

**LEGISLATIVE HIGHLIGHTS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
June 3, 2016**

<b>Bill Number/Author</b>	<b>Status</b>
<b>AB 1598 (Ting)</b> Amended: 5/31/2016	<b>Recently Amended</b>
<b>2016-17 Budget Act.</b> 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. As a budget bill, it takes effect immediately.	
<b>AB 1878 (Jones-Sawyer)</b> Amended: 5/31/2016	<b>Recently Amended</b>
<b>Retired State and School Member Death Benefits.</b> Current law requires a \$2,000 death benefit be paid to the designated beneficiary of a retired or state school member, with the additional employer contributions required to fund this benefit to be computed as a level percentage of member compensation. This bill authorizes the CalPERS Board of Administration to adjust the death benefit amount based on changes in the All Urban California Consumer Price Index.	
<b>AB 1954 (Burke)</b> Amended: 5/9/2016	<b>Recently Amended</b>
<b>Direct Access to Reproductive Health Care Act.</b> Prohibits health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, from requiring an enrollee to obtain a referral before receiving reproductive and sexual health care services.	
<b>AB 2294 (Gomez)</b> Amended: 5/9/2016	<b>Recently Amended</b>
<b>Paid Leaves of Absence for Elected Officers of CSU Employee Organizations.</b> Requires California State University trustees to grant any employee who serves as an elected officer of any CSU campus, statewide, or national public employee organization, as specified, a leave of absence without loss of compensation, including retirement fund contributions. It also requires the university or campus to be reimbursed by the employee organization for all compensation paid during the leave of absence.	
<b>AB 2348 (Levine)</b> Amended: 5/27/2016	<b>Recently Amended</b>
<b>Investment Return Guarantees for CalPERS Investments in California Infrastructure Projects.</b> 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, subject to the availability of special fund moneys deposited into a newly-established Reinvesting in California Special Fund.	

Bill Number/Author	Status
<b>AB 2400* (Nazarian)</b> Amended: 4/6/2016	<b>Dead</b>
<b>Prescription Drug Coverage: Appeal Processes.</b> Reduces the time a health plan or insurer must resolve an appeal for access to a formulary drug from 30 days to 72 hours in non-urgent cases, or 24 hours in exigent circumstances. It also allows an enrollee's appeal of a health plan or insurer's denial of access to a non-formulary drug to be forwarded for external review, instead of being subject to a plan or insurer's internal grievance process.	
<b>AB 2424 (Gomez)</b> Amended: 5/31/2016	<b>Recently Amended</b>
<b>Community-based Health Improvement and Innovation Fund.</b> Creates in the State Treasury the Community-based Health Improvement and Innovation Fund to be available, as specified, for activities related to the reduction and prevention of chronic health conditions. The bill also establishes an Advisory Committee consisting of representatives from CalPERS, the California Health and Human Services Agency, the Department of Health Care Services, the Health in All Policies Task Force, the California Conference of Local Health Officers, and other experts that will provide guidance to the Department of Public Health on the development, implementation, and evaluation of Fund-related activities.	
<b>AB 2467 (Gomez)</b> Amended: 5/31/2016	<b>Recently Amended</b>
<b>Hospital Executive Compensation Transparency Act of 2016.</b> Requires all hospitals and medical entities, as defined, to annually provide the Office of Statewide Health Planning and Development (OSHPD), a listing of every executive whose annual compensation exceeds \$300,000 in a year, as well as for those entities with 100 or more employees, compensation information for each employee classification by gender, ethnicity, race, sexual orientation, and gender identity, as self-reported by employees.	
<b>AB 2628* (Levine)</b> Amended: 4/19/2016	<b>Dead</b>
<b>Public Official Employment Restrictions and Economic Disclosures.</b> Prohibits an elected or appointed officer of a state or local agency, while holding office and for one year after leaving office from maintaining employment with, or becoming a compensated consultant of the agency, or assisting an entity for compensation, with a permit, regulatory, or enforcement action pending before the agency. It would also require state and local agencies to post on their websites, the Statement of Economic Interests filed by elected and appointed officials, as well as those who manage public investments.	
<b>AB 2650* (Nazarian)</b> Amended: 4/26/2016	<b>Dead</b>
<b>Public Employees' Retirement: Investments: Turkish Investment Vehicles.</b> Requires CalPERS and CalSTRS to divest from any investment vehicle owned, controlled, managed, or issued by the government of Turkey, as defined, if the federal government imposes sanctions on Turkey. Specifically, it requires the governing Board of each respective System to liquidate any portfolio assets subject to divestment within six months after the passage of federal sanctions on Turkey, after engaging with the Government of Turkey, and to report to the Legislature regarding its actions within one year of the passage of federal sanctions.	

