PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2014 Legislative Year
Legislative Program Update

Status as of October 1, 2014

A – CalPERS-Sponsored Bills

Bill Number/Author

AB 2472 (Committee on Public Employees, Retirement and Social Security) Chaptered: 8/21/2014 **Board Position: Sponsor**

CalPERS 2014 Omnibus Bill. Makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).

Location: 8/21/2014 – Chaptered by the Secretary of State, Chapter 237, Statutes of 2014.

SB 1219 (Torres) Amended: 4/1/2014 **Board Position: Sponsor**

Post-retirement Employment. Would have recasted the post-retirement employment provisions of the Public Employees' Retirement Law (PERL) to conform to the Public Employees' Pension Reform Act of 2013 (PEPRA) by removing several conflicting employment exemptions, and incorporating various PEPRA requirements related to exceptions, waiting periods and compensation.

Location: 8/31/2014 – Dead

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2014 Legislative Year

Status as of October 1, 2014

B – Other Bills

Bill Number/Author

AB 611 (Bonta) Chaptered: 9/29/2014

State Peace Officers' and Firefighters' Defined Contribution Plan. Establishes a June 1, 2014, termination date for the State Peace Officers' and Firefighters' Defined Contribution Plan (POFF DCP), subject to Internal Revenue Service (IRS) approvals, and makes other technical changes to the plan's governing statutes to align with federal law. This bill contains an urgency clause and takes effect immediately.

Location: 9/29/2014 – Chaptered by the Secretary of State, Chapter 790, Statutes of 2014.

AB 837 (Wieckowski) Vetoed: 9/29/2014

PEPRA: New Judges: Exception. Would have exempted judges elected prior to January 1, 2013, from the definition of new member under the Public Employees' Pension Reform Act of 2013 (PEPRA), to allow judges that would have otherwise be considered new members because they took office on or after that date, to be subject to a one-year final compensation period used to calculate retirement benefits and an employee contribution rate of 8 percent of salary.

Location: 9/28/2014 – Vetoed

AB 1163 (Levine) Chaptered: 7/18/2014 **Board Position: Support**

CalPERS Board of Administration: Education. Requires the CalPERS Board of Administration to adopt an education policy for Board Members that identifies appropriate topics and training opportunities related to pension fund administration and investments. The bill also requires each Board Member to receive at least 24 hours of education in each two-year period, and directs the Board to post its education policy and an annual report on Board Member compliance on the CalPERS Web site.

Location: 7/18/2014 – Chaptered by the Secretary of State, Chapter 140, Statutes of 2014.

AB 1448 (Mullin) Amended: 3/6/2014

Prohibition on Lifetime Healthcare Benefits for Part-time Local Elected Officials. Would have prohibited the legislative or governing body of a city, county, city and county, school board, special district, or other local government entity from granting lifetime health care benefits to an elected official who serves on a part-time basis.

Location: 5/9/2014 – Dead

Bill Number/Author

AB 1457 (Skinner) Amended: 5/28/2014

2014-15 Budget Act. Would have made appropriations for the support of state government for the 2014–15 fiscal year.

Location: 8/31/2014 – Dead

AB 1771 (V. Manuel Pérez) Amended: 6/24/2014

Reimbursement for Physician Telephonic Patient Management Services. Would have required health plans and insurers to cover patient management services performed by physicians via telephone, email, and other electronic communication tools, and to reimburse for those services based on their complexity and time expenditure.

Location: 8/15/2014 – Dead

AB 1783 (Jones-Sawyer) Chaptered: 9/29/2014

PEPRA Exceptions: Transit Employees. Extends the current exemption for California transit employees of public employers from all the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA) by one year, until January 1, 2016. This bill contains an urgency clause and takes effect immediately.

Location: 9/28/2014 – Chaptered by the Secretary of State, Chapter 724, Statutes of 2014.

AB 1917 (Gordon) Amended: 6/24/2014

Outpatient Prescription Drug Cost Sharing Limits. For specified non-grandfathered individual and group health plans that cover essential health benefits (EHBs), this bill would have limited cost sharing for outpatient prescription drugs for enrollees and insureds to no more than half of the total EHB annual out-of-pocket limit for drugs that have a time-limited course of treatment of three months or less; or 1/12 of the annual limit for a 30-day supply of drugs that have an ongoing or time-limited course of treatment of more than three months.

