

**LEGISLATIVE HIGHLIGHTS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
March 2, 2016**

Bill Number/Author	Status
AB 1812 (Wagner) Introduced: 2/8/2016	Newly Introduced
<p>Public Employees' Retirement Benefit Limits. Prohibits a member of any state or local public retirement system subject to the Public Employees' Pension Reform Act of 2013 (PEPRA), first hired by a public employer on or after January 1, 2017, from receiving a retirement benefit in excess of \$80,000 per year for those whose service is coordinated with Social Security, and \$100,000 per year for those who do not contribute to Social Security for their public service. It specifies the benefit limits would not supersede any memorandum of understanding (MOU) in effect on January 1, 2017, but would apply after the MOU expires, and requires the limits to be adjusted annually to reflect changes in inflation as measured by the Consumer Price Index for All Urban Consumers.</p>	
AB 1878 (Jones-Sawyer) Introduced: 2/10/2016	Newly Introduced
<p>Retired School Member Death Benefits. Current law requires a \$2,000 death benefit be paid to the designated beneficiary of a retired school member, with the additional employer contributions required to fund this benefit to be computed as a level percentage of member compensation. This bill would increase that payment to \$7,045 for the designated beneficiary of a retired school member, provided from contributions by the employer.</p>	
AB 1954 (Burke) Introduced: 2/12/2016	Newly Introduced
<p>Direct Access to Reproductive Health Care Act. Requires health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, to cover specified reproductive and sexual health care services provided by an out-of-network provider if an appropriate in-network provider is not: 1) available in the enrollee's service region within 10 days after the enrollee's initial request, or sooner if an appointment is medically necessary; or 2) located within a reasonable distance of the enrollee's work or home address, as defined by the Department of Managed Health Care or Department of Insurance. The bill also prohibits health plans from requiring an enrollee to obtain a referral before receiving specified reproductive and sexual health care services.</p>	
AB 1977 (Wood) Introduced: 2/16/2016	Newly Introduced
<p>Health Care Coverage: Abuse-Deterrent Opioid Analgesics. Requires health plan contracts and disability insurance policies issued, amended, or renewed on or after January 1, that provide coverage for an opioid analgesic drug product to provide coverage on its drug formulary for at least one abuse-deterrent opioid analgesic drug product for each opioid analgesic active ingredient. The bill also limits the total amount of enrollee copayment and coinsurance for abuse-deterrent opioid analgesic drug products to the lowest cost-sharing level applied to brand name and generic drugs for that plan or policy. In addition, it prohibits health plans and insurers from requiring an enrollee to first use a non-abuse-deterrent opioid analgesic drug before covering an abuse-deterrent opioid analgesic drug product.</p>	

Bill Number/Author	Status
AB 2028 (Cooper) Introduced: 2/16/2016	Newly Introduced
Restoration of Credit for Service and Compensation Earnable. Requires credit for service and compensation earnable for a wrongfully terminated school member or local safety member, to include the amount of service that would have been credited and the compensation earnable reported as though the member had not been wrongfully terminated. The bill also requires employers to notify CalPERS within five days of the date of a final decision ordering that an employee be reinstated after he or she had been wrongfully terminated.	
AB 2283 (Calderon) Introduced: 2/18/2016	Newly Introduced
Divestment from Securitized Home Rental Properties. Requires CalPERS and CalSTRS to cease making new or additional investments in single-family home rental properties located in California that are aggregated with other properties to produce income that funds publicly traded investment products on and after January 1, 2017, and to liquidate existing holdings in any such securitized home rental properties on or before January 1, 2018.	
AB 2348 (Levine) Introduced: 2/18/2016	Newly Introduced
Investment Return Guarantees for Public Retirement System Investments in Infrastructure Projects. Authorizes the Department of Finance to identify infrastructure projects in California for which the Department will guarantee a rate of return for investments made by CalPERS, CalSTRS, or a 1937 Act County Retirement System, subject to the availability of special fund moneys deposited into a newly-established Reinvesting in California Special Fund.	
AB 2375 (Committee on Public Employees, Retirement, and Social Security) Introduced: 2/18/2016	CalPERS Sponsored Newly Introduced
CalPERS 2016 Omnibus Bill. Makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).	
AB 2404 (Cooley) Introduced: 2/19/2016	CalPERS Sponsored Newly Introduced
CalPERS Retirement Options Simplification. Existing law allows a retiring CalPERS member to receive a lifetime benefit paid to the member alone, or elect one of twelve optional settlements that reduce his or her lifetime benefit in order to provide a lump sum payment or continuing allowance to a designated beneficiary upon their death. This bill eliminates and combines several of the optional retirement benefit settlements available to members of CalPERS, the Judges' Retirement System, and the Judges' Retirement System II, that retire on or after January 1, 2018, in order to simplify members' retirement choices and administration of these retirement systems.	