Bill Number/Author	Status
<b>SB 95 (Committee on Budget and Fiscal Review)</b> Chaptered: 5/10/2016	<b>Chaptered</b>
<p><b>Health: Annuitant Health Care Coverage.</b> Among its provisions, this bill ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 6 (Correctional Officers). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 6 under the CalPERS Annuitant's Health Care Coverage Fund. For employees represented by, or associated with, BU 6 first hired by the State on and after January 1, 2017, the bill eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan.</p>	
<b>SB 825 (Leno)</b> Amended: 5/26/2016	<b>Recently Amended</b>
<p><b>2016-17 Budget Act.</b> 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. As a budget bill, it takes effect immediately.</p>	
<b>SB 932* (Hernandez)</b> Amended: 4/26/2016	<b>Dead</b>
<p><b>Health Care Mergers and Acquisitions.</b> Requires any merger or acquisition involving a health plan to be subject to the approval of the Director of the Department of Managed Health Care following an open hearing to determine whether the transaction meets certain criteria related to adverse impacts on competition, or health care costs, access, and quality of care. It also prohibits, among other things, contract provisions between payors and providers of health care, as defined, that require the payor to include in its network any one or more providers owned or controlled by, or affiliated with, the contracting provider or general acute care hospital that is a contracting provider.</p>	

Bill Number/Author

Status

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**SB 1010 (Hernandez)** Amended: 5/31/2016

**Updated Summary**

**Prescription Drug Cost Transparency.** Requires health plans and health insurers regulated by the Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI) to annually report by plan the 25 medications provided in an outpatient setting that: 1) are most frequently prescribed; 2) are most costly; and 3) experienced the highest year over year increase in total plan spending, and requires each department to compile and publish the information on its website annually. It also requires large group health plans and insurers to file aggregate data for all the plans and policies they sell in the large group market: 1) the proportion of the premium dollar spent on prescription drugs during the prior year; 2) the year-over-year increase in drug costs as a percentage of total spending; 3) the year-over-year increase in drug costs on a per member per month basis compared to other premium components; and 4) its specialty tier formulary list. The bill requires drug manufacturers to provide to state purchasers, health plans, health insurers, pharmacy benefit managers (PBMs), and policymakers a 60-day notice before increasing the wholesale acquisition cost (WAC) of a prescription drug by more than 10 percent or more than \$10,000 for brand name drugs, and 25 percent for generics with a monthly cost of \$100 or more. It also requires drug manufacturers to provide notice within three days of approval by the federal Food and Drug Administration (FDA) of a new prescription drug that will be marketed at a WAC of \$10,000 or more annually or per course of treatment. For new prescription drugs that will be marketed at a WAC of \$10,000 or more annually or per course of treatment, it also requires drug manufacturers to provide notice within three days of approval by the federal Food and Drug Administration.

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**SB 1159 (Hernandez)** Amended: 5/31/2016

**Recently Amended**

**California Health Care Cost and Quality Database.** Among other things, the bill requires health plans and insurers, suppliers, and providers to provide utilization data, pricing information, and information to determine the social determinants of health to the Secretary of the California Health and Human Services (Secretary). It also requires the Secretary to convene an advisory committee to identify the type of data, purpose of use, and entities that are required to report as well as have access to the database, and to submit a report to the Legislature and Governor on or before January 1, 2019 on the committee's findings and other specified issues, including, containing the cost of health care services and coverage.

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

**Status as of June 2, 2016**

**A – CalPERS-Sponsored Bills**

**Bill Number/Author**

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**AB 2375 (Committee on Public Employees,  
Retirement, and Soc)** Amended: 5/4/2016

**Board Position: Sponsor**

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

*Location: 5/26/2016 – Senate Public Employment and Retirement*

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**AB 2404 (Cooley)** Amended: 4/12/2016

**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 several of the optional retirement benefit settlements available to members of CalPERS that retire on or after January 1, 2018.

*Location: 5/12/2016 – Senate Public Employment and Retirement*

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\*Did not meet the legislative calendar deadline for passage from policy or fiscal committee; would require rule waivers to be given further consideration in the current year.

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

**Status as of June 2, 2016**

**B – Other Bills**

**Bill Number/Author**

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**AB 241 (Gordon)** Amended: 6/1/2016

**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: 6/1/2016 – Scheduled to be heard in the Senate Governance and Finance Committee on June 8, 2016*

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**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*

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**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: 9/11/2015 – Senate 2 Year*

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\*Did not meet the legislative calendar deadline for passage from policy or fiscal committee; would require rule waivers to be given further consideration in the current year.