Location: 8/31/2014 – Dead

AB 2418 (Bonilla) Vetoed: 9/25/2014

Health Care Coverage: Prescription Drugs Refills. Would have required health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2016, that provide coverage for prescription drug benefits, to allow for the synchronization of prescription refills and permit refill of topical ophthalmic medications at 70 percent of the predicted days of use.

Location: 9/25/2014 – Vetoed

Bill Number/Author

AB 2476 (Committee on Public Employees, Retirement and Social Security) Chaptered: 8/21/2014

State Exceptions to the Wait Period for Employment After Retirement. Changes the designation of the body responsible for certifying a critical need exception to the ban on returning to work for the state within 180 days of retirement contained in the Public Employees' Pension Reform Act of 2013 (PEPRA), to the Assembly or Senate Rules Committees for annuitants employed by the Legislature, and the Trustees of the California State University (CSU) for annuitants employed by the CSU. It also requires the certification of such appointments made by these bodies to occur in a public meeting, and not be placed on a consent calendar.

Location: 8/21/2014 – Chaptered by the Secretary of State, Chapter 238, Statutes of 2014.

AB 2483 (Allen) Amended: 3/28/2014

CalPERS Board of Administration: Composition. Would have changed the composition of the CalPERS Board of Administration by adding an additional member who would be elected from the full membership of the System. This composition change would not have been operative until approved by voters at a statewide election.

Location: 5/2/2014 – Dead

AB 2533 (Ammiano) Amended: 8/19/2014

Health Care Plans Timeliness Standards. Among other things, this bill would have required health plans and insurers that contract for alternative rates of payment, to assist in arranging for care or services from a noncontracting provider in an accessible and timely manner, when their enrollees and insureds are unable to obtain a medically necessary covered service from a contracting provider. It also would have prohibited copayments, coinsurance, or deductibles that exceed what enrollees or insureds would pay for services from a contracting provider.

Location: 8/31/2014 – Dead

AB 2582 (Bonta) Chaptered: 8/19/2014 **Board Position: Neutral**

Post-employment Health Benefits: San Francisco Bay Area Rapid Transit District. Provides an employer contribution towards annuitant health benefits for employees that are first hired on or after January 1, 2014 that work at least 10 years for the San Francisco Bay Area Rapid Transit District, with the full contribution amount determined in a Memorandum of Understanding agreed to by its employees' exclusive representative. Annuitants would receive 50 percent of the full employer contribution after 10 years of service with the District, increasing 10 percent annually to 100 percent after 15 years of service with the District, with a specified exception for those employees who retire for disability.

Location: 8/19/2014 – Chaptered by the Secretary of State, Chapter 216, Statutes of 2014.

Bill Number/Author

AB 2693 (Bloom) Introduced: 2/21/2014

Judges: Post-retirement Employment. Would have prohibited a judge of a court of record, upon retirement from either the Judges' Retirement System (JRS) or the Judges' Retirement System II (JRS II), from accepting employment with any individual or entity for one year after his or her retirement date, if that individual or entity appeared before that judge with any contested matter less than one year prior to the judge's retirement date.

Location: 5/9/2014 – Dead

SB 852 (Leno) Chaptered: 6/20/2014

2014-15 Budget Act. Makes appropriations for the support of state government for the 2014–15 fiscal year. It takes effect immediately as a budget bill.

Location: 6/20/2014 – Chaptered by the Secretary of State, Chapter 25, Statutes of 2014.

SB 854 (Committee on Budget and Fiscal Review)
Chaptered: 6/20/2014

General Government Budget Trailer Bill. Requires CalPERS to phase in the change in final compensation for Bargaining Units 9 and 10 salary increases for managers and supervisors, and changes the process of state reimbursement of Health Maintenance Organizations (HMOs) that contract with CalPERS. It also establishes an account in the CalPERS Contingency Reserve Fund (CRF) through which appropriations can be made on a continuous basis to be paid to non-Kaiser HMOs as they submit monthly bills for capitated services.

Location: 6/20/2014 – Chaptered by the Secretary of State, Chapter 28, Statutes of 2014.

SB 912 (Mitchell) Chaptered: 9/25/2014 **Board Position: Support**

State Property: Vending Machines: Nutrition. Current law requires certain percentages of food and beverages offered by vending machines operated on state property to meet specified nutritional guidelines until January 1, 2015. This bill repeals the sunset clause on these requirements, in order to impose these nutritional percentages indefinitely.

Location: 9/25/2014 – Chaptered by the Secretary of State, Chapter 571, Statutes of 2014.

