

**LEGISLATIVE SUMMARY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION**

Status as of February 3, 2016

Retirement Option Simplification

Spot bill language was submitted to Legislative Counsel. Staff has begun shopping for an author. Final bill language will be provided to the author based on Board action taken at the February board meeting.

CalPERS Pension Prefunding Trust Concept

Intent language was submitted to Legislative Counsel and CalPERS staff has picked up the unbacked language. Staff will begin shopping for an author the week of February 8, 2016 in order to be prepared for bill introduction deadline should the board approve moving forward with legislation pending the February Finance and Administration Committee and Board meetings. As will be discussed with the Committee, labor representatives are seeking specific language to be included in the bill.

Housekeeping Bill

Language has been submitted to Legislative Counsel. The Assembly Public Employee, Retirement, and Social Security Committee will be carrying the bill for CalPERS this year. The final date for bill introduction is February 19, 2016.

Replacement Benefit Fund

After receiving feedback from Capitol consultants and stakeholders, CalPERS staff will not be moving forward with seeking an author for legislation this year. The current environment is not conducive to garner the required support necessary to move this measure forward this year. Staff will continue to work with Capitol consultants and stakeholders and if another solution is not identified, will seek to introduce this measure during the next legislative cycle.

AB 1052 (Cooley)

Investment procurement bill, co-sponsored with CalSTRS. After review and discussion of proposed amendments, CalPERS Investment staff determined the amended bill would no longer provide the intended benefit to CalPERS. CalPERS staff have talked with the author's staff and confirmed that amendments will be submitted that will remove CalPERS from this bill.

**LEGISLATIVE HIGHLIGHTS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION**

Status as of February 8, 2016

Bill Number/Author	Status
AB 1551 (Allen, Travis) Introduced: 1/4/2016	Newly Introduced
California Israel Commerce Protection Act. Prohibits CalPERS and CalSTRS from investing in business firms and financial institutions that participate in the boycott of Israel, as identified in the most recent federal report on politically motivated acts of boycott, divestment from, and sanctions against Israel.	
AB 1598 (Weber) Introduced: 1/7/2016	Newly Introduced
2016-17 Budget Act. Makes appropriations for support of state government for the 2016-17 fiscal year. Among other things, it requires CalPERS, in conjunction with the Department of Finance, to conduct a zero-base budgeting exercise of the administrative expenses of the CalPERS Health Benefits Program. It also requires CalPERS to produce a one-time report detailing the administration of the Program's health care premium risk adjustment procedures for premium years 2014 thru 2017, as well as an evaluation of the effectiveness and justification for the continuation of the Program's risk adjustment procedures. As a budget bill, it takes effect immediately.	
AB 1640 (Stone, Mark) Introduced: 1/7/2016	Newly Introduced
PEPRA Exceptions: Transit Employees. Exempts California transit employees protected by federal transit labor laws that were members of a public retirement system prior to December 30, 2014, from all the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA).	
SB 24 (Hill) Amended: 1/5/2016	Prior contents replaced with provisions affecting CalPERS
PEPRA: Joint Powers Authorities. Allows a joint powers authority (JPA) formed by the Cities of Belmont, Foster City, and San Mateo, on or after January 1, 2013, to provide individuals who were employed by one of the cities, prior to the formation of the JPA, 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. Specifically, it would allow individuals employed by one of the JPA's member cities in a position whose function is transferred to the JPA, and who subsequently become employed by the JPA within 180 days of the transfer, to retain their defined benefit plan or formula.	

Bill Number/Author

Status

SB 294 (Pan) Amended: 1/4/2016

Prior contents replaced with provisions affecting CalPERS

Retirement Service Credit for Active Duty Military Service. Requires CalPERS to create and use a separate form to be used by CalPERS members requesting retirement service credit for active duty military service while on leave from CalPERS-covered employment, rather than the existing form which is used for the multiple types of service credit purchases for military service. Also, the bill requires CalPERS employers to notify their employees, within 30 days of an employee's return to employment, of his or her right to receive CalPERS retirement service credit for active duty military service.

SB 825 (Leno) Introduced: 1/7/2016

Newly Introduced

2016-17 Budget Act. Makes appropriations for support of state government for the 2016-17 fiscal year. Among other things, it requires CalPERS, in conjunction with the Department of Finance, to conduct a zero-base budgeting exercise of the administrative expenses of the CalPERS Health Benefits Program. It also requires CalPERS to produce a one-time report detailing the administration of the Program's health care premium risk adjustment procedures for premium years 2014 thru 2017, as well as an evaluation of the effectiveness and justification for the continuation of the Program's risk adjustment procedures. As a budget bill, it takes effect immediately.

The following bills have been removed from the B list because they did not meet the legislative calendar deadline of January 31, 2016 to pass out of their house of origin and are technically dead. You will be informed if for some reason they receive a rule waiver or are reintroduced.