Bill Number/Author	Status
AB 2456 (Cooley) Introduced: 2/19/2016	CalPERS Sponsored Newly Introduced
Public Employee Retirement Benefits: Prefunding. States legislative intent to encourage state and local employers that provide a defined benefit pension plan to their employees to effectively manage their payments toward their annually required pension contributions by investing surplus funds into a trust fund to be developed, established, and administered by CalPERS.	
AB 2468 (Hadley) Introduced: 2/19/2016	Newly Introduced
CalPERS Contracting Agencies: Optional Two Percent at Age 65 Miscellaneous Retirement Formula. Authorizes CalPERS contracting agencies to adopt a two percent at age 65 defined benefit pension formula for all non-safety employees hired after January 1, 2017, if the employer has agreement with a representative employee organization for the benefit formula and has adopted it through a memorandum of understanding (MOU) and an ordinance. The new benefit formula would provide a member that has earned at least five years of service credit at the time of retirement with an annual benefit equal to one percent of final compensation for each year of credited service at age 55, and increasing to a maximum benefit equal to two and one-half percent of final compensation for each year of credited service at age 70. The bill also contains a specific exemption to the Public Employees' Pension Reform Act of 2013 (PEPRA) to allow the adoption of this benefit formula for new members, as defined in the PEPRA.	
AB 2490 (Gatto) Introduced: 2/19/2016	Newly Introduced
Pension Fund Equity Investment Disclosure. Expresses legislative intent to enact legislation requiring equity firms contracting for investment services with CalPERS and other pension systems to provide a clear accounting of clawbacks owed to the systems, and to require pension systems to track their clawbacks.	
AB 2833 (Cooley) Introduced: 2/19/2016	Newly Introduced
Pension Fund Private Equity Investment Disclosure. Requires private equity firms that contract with public retirement funds to make specific disclosures regarding fees and expenses in connection with limited partner agreements, on a form to be prescribed by the retirement system.	
SB 999 (Pavley) Introduced: 2/10/2016	Newly Introduced
Health Care Coverage: Annual Supply of Contraceptives. Requires health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, to cover a 12-month supply of FDA-approved, self-administered hormonal contraceptives, to be dispensed at one time by a prescriber, pharmacy, or onsite at a location licensed or authorized to dispense drugs or supplies. It also permits a pharmacist to dispense a 12-month supply of prescribed hormonal contraceptives at the patient's request, unless the prescriber specifically indicates no change in quantity.	

Bill Number/Author

Status

SB 1203 (Hertzberg) Introduced: 2/18/2016

Newly Introduced

PEMHCA: Surviving Spouses and Family Members of Public Safety Employees. Existing law provides continuing health benefits coverage to the surviving spouse or eligible family member of a firefighter who dies because of an injury or disease sustained in the line of duty and requires an employer to notify CalPERS of the death of a firefighter or peace officer within 10 business days of the employee's death. This bill requires the employer to also provide CalPERS with updated contact information for the surviving spouse and family members.

SB 1297 (Pan) Introduced: 2/19/2016

Newly Introduced

Supplemental Public Employee Retirement Plans: Automatic Enrollment and Contribution Escalation. Allows, but does not require, a public employer participating in specified employee retirement plans to automatically enroll employees in such plans, and establish automatic paycheck deductions on their behalf. The bill allows employees to opt-out of the plan enrollment and change the amount automatically deducted from their paychecks. It also specifies that a participating employer is not liable for any investment decisions made by the employer with regard to default investments if specified employee notification requirements are met.

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

Status as of March 2, 2016

A – CalPERS-Sponsored Bills

Bill Number/Author

AB 2375 (Committee on Public Employees, Retirement, and Social Security) Introduced: 2/18/2016 **Board Position: Sponsor**

CalPERS 2016 Omnibus Bill. Makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).