**Bill Number/Author**

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**\*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: 4/22/2016 – Assembly Dead*

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**AB 1598 (Ting)** Amended: 5/31/2016

**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. As a budget bill, it takes effect immediately.

*Location: 6/1/2016 – Assembly Budget Committee*

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**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: 5/5/2016 – Senate Public Employment and Retirement Committee*

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**\*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: 4/22/2016 – Assembly Dead*

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**Bill Number/Author**

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**AB 1878 (Jones-Sawyer)** Amended: 5/31/2016

**Board Position: Neutral, if Amended**

**Retired State and School Member Death Benefits.** Current law requires a \$2,000 death benefit be paid to the designated beneficiary of a retired or state school member, with the additional employer contributions required to fund this benefit to be computed as a level percentage of member compensation. This bill authorizes the CalPERS Board of Administration to adjust the death benefit amount based on changes in the All Urban California Consumer Price Index.

*Location: 6/1/2016 – Assembly Third Reading*

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**AB 1954 (Burke)** Amended: 5/9/2016

**Direct Access to Reproductive Health Care Act.** Prohibits health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, from requiring an enrollee to obtain a referral before receiving reproductive and sexual health care services.

*Location: 5/23/2016 – Senate Rules Committee*

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**AB 1977 (Wood)** Amended: 4/13/2016

**Opioid Abuse Task Force.** Requires health care service plans and insurers, in collaboration with other stakeholders, to establish an Opioid Abuse Task Force that will develop recommendations regarding effective intervention, education and formulary management practices that address the abuse and misuse of opioids, and report its findings and recommendations to the Governor and Legislature on or before December 31, 2017.

*Location: 5/19/2016 – Senate Health Committee*

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

**Board Position: Support, if Amended**

**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: 5/5/2016 – Senate Public Employment and Retirement Committee:*

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**Bill Number/Author**

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**\*AB 2283 (Calderon)** Amended: 3/28/2016

**Public Retirement System Investments in Real Estate.** Requires the CalPERS Board of Administration and the Teachers' Retirement Board, prior to entering into new investments or renewing existing investments in securitized single-family home rental properties in California, to evaluate and ensure their compliance with fair housing laws and lawful eviction guidelines, the conduct of adequate property maintenance and application of specified controls on future rent increases. It also requires each retirement board to appoint an independent ombudsman to oversee and enforce these requirements.

*Location: 4/22/2016 – Assembly Dead:*

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**AB 2294 (Gomez)** Amended: 5/9/2016

**Paid Leaves of Absence for Elected Officers of CSU Employee Organizations.** Requires California State University trustees to grant any employee who serves as an elected officer of any CSU campus, statewide, or national public employee organization, as specified, a leave of absence without loss of compensation, including retirement fund contributions. It also requires the university or campus to be reimbursed by the employee organization for all compensation paid during the leave of absence.

*Location: 5/19/2016 – Scheduled to be heard in the Senate Education Committee on June 8, 2016*

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**AB 2348 (Levine)** Amended: 5/27/2016

**Investment Return Guarantees for CalPERS Investments in California 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, subject to the availability of special fund moneys deposited into a newly-established Reinvesting in California Special Fund.

*Location: 6/1/2016 – Senate*

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**\*AB 2400 (Nazarian)** Amended: 4/6/2016

**Prescription Drug Coverage: Appeal Processes.** Reduces the time a health plan or insurer must resolve an appeal for access to a formulary drug from 30 days to 72 hours in non-urgent cases, or 24 hours in exigent circumstances. It also allows an enrollee's appeal of a health plan or insurer's denial of access to a non-formulary drug to be forwarded for external review, instead of being subject to a plan or insurer's internal grievance process.

*Location: 5/27/2016 – Assembly Dead*

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**Bill Number/Author**

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**AB 2424 (Gomez)** Amended: 5/31/2016

**Community-based Health Improvement and Innovation Fund.** Creates in the State Treasury the Community-based Health Improvement and Innovation Fund to be available, as specified, for activities related to the reduction and prevention of chronic health conditions. The bill also establishes an Advisory Committee consisting of representatives from CalPERS, the California Health and Human Services Agency, the Department of Health Care Services, the Health in All Policies Task Force, the California Conference of Local Health Officers, and other experts that will provide guidance to the Department of Public Health on the development, implementation, and evaluation of Fund-related activities.

*Location: 6/1/2016 – Assembly Third Reading*

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**\*AB 2456 (Cooley)** Amended: 3/17/2016

**Public Employee Retirement Benefits: Prefunding.** Requires CalPERS to develop, establish, and administer the California Employers' Pension Prefunding Trust Program in order 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.