AB 463 (Chiu) Amended: 1/4/2016

Assembly Dead

Pharmaceutical Cost Transparency Act of 2015. Requires the manufacturer of a prescription drug sold in California that has a wholesale acquisition cost of at least \$10,000 annually or per course of treatment, to disclose specified development costs, pricing trend, profit, patient financial assistance data for the drug, and costs of drugs or research projects that failed the approval process, to the Office of Statewide Health Planning and Development (OSHPD) by May 1 of each year. It also requires OSHPD to publish an annual report on the information submitted, provide copies to the Legislature, and post the report on its Internet website. The bill also requires OSHPD to keep the manufacturer's information confidential if it deems the information to be confidential and proprietary and prohibits the office from disclosing that information to the public.

AB 537 (Allen, Travis) Introduced: 2/23/2015

Assembly Dead

Postemployment Health Care Benefits: Prefunding Strategy. Prohibits any public agency, including the state, and any public employee or employee group from entering into a memorandum of understanding (MOU) that provides for postemployment health care benefits unless the MOU includes a strategy for permanently prefunding the benefits. The bill allows the provisions of an existing MOU to remain in effect until its expiration, but requires subsequent MOUs to comply with this requirement.

Bill Number/Author	Status
AB 714 (Melendez) Introduced: 2/25/2015	Assembly Dead
PEMHCA Opt Out for State Employees. Allows an employee of the state to elect not to enroll in a health benefit plan approved or maintained by the CalPERS Board of Administration, and instead be paid the contribution that the state would have made toward the cost of health benefits for the employee and his or her eligible dependents.	
AB 1109 (Wilk) Introduced: 2/27/2015	Assembly Dead
Legislators' Health Benefits. Limits the availability of employer-subsidized health benefit plans for state legislators elected or serving in office on or after January 1, 2016, to those plans offered through the California Health Benefit Exchange, otherwise known as Covered California. It also limits the employer reimbursement for legislators' cost of health care coverage to the contribution amounts in effect on December 31, 2015. Currently, state legislators are eligible to enroll in the CalPERS health benefit plans.	
AB 1190 (Cooley) Introduced: 2/27/2015	Assembly Dead
CalPERS Board of Administration: Certification of Election Results. Allows an entity designated by the Secretary of State to certify the CalPERS Board election results. Currently, only the Secretary of State may certify the election results.	
AB 1410 (Nazarian) Introduced: 2/27/2015	Assembly Dead
Divestment from Turkish Investment Vehicles. Prohibits CalPERS and CalSTRS from investing retirement funds in any investment vehicle owned, controlled, managed, or issued by the government of Turkey, as defined. Specifically, it requires the governing Board of each respective System to identify portfolio assets subject to engagement and divestment by June 30, 2016, to transfer or sell any assets within specific timeframes, and report to the Legislature regarding its actions.	
SB 26 (Hernandez) Amended: 5/5/2015	Senate Dead
Statewide Health Care Cost and Quality Database. Among other things, this bill would create 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 also require the Secretary of the California Health and Human Services Agency to contract with one or more independent, nonprofit organizations to administer the CQDB. It would require health plans and insurers, suppliers, and providers to provide utilization data, pricing information, and information to determine the social determinants of health to the CQDB, which would then post the information on a publicly available web-based, searchable database.	
SB 190 (Beall) Amended: 4/6/2015	Senate Dead
Health Care Coverage: Acquired Brain Injury. Among other things, requires health plan contracts and insurance policies offered, renewed, or amended on or after January 1, 2016, to provide coverage for post-acute residential transitional rehabilitation services made necessary as a result of, and related to, an acquired brain injury. It also requires coverage for these services not be included in any lifetime limits on the number of days of covered acute care treatment.	

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2016 Legislative Year
Legislative Program Update**

Status as of February 3, 2016

A – CalPERS-Sponsored Bills

Bill Number/Author

AB 1052 (Cooley) Amended: 8/17/2015

Board Position: Co-Sponsor

Pension System Investment Contracting Procedures. Permits CalPERS and CalSTRS to enter into investment-related contracts without following the provisions of state contracting law. Specifically, it allows the CalPERS Board of Administration to enter into contracts for investment custodian services and trade order management services through a competitive process under terms and conditions it deems necessary and consistent with its fiduciary duties. It also allows the Teachers' Retirement Board to enter into contracts related to the investment of fund assets, or contract with investment managers, utilizing any process it deems necessary and consistent with its fiduciary duties.

Location: 9/10/2015 – Senate Desk

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2016 Legislative Year**

Status as of February 3, 2016

B – Other Bills

Bill Number/Author

AB 241 (Gordon) Amended: 4/29/2015

Municipal Bankruptcy: Retiree Names and Addresses. Requires a local public entity that has either initiated a neutral evaluation process or declared a fiscal emergency as required by state law prior to filing for municipal bankruptcy, or has filed for municipal bankruptcy, to provide the names and mailing addresses of its retired employees and their beneficiaries to any non-profit organization established for the purpose of representing the retired employees of that local public entity, upon request. It limits an organization's use of that information to the purpose of representing the retired employees and their beneficiaries as a member of the organization as an interested party in these proceedings, includes a \$25,000 civil penalty for a violation of this limitation, and allows retirees to opt-out of having their names and addresses provided to any organization under this bill.