Location: 2/18/2016 – Assembly Print

AB 2404 (Cooley) Introduced: 2/19/2016 **Board Position: Sponsor**

CalPERS Retirement Options Simplification. Existing law allows a retiring CalPERS member to receive a lifetime benefit paid to the member alone, or elect one of twelve optional settlements that reduce his or her lifetime benefit in order to provide a lump sum payment or continuing allowance to a designated beneficiary upon their death. This bill eliminates and combines several of the optional retirement benefit settlements available to members of CalPERS, the Judges' Retirement System, and the Judges' Retirement System II, that retire on or after January 1, 2018, in order to simplify members' retirement choices and administration of these retirement systems.

Location: 2/19/2016 – Assembly Print

AB 2456 (Cooley) Introduced: 2/19/2016 **Board Position: Sponsor**

Public Employee Retirement Benefits: Prefunding. States legislative intent to encourage state and local employers that provide a defined benefit pension plan to their employees to effectively manage their payments toward their annually required pension contributions by investing surplus funds into a trust fund to be developed, established, and administered by CalPERS.

Location: 2/19/2016 – Assembly Print

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

Status as of March 2, 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: 2/4/2016 – Senate Governance and Finance Committee

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

Bill Number/Author

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

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

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

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: 2/1/2016 – Assembly Budget Committee

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: 2/4/2016 – Assembly Public Employees, Retirement, and Social Security Committee

Bill Number/Author

AB 1812 (Wagner) Introduced: 2/8/2016

Public Employees' Retirement Benefit Limits. Prohibits a member of any state or local public retirement system subject to the Public Employees' Pension Reform Act of 2013 (PEPRA), first hired by a public employer on or after January 1, 2017, from receiving a retirement benefit in excess of \$80,000 per year for those whose service is coordinated with Social Security, and \$100,000 per year for those who do not contribute to Social Security for their public service. It specifies the benefit limits would not supersede any memorandum of understanding (MOU) in effect on January 1, 2017, but would apply after the MOU expires, and requires the limits to be adjusted annually to reflect changes in inflation as measured by the Consumer Price Index for All Urban Consumers.

Location: 2/25/2016 – Assembly Public Employees, Retirement, and Social Security Committee

AB 1878 (Jones-Sawyer) Introduced: 2/10/2016

Retired School Member Death Benefits. Current law requires a \$2,000 death benefit be paid to the designated beneficiary of a retired school member, with the additional employer contributions required to fund this benefit to be computed as a level percentage of member compensation. This bill would increase that payment to \$7,045 for the designated beneficiary of a retired school member, provided from contributions by the employer.

Location: 2/25/2016 – Assembly Public Employees, Retirement, and Social Security Committee

AB 1954 (Burke) Introduced: 2/12/2016

Direct Access to Reproductive Health Care Act. Requires health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, to cover specified reproductive and sexual health care services provided by an out-of-network provider if an appropriate in-network provider is not: 1) available in the enrollee's service region within 10 days after the enrollee's initial request, or sooner if an appointment is medically necessary; or 2) located within a reasonable distance of the enrollee's work or home address, as defined by the Department of Managed Health Care or Department of Insurance. The bill also prohibits health plans from requiring an enrollee to obtain a referral before receiving specified reproductive and sexual health care services.

Location: 2/25/2016 – Assembly Health Committee

AB 1977 (Wood) Introduced: 2/16/2016

Health Care Coverage: Abuse-Deterrent Opioid Analgesics. Requires health plan contracts and disability insurance policies issued, amended, or renewed on or after January 1, that provide coverage for an opioid analgesic drug product to provide coverage on its drug formulary for at least one abuse-deterrent opioid analgesic drug product for each opioid analgesic active ingredient. The bill also limits the total amount of enrollee copayment and coinsurance for abuse-deterrent opioid analgesic drug products to the lowest cost-sharing level applied to brand name and generic drugs for that plan or policy. In addition, it prohibits health plans and insurers from requiring an enrollee to first use a non-abuse-deterrent opioid analgesic drug before covering an abuse-deterrent opioid analgesic drug product.

Location: 2/25/2016 – Assembly Health Committee

Bill Number/Author

AB 2028 (Cooper) Introduced: 2/16/2016

Restoration of Credit for Service and Compensation Earnable. Requires credit for service and compensation earnable for a wrongfully terminated school member or local safety member, to include the amount of service that would have been credited and the compensation earnable reported as though the member had not been wrongfully terminated. The bill also requires employers to notify CalPERS within five days of the date of a final decision ordering that an employee be reinstated after he or she had been wrongfully terminated.