*Location: 4/22/2016 – Assembly Dead*

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**AB 2467 (Gomez)** Amended: 5/31/2016

**Hospital Executive Compensation Transparency Act of 2016.** Requires all hospitals and medical entities, as defined, to annually provide the Office of Statewide Health Planning and Development (OSHPD), a listing of every executive whose annual compensation exceeds \$300,000 in a year, as well as for those entities with 100 or more employees, compensation information for each employee classification by gender, ethnicity, race, sexual orientation, and gender identity, as self-reported by employees.

*Location: 6/1/2016 – Assembly Third Reading*

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**Bill Number/Author**

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\***AB 2468 (Hadley)** Amended: 4/12/2016

**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 and who are new members, 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 a resolution or 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. It also requires non-safety employees who are not classified as new members under the Public Employees' Pension Reform Act of 2013 (PEPRA), to receive the default PEPRA benefit formula if they are employed by an agency that adopts a two percent at age 65 defined benefit pension formula and did not contract with CalPERS on or before December 31, 2012. Finally, the bill 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: 4/22/2016 – Assembly Dead*

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\***AB 2628 (Levine)** Amended: 4/19/2016

**Public Official Employment Restrictions and Economic Disclosures.** Prohibits an elected or appointed officer of a state or local agency, while holding office and for one year after leaving office from maintaining employment with, or becoming a compensated consultant of the agency, or assisting an entity for compensation, with a permit, regulatory, or enforcement action pending before the agency. It would also require state and local agencies to post on their websites, the Statement of Economic Interests filed by elected and appointed officials, as well as those who manage public investments.

*Location: 5/27/2016 Assembly Dead*

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\***AB 2650 (Nazarian)** Amended: 4/26/2016

**Public Employees' Retirement: Investments: Turkish Investment Vehicles.** Requires CalPERS and CalSTRS to divest from any investment vehicle owned, controlled, managed, or issued by the government of Turkey, as defined, if the federal government imposes sanctions on Turkey. Specifically, it requires the governing Board of each respective System to liquidate any portfolio assets subject to divestment within six months after the passage of federal sanctions on Turkey, after engaging with the Government of Turkey, and to report to the Legislature regarding its actions within one year of the passage of federal sanctions.

*Location: 5/27/2016 – Assembly Dead*

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**Bill Number/Author**

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**AB 2833 (Cooley)** Amended: 4/12/2016

**Board Position: Support, with Suggested Amendments**

**Public Retirement Alternative Investments Disclosure.** Requires all public retirement systems to require each alternative investment vehicle in which it invests to make specified disclosures regarding fees and expenses, and to disclose that information at least once annually at a meeting open to the public.

*Location: 6/1/2016 – Senate Rules Committee*

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**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*

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**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: 4/28/2016 – Assembly Public Employees, Retirement, and Social Security Committee:*

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**Bill Number/Author**

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**SB 95 (Committee on Budget and Fiscal Review)**

Chaptered: 5/10/2016

**Health: Annuitant Health Care Coverage.** Among its provisions, this bill ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 6 (Correctional Officers). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 6 under the CalPERS Annuitant's Health Care Coverage Fund. For employees represented by, or associated with, BU 6 first hired by the State on and after January 1, 2017, the bill eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan.

*Location: 5/10/2016 – Chaptered by Secretary of State, Chapter 12, Statutes of 2016*

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**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*

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**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: 4/28/2016 – Assembly Public Employees, Retirement, and Social Security Committee*

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**SB 825 (Leno)** Amended: 5/26/2016

**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. As a budget bill, it takes effect immediately.

*Location: 5/26/2016 – Senate Budget and Fiscal Review*

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\*Did not meet the legislative calendar deadline for passage from policy or fiscal committee; would require rule waivers to be given further consideration in the current year.

**Bill Number/Author**

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**\*SB 932 (Hernandez)** Amended: 4/26/2016

**Health Care Mergers and Acquisitions.** Requires any merger or acquisition involving a health plan to be subject to the approval of the Director of the Department of Managed Health Care following an open hearing to determine whether the transaction meets certain criteria related to adverse impacts on competition, or health care costs, access, and quality of care. It also prohibits, among other things, contract provisions between payors and providers of health care, as defined, that require the payor to include in its network any one or more providers owned or controlled by, or affiliated with, the contracting provider or general acute care hospital that is a contracting provider.

