

PROPOSED GENERAL, RETIREMENT, AND HEALTH LEGISLATIVE AND POLICY ENGAGEMENT GUIDELINES

These Legislative and Regulatory Guidelines express the CalPERS Board of Administration's general policy principles that are designed to guide staff in formulating recommendations on legislative and regulatory proposals. They in no way bind the Board when considering and adopting a position on any specific proposal.

GENERAL GUIDELINES

- 1) Support proposals that add protection to the Trusts.
- 2) Support proposals that give the Board increased flexibility in its administration or reduce administrative costs.
- 3) Support proposals that correct structural deficiencies, prevent fraud, or abuse.
- 4) Support proposals that promote transparency and accountability for the System or entities that conduct business with the System, provided those proposals do not jeopardize the System's ability to conduct business.
- 5) Support proposals that enhance ethics and integrity in System governance.
- 6) Support proposals that enhance the fiduciary authority of the Board and oppose proposals that impede or infringe on the Board's fiduciary authority.
- 7) Oppose proposals that deprive members of vested benefits and do not provide an equivalent, compensating benefit.
- 8) Oppose proposals that endanger the tax-exempt status of the Trusts, or the deferred treatment of income tax on employer contributions and related earnings.
- 9) Oppose proposals that create unreasonable cost or complexity for the administration of the System.
- 10) Oppose proposals that reduce or limit the Board's administrative or actuarial authority.
- 11) Respect the distinction of issues that are subject to collective bargaining and refrain from taking a position.

RETIREMENT GUIDELINES

RETIREMENT BENEFITS

- 1) Support retirement plan designs for Californians that include a defined benefit component, where lifetime retirement benefits reflect each

employee's years of service, age, and earning and are adequate for full-career employees.
- 2) Support retirement plan designs for Californians that have professionally managed funds with a long-term horizon, incorporate pooled investments and pooled risks, and shares the funding responsibility between employers and employees.
- 3) Support proposals that provide employees the opportunity to pursue retirement security, including but not limited to access to defined benefit plans, retirement savings accounts, or Social Security.
- 4) Oppose proposals that would limit meaningful retirement security in the private sector, such as prohibitions on defined benefit plans.

RETIREMENT PLAN FUNDING AND ACCOUNTABILITY

- 1) Support proposals and policies that ensure transparent financial reporting, using industry recognized accounting and actuarial standards.
- 2) Oppose retirement benefit plan changes that would result in an unfunded liability and do not provide for proper actuarial funding.

SOCIAL SECURITY

- 1) Support proposals and policies that would extend the Social Security system's long-term solvency without reducing retirement security for CalPERS members or others who participate in the system.
- 2) Support proposals that maintain state and local government options to elect to participate in the Social Security system without any mandate.

HEALTH CARE GUIDELINES

TRANSPARENCY

- 1) Support efforts to promote transparency in the reporting of cost and quality for both for-profit and not-for-profit organizations; including health plans, insurers, health care providers, hospitals and physicians.

PRESCRIPTION DRUGS

- 1) Support the development of a clear, efficient and timely regulatory pathway for biosimilars and interchangeable biologics.
- 2) Support efforts to end anti-competitive arrangements between brand and generic pharmaceutical companies – so-called “pay for delay” settlements.
- 3) Support initiatives to allow Medicare to enter into direct negotiations with pharmaceutical manufacturers in order to obtain discounts on prescription drugs and support reimbursement policies under Medicare that encourage the development of biosimilars, and interchangeable biologics in particular.
- 4) Support initiatives that will reduce the cost of prescription drugs for CalPERS or its members and contracting employers while also maintaining appropriate quality and access.

QUALITY, VALUE, AND ACCESS

- 1) Support proposals that establish and implement benchmarks and targets intended to improve delivery of health care services, patient health outcomes and population health, in addition to prioritizing measures and data that identify the highest value interventions.
- 2) Support proposals to enhance affordable provider access in rural areas.

PLAN CHOICE

- 1) Support proposals that would seek to assure the financial viability of risk-bearing provider groups.

RISK POOL STABILITY

- 1) Support proposals to stabilize and enhance state and public agency participation in the CalPERS health program.
- 2) Support proposals that will reduce cost-shifting to CalPERS, including cost-shifting from under-funded governmental programs.

MEDICARE

- 1) Support proposals that strengthen the Medicare program by constraining cost growth, payment reforms that shift away from traditional fee-for-service, improving health care quality or extending the life of the Medicare Trust Fund.
- 2) Support federal initiatives to test, evaluate and expand new payment structures, models and methodologies to reduce program expenditures while maintaining or improving quality of care, including into the commercial market.

LONG-TERM CARE

- 1) Support proposals that maximize the successful implementation coverage offerings for CalPERS Long-Term Care Program.
- 2) Support efforts to increase availability of reasonably priced long term care products.