s Veto Message:
To the Members of the California State Senate: I am returning Senate Bill 746 without my signature. This bill would require all health plans and insurers to disclose every year broad data relating to services used by large employer groups, including aggregate rate increases by benefit category. The bill also requires that one health plan additionally provide anonymous claims data or patient level data upon request and without charge to large purchasers. I support efforts to make health care costs more transparent, and my administration is moving forward to establish transparency programs that will cover all health plans and systems. I urge all parties to work together in this effort. If these voluntary efforts fail, I will seriously consider stronger actions.
Sincerely, Edmund G. Brown Jr.