*Location: 5/27/2016 – Senate Dead*

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**SB 999 (Pavley)** Amended: 4/18/2016

**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 up to a 12-month supply of FDA-approved, self-administered hormonal contraceptives, when 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 up to a 12-month supply of prescribed hormonal contraceptives at the patient's request, unless the prescriber specifically indicates no change in quantity.

*Location: 5/27/2016 – Scheduled to be heard in the Assembly Health Committee on June 14, 2016*

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**SB 1010 (Hernandez)** Amended: 5/31/2016

**Updated Summary**

**Prescription Drug Cost Transparency.** Requires health plans and health insurers regulated by the Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI) to annually report by plan the 25 medications provided in an outpatient setting that: 1) are most frequently prescribed; 2) are most costly; and 3) experienced the highest year over year increase in total plan spending, and requires each department to compile and publish the information on its website annually. It also requires large group health plans and insurers to file aggregate data for all the plans and policies they sell in the large group market: 1) the proportion of the premium dollar spent on prescription drugs during the prior year; 2) the year-over-year increase in drug costs as a percentage of total spending; 3) the year-over-year increase in drug costs on a per member per month basis compared to other premium components; and 4) its specialty tier formulary list. The bill requires drug manufacturers to provide to state purchasers, health plans, health insurers, pharmacy benefit managers (PBMs), and policymakers a 60-day notice before increasing the wholesale acquisition cost (WAC) of a prescription drug by more than 10 percent or more than \$10,000 for brand name drugs, and 25 percent for generics with a monthly cost of \$100 or more. It also requires drug manufacturers to provide notice within three days of approval by the federal Food and Drug Administration (FDA) of a new prescription drug that will be marketed at a WAC of \$10,000 or more annually or per course of treatment. For new prescription drugs that will be marketed at a WAC of \$10,000 or more annually or per course of treatment, it also requires drug manufacturers to provide notice within three days of approval by the federal Food and Drug Administration.

*Location: 6/1/2016 – Assembly*

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\*Did not meet the legislative calendar deadline for passage from policy or fiscal committee; would require rule waivers to be given further consideration in the current year.

**Bill Number/Author**

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**SB 1159 (Hernandez)** Amended: 5/31/2016

**California Health Care Cost and Quality Database.** Among other things, the bill requires health plans and insurers, suppliers, and providers to provide utilization data, pricing information, and information to determine the social determinants of health to the Secretary of the California Health and Human Services (Secretary). It also requires the Secretary to convene an advisory committee to identify the type of data, purpose of use, and entities that are required to report as well as have access to the database, and to submit a report to the Legislature and Governor on or before January 1, 2019 on the committee's findings and other specified issues, including, containing the cost of health care services and coverage.

*Location: 5/31/2016 – Senate Third Reading*

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**SB 1162 (Berryhill)** Amended: 3/30/2016

**Transfer of Employer Assets: Mammoth Lakes Fire District.** Requires CalPERS to transfer specified available excess assets in the employer account of the Mammoth Lakes Fire District (MLFD) miscellaneous retirement plan, upon request, to the MLFD safety plan.

*Location: 5/5/2016 – Assembly Public Employees, Retirement, and Social Security Committee*

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**SB 1203 (Hertzberg)** Amended: 4/13/2016

**PEPRA: Joint Powers Authorities.** Allows a joint powers authority (JPA) formed on or after January 1, 2013 and where at least one member agency provided benefits on or before December 31, 2012, to provide individuals who were employed by a member agency prior to the effective date of the Public Employees' Pension Reform Act of 2013 (PEPRA) and later become employed by the JPA within 180 days of the exercise of a common power by the JPA, the same defined benefit retirement plan or formula they received while employed by the member agency, provided the individual is not otherwise considered a "new member" under the PEPRA.

*Location: 6/1/2016 – Assembly Desk*

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**\*SB 1297 (Pan)** Amended: 4/19/2016

**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: 4/22/2016 – Senate Dead*

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**Bill Number/Author**

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**SB 1353 (Pan)** Amended: 3/28/2016

**Fiduciary Determinations for Sudan and Thermal Coal Divestment.** Requires the CalPERS Board of Administration and the Teachers' Retirement Board to conduct a recorded rollcall vote of the full board when making a determination that an action described under existing statutory prohibitions on investments in Sudan and in thermal coal companies would fail to satisfy its fiduciary responsibilities. The bill also requires the vote to follow a presentation and discussion of the findings in a properly noticed open hearing; that the proposed findings be made public 72 hours prior to board consideration; and that the findings and any public comments regarding the adopted findings and determinations be included in the board's mandated report to the Legislature.

*Location: 5/16/2016 – Assembly Public Employees, Retirement, and Social Security Committee*

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