Location: 2/29/2016 – Assembly Public Employees, Retirement, and Social Security Committee

AB 2283 (Calderon) Introduced: 2/18/2016

Divestment from Securitized Home Rental Properties. Requires CalPERS and CalSTRS to cease making new or additional investments in single-family home rental properties located in California that are aggregated with other properties to produce income that funds publicly traded investment products on and after January 1, 2017, and to liquidate existing holdings in any such securitized home rental properties on or before January 1, 2018.

Location: 2/18/2016 – Assembly Print

AB 2348 (Levine) Introduced: 2/18/2016

Investment Return Guarantees for Public Retirement System Investments in Infrastructure Projects.

Authorizes the Department of Finance to identify infrastructure projects in California for which the Department will guarantee a rate of return for investments made by CalPERS, CalSTRS, or a 1937 Act County Retirement System, subject to the availability of special fund moneys deposited into a newly-established Reinvesting in California Special Fund.

Location: 2/18/2016 – Assembly Print

AB 2468 (Hadley) Introduced: 2/19/2016

CalPERS Contracting Agencies: Optional Two Percent at Age 65 Miscellaneous Retirement Formula.

Authorizes CalPERS contracting agencies to adopt a two percent at age 65 defined benefit pension formula for all non-safety employees hired after January 1, 2017, if the employer has agreement with a representative employee organization for the benefit formula and has adopted it through a memorandum of understanding (MOU) and an ordinance. The new benefit formula would provide a member that has earned at least five years of service credit at the time of retirement with an annual benefit equal to one percent of final compensation for each year of credited service at age 55, and increasing to a maximum benefit equal to two and one-half percent of final compensation for each year of credited service at age 70. The bill also contains a specific exemption to the Public Employees' Pension Reform Act of 2013 (PEPRA) to allow the adoption of this benefit formula for new members, as defined in the PEPRA.

Location: 2/19/2016 – Assembly Print

Bill Number/Author

AB 2490 (Gatto) Introduced: 2/19/2016

Pension Fund Equity Investment Disclosure. Expresses legislative intent to enact legislation requiring equity firms contracting for investment services with CalPERS and other pension systems to provide a clear accounting of clawbacks owed to the systems, and to require pension systems to track their clawbacks.

Location: 2/19/2016 – Assembly Print

AB 2833 (Cooley) Introduced: 2/19/2016

Pension Fund Private Equity Investment Disclosure. Requires private equity firms that contract with public retirement funds to make specific disclosures regarding fees and expenses in connection with limited partner agreements, on a form to be prescribed by the retirement system.

Location: 2/19/2016 – 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.

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

Bill Number/Author

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

SB 999 (Pavley) Introduced: 2/10/2016

Health Care Coverage: Annual Supply of Contraceptives. Requires health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, to cover a 12-month supply of FDA-approved, self-administered hormonal contraceptives, to be dispensed at one time by a prescriber, pharmacy, or onsite at a location licensed or authorized to dispense drugs or supplies. It also permits a pharmacist to dispense a 12-month supply of prescribed hormonal contraceptives at the patient's request, unless the prescriber specifically indicates no change in quantity.

Location: 2/18/2016 – Senate Business, Professions and Economic Development Committee

SB 1203 (Hertzberg) Introduced: 2/18/2016

PEMHCA: Surviving Spouses and Family Members of Public Safety Employees. Existing law provides continuing health benefits coverage to the surviving spouse or eligible family member of a firefighter who dies because of an injury or disease sustained in the line of duty and requires an employer to notify CalPERS of the death of a firefighter or peace officer within 10 business days of the employee's death. This bill requires the employer to also provide CalPERS with updated contact information for the surviving spouse and family members.

Location: 2/18/2016 – Senate Print

Bill Number/Author

SB 1297 (Pan) Introduced: 2/19/2016

Supplemental Public Employee Retirement Plans: Automatic Enrollment and Contribution Escalation.

Allows, but does not require, a public employer participating in specified employee retirement plans to automatically enroll employees in such plans, and establish automatic paycheck deductions on their behalf. The bill allows employees to opt-out of the plan enrollment and change the amount automatically deducted from their paychecks. It also specifies that a participating employer is not liable for any investment decisions made by the employer with regard to default investments if specified employee notification requirements are met.

Location: 2/19/2016 – Senate Print