SB 1053 (Mitchell) Chaptered: 9/25/2014

Health Care Coverage: Contraceptives. Requires every large group health care service plan contract and health insurance policy that is issued, amended, or renewed, on and after January 1, 2016, to provide coverage for women for all prescribed and Food and Drug Administration-approved female contraceptive drugs, devices, and products, including those available over the counter as prescribed by the enrollee's provider, voluntary sterilization procedures, patient education and counseling on contraception, and related follow-up services.

Location: 9/25/2014 – Chaptered by the Secretary of State, Chapter 576, Statutes of 2014.

Bill Number/Author

SB 1114 (Walters) Introduced: 2/19/2014

Post-employment Health Benefits: State of California. Would have provided an employer contribution towards annuitant health benefits to state employees first hired on or after January 1, 2015 who work at least 15 years for the state. Annuitants would have received 50 percent of the full employer contribution after 15 years of service, increasing 5 percent annually to 100 percent after 25 years of service. It also would have specified that an annuitant subject to its provisions shall not receive an employer contribution that is more generous than that provided to active state employees, and requires an annuitant to use Medicare benefits to the fullest extent possible.

Location: 5/2/2014 – Dead

SB 1176 (Steinberg) Amended: 6/24/2014

Health Plan Monitoring of Out-of-Pocket Costs. Would have required health plans and insurers to track the accumulation of out-of-pocket costs for covered essential health benefits by enrollees and insureds, and notify them when the maximum accrual limit has been reached. It also would have required health plans and insurers to reimburse enrollees and insureds if their cost sharing exceeds annual limits.

Location: 8/31/2014 – Dead

SB 1182 (Leno) Chaptered: 9/25/2014 **Board Position: Support**

Large Group Health Plan Market: Data Disclosure. Requires health care service plans and insurers to provide at no charge, 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. If claims data is not available, it requires health plans and insurers to provide de-identified aggregated data sufficient for the purchaser to compare costs of similar services from other health plans or insurers and de-identified aggregated patient level data that includes demographics and encounter data, including data used to experience rate the group, as specified.

Location: 9/25/2014 – Chaptered by the Secretary of State, Chapter 577, Statutes of 2014.

SB 1202 (Hueso) Introduced: 2/20/2014

Post-employment Health Benefits: City of Indio. Would have provided an employer contribution towards annuitant health benefits for employees first hired on or after October 1, 2013 who work at least 10 years for the City of Indio, with the full employer contribution amount determined in a Memorandum of Understanding agreed to by its employees' exclusive representative. Annuitants would have received 50 percent of the full employer contribution after 10 years of service with the City, increasing 5 percent annually to 100 percent after 20 years of service with the City.

Location: 5/2/2014 – Dead

Bill Number/Author

SB 1251 (Huff) Chaptered: 9/29/2014

PEPRA: Joint Powers Authorities. Allows a joint powers authority (JPA) formed by the Cities of Brea and Fullerton, on or after January 1, 2013, to provide individuals who were employed by one of the cities before that date and not otherwise considered "new members" under the Public Employees' Pension Reform Act of 2013 (PEPRA), the same defined benefit plan those employees received when employed by one of the cities. On or before January 1, 2017, the bill also permits up to three additional cities in Orange County to join this JPA, as long as the city is contiguous to the City of Brea or the City of Fullerton.

Location: 9/28/2014 – Chaptered by the Secretary of State, Chapter 757, Statutes of 2014.

SB 1316 (Cannella) Amended: 4/8/2014

Diabetes Reporting. Among other State Agencies, this bill would have required CalPERS to submit a report to the Legislature no later than July 1, 2015 on the diabetes-related programs it administers, any diabetes-related contractual or statutory requirements placed on a health care benefit plan or contract entered into with the CalPERS Board of Administration, and the implementation of those requirements for each health care benefit plan or contract. It also would have stated the intent of the Legislature to coordinate a response that assesses the quality of care of, and manages the costs paid for by, state-financed health programs relating to the diabetes crisis.

Location: 5/2/2014 – Dead

SB 1322 (Hernandez) Amended: 6/30/2014

Statewide Health Care Cost and Quality Database. Among other things, this bill would have created the California Health Care Cost and Quality Database (CQDB) to receive and report information from all types of health care entities to facilitate comparisons of cost, quality, and satisfaction across payers, provider organizations, and other suppliers of health care services. The bill would have required the Secretary of California Health and Human Services Agency to contract with one or more private, independent, nonprofit organizations to establish and administer the CQDB. It also would have required health plans and insurers, suppliers, and providers to provide utilization data and pricing information to the CQDB, which would then post the information on a publicly available web-based, searchable database.