Location: 1/27/2016 – Senate Rules

AB 533 (Bonta) Amended: 9/4/2015

Board Position: Support

Balance Billing by Individual Health Professionals. Among other things, requires health plan contracts and insurance policies issued, amended, or renewed on or after July 1, 2016, to provide that patients only owe in-network cost-sharing when they receive covered services from a non-contracting health professional at an in-network health facility for non-emergency services and care. It also requires in-network cost-sharing amounts paid to a non-contracting health professional to count toward annual deductibles and out-of-pocket limits and allows a patient to voluntarily consent to use an out-of-network health professional and pay any amounts beyond the in-network rate, as specified. In addition, the bill establishes reimbursement standards for health plan and insurer payments to a non-contracting health professional for non-emergency services and care. It also requires the Department of Managed Health Care (DMHC) and the Department of Insurance (CDI) to establish an independent dispute resolution processes (IDRP) to settle any claim disputes between the parties.

Location: 1/1/2016 – Assembly Unfinished Business

AB 1551 (Allen, Travis) Introduced: 1/4/2016

California Israel Commerce Protection Act. Prohibits CalPERS and CalSTRS from investing in business firms and financial institutions that participate in the boycott of Israel, as identified in the most recent federal report on politically motivated acts of boycott, divestment from, and sanctions against Israel.

Location: 1/4/2016 – Assembly Print

Bill Number/Author

AB 1598 (Weber) Introduced: 1/7/2016

2016-17 Budget Act. Makes appropriations for support of state government for the 2016-17 fiscal year. Among other things, it requires CalPERS, in conjunction with the Department of Finance, to conduct a zero-base budgeting exercise of the administrative expenses of the CalPERS Health Benefits Program. It also requires CalPERS to produce a one-time report detailing the administration of the Program's health care premium risk adjustment procedures for premium years 2014 thru 2017, as well as an evaluation of the effectiveness and justification for the continuation of the Program's risk adjustment procedures. As a budget bill, it takes effect immediately.

Location: 1/7/2016 – Assembly Print

AB 1640 (Stone, Mark) Introduced: 1/7/2016

PEPRA Exceptions: Transit Employees. Exempts California transit employees protected by federal transit labor laws that were members of a public retirement system prior to December 30, 2014, from all the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA).

Location: 1/7/2016 – Assembly Print

ACA 3 (Gallagher) Introduced: 2/26/2015

Constitutional Prohibition on Retroactive Benefit Increases. Prohibits retroactive retirement formula increases for public employees in the California Constitution. This amendment is substantively identical to the statutory prohibition in Government Code section 7522.44, which was enacted as part of the Public Employees' Pension Reform Act of 2013 (PEPRA).

Location: 4/6/2015 – Assembly Public Employees, Retirement, and Social Security Committee

SB 24 (Hill) Amended: 1/5/2016

PEPRA: Joint Powers Authorities. Allows a joint powers authority (JPA) formed by the Cities of Belmont, Foster City, and San Mateo, on or after January 1, 2013, to provide individuals who were employed by one of the cities, prior to the formation of the JPA, 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. Specifically, it would allow individuals employed by one of the JPA's member cities in a position whose function is transferred to the JPA, and who subsequently become employed by the JPA within 180 days of the transfer, to retain their defined benefit plan or formula.

Location: 1/26/2016 – Assembly Desk

Bill Number/Author

SB 275 (Hernandez) Introduced: 2/19/2015

Board Position: Support

Health Facility Data. Existing law requires hospitals and surgical clinics to file various reports with the Office of Statewide Health Planning and Development (OSHPD), including reports on hospital discharges, emergency care, and surgery. These reports include patient demographic and encounter data, but do not include physician identifiers. This bill would require OSHPD to adopt a regulation adding physician identifiers to these reports.

Location: 7/17/2015 – Assembly Health Committee

SB 294 (Pan) Amended: 1/4/2016

Retirement Service Credit for Active Duty Military Service. Requires CalPERS to create and use a separate form to be used by CalPERS members requesting retirement service credit for active duty military service while on leave from CalPERS-covered employment, rather than the existing form which is used for the multiple types of service credit purchases for military service. Also, the bill requires CalPERS employers to notify their employees, within 30 days of an employee's return to employment, of his or her right to receive CalPERS retirement service credit for active duty military service.

Location: 1/26/2016 - Assembly Desk

SB 825 (Leno) Introduced: 1/7/2016

2016-17 Budget Act. Makes appropriations for support of state government for the 2016-17 fiscal year. Among other things, it requires CalPERS, in conjunction with the Department of Finance, to conduct a zero-base budgeting exercise of the administrative expenses of the CalPERS Health Benefits Program. It also requires CalPERS to produce a one-time report detailing the administration of the Program's health care premium risk adjustment procedures for premium years 2014 thru 2017, as well as an evaluation of the effectiveness and justification for the continuation of the Program's risk adjustment procedures. As a budget bill, it takes effect immediately.

Location: 1/7/2016 – Senate Budget and Fiscal Review Committee
