



Board of Administration Agenda Item 8b

June 15, 2016

Item Name: Proposed Decision – In the Matter of the Appeal Regarding Collection of Retroactive Health Premiums of LYNN D. HARMSTON, Respondent

Program: Member Account Management Division

Item Type: Action

Parties' Positions

Staff argues that the Board of Administration should adopt the Proposed Decision.

Respondent Lynn D. Harmston (Respondent Harmston) argues that the Board of Administration should adopt the Proposed Decision.

Strategic Plan

This item is not a specific product of either the Strategic or Annual Plans. The determination of administrative appeals is a power reserved to the Board of Administration.

Procedural Summary

Respondent Harmston submitted an application for service retirement and retired for service effective November 16, 2011. Respondent Harmston's health coverage as a retiree began in January 2012. In September 2011, CalPERS implemented a new computer system consolidating over 49 different systems into one integrated system. On October 11, 2013, CalPERS' Information Technology Services Branch notified staff of a defect in the health vesting logic. CalPERS identified Respondent Harmston as one of the impacted members to whom the system inadvertently provided an incorrect employer contribution towards health and/or dental premiums. CalPERS determined Respondent Harmston owed retroactive health premiums to CalPERS and notified Respondent Harmston of its determination on March 4, 2014.

Respondent Harmston appealed this determination and the matter was heard by the Office of Administrative Hearings on March 16, 2016. A Proposed Decision was issued on April 14, 2016, granting the appeal.

Alternatives

A. For use if the Board decides to adopt the Proposed Decision as its own Decision:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System hereby adopts as its own Decision the Proposed Decision dated April 14, 2016, concerning the appeal of Lynn D. Harmston; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

- B. For use if the Board decides not to adopt the Proposed Decision, and to decide the case upon the record:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated April 14, 2016, concerning the appeal of Lynn D. Harmston, hereby rejects the Proposed Decision and determines to decide the matter itself, based upon the record produced before the Administrative Law Judge and such additional evidence and arguments that are presented by the parties and accepted by the Board; RESOLVED FURTHER that the Board's Decision shall be made after notice is given to all parties.

- C. For use if the Board decides to remand the matter back to the Office of Administrative Hearings for the taking of further evidence:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated April 14, 2016, concerning the appeal of Lynn D. Harmston, hereby rejects the Proposed Decision and refers the matter back to the Administrative Law Judge for the taking of additional evidence as specified by the Board at its meeting.

- D. Precedential Nature of Decision (two alternatives; either may be used):

1. For use if the Board wants further argument on the issue of whether to designate its Decision as precedential:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System requests the parties in the matter concerning the appeal of Lynn D. Harmston, as well as interested parties, to submit written argument regarding whether the Board's Decision in this matter should be designated as precedential, and that the Board will consider the issue whether to designate its Decision as precedential at a time to be determined.

2. For use if the Board decides to designate its Decision as precedential, without further argument from the parties.

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, hereby designates as precedential its Decision concerning the appeal of Lynn D. Harmston.

Budget and Fiscal Impacts: Not applicable

Attachments

Attachment A: Proposed Decision
Attachment B: Staff's Argument
Attachment C: Respondent's Argument

DONNA RAMEL LUM
Deputy Executive Officer
Customer Services and Support