Location: 8/15/2014 – Dead

Bill Number/Author

SB 1340 (Hernandez) Chaptered: 7/7/2014 **Board Position: Support**

Health Care Provider Contracts: Transparency. Currently, contracts between health plans or insurers and hospitals are prohibited from including provisions that restrict the release of information to subscribers, enrollees, policyholders or insureds regarding the cost range of medical procedures and quality of care for inpatient or ambulatory care services performed by a network hospital or affiliated licensed facility. SB 1340 recasts the descriptions of entities and individuals subject to these disclosure requirements to conform to existing definitions of provider and supplier, and establishes new definitions of consumer and purchaser, in order to capture all licensed health care facilities, other entities that furnish health care services, individual health care practitioners, and self-funded health coverage arrangements administered by a health plan or insurer. It also requires a health plan or insurer to provide a provider or supplier 30 days to review the methodology and data used, instead of the current 20 days.

Location: 7/7/2014 – Chaptered by the Secretary of State, Chapter 83, Statutes of 2014.

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C – Chaptered Bills

Bill Number/Author

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CalPERS Board of Administration: Education. Requires the CalPERS Board of Administration to adopt an education policy for Board Members that identifies appropriate topics and training opportunities related to pension fund administration and investments. The bill also requires each Board Member to receive at least 24 hours of education in each two-year period, and directs the Board to post its education policy and an annual report on Board Member compliance on the CalPERS Web site.

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State Property: Vending Machines: Nutrition. Current law requires certain percentages of food and beverages offered by vending machines operated on state property to meet specified nutritional guidelines until January 1, 2015. This bill repeals the sunset clause on these requirements, in order to impose these nutritional percentages indefinitely.

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SB 1182 (Leno) Chaptered: 9/25/2014 **Board Position: Support**

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Location: 9/25/2014 – Chaptered by the Secretary of State, Chapter 577, Statutes of 2014.

SB 1251 (Huff) Chaptered: 9/29/2014

PEPRA: Joint Powers Authorities. Allows a joint powers authority (JPA) formed by the Cities of Brea and Fullerton, on or after January 1, 2013, to provide individuals who were employed by one of the cities before that date and not otherwise considered "new members" under the Public Employees' Pension Reform Act of 2013 (PEPRA), the same defined benefit plan those employees received when employed by one of the cities. On or before January 1, 2017, the bill also permits up to three additional cities in Orange County to join this JPA, as long as the city is contiguous to the City of Brea or the City of Fullerton.

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Bill Number/Author

SB 1340 (Hernandez) Chaptered: 7/7/2014 **Board Position: Support**

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Location: 7/7/2014 – Chaptered by the Secretary of State, Chapter 83, Statutes of 2014.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
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D – Vetoed Bills

Bill Number/Author

AB 837 (Wieckowski) Vetoed: 9/29/2014

PEPRA: New Judges: Exception. Would have exempted judges elected prior to January 1, 2013, from the definition of new member under the Public Employees' Pension Reform Act of 2013 (PEPRA), to allow judges that would have otherwise be considered new members because they took office on or after that date, to be subject to a one-year final compensation period used to calculate retirement benefits and an employee contribution rate of 8 percent of salary.

Governor's Veto Message: *To the Members of the California State Assembly: I am returning AB 837 without my signature. This measure creates an exemption to the California Public Employees' Pension Reform Act of 2013. I am unwilling to begin chipping away at these reforms. Sincerely, Edmund G. Brown Ir.*

AB 2418 (Bonilla) Vetoed: 9/25/2014

Health Care Coverage: Prescription Drugs Refills. Would have required health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2016, that provide coverage for prescription drug benefits, to allow for the synchronization of prescription refills and permit refill of topical ophthalmic medications at 70 percent of the predicted days of use.

Governor's Veto Message: *I am returning Assembly Bill 2418 without my signature. The bill would require health plans and insurers to apply a prorated daily cost-sharing rate to the refills of certain medications if the prescriber or pharmacist indicates it is in the best interest of the patient and it is for the purpose of synchronizing refill dates for the patient's medications. The bill also allows for early refills of covered eye products. While I understand the importance of encouraging people to take their prescribed medications, the bill lacks explicit patient consent before changes are made to refills; nor does the bill speak to the supportive elements that have made synchronization programs anecdotally successful. Medication adherence is complicated. Solutions to this problem will likely require a more holistic approach and collaboration between doctors, patients, pharmacists and health plans. Sincerely, Edmund G. Brown Jr.*