

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

Bill Number/Author	Status
AB 72 (Bonta) Amended: 8/1/2016	Recently Amended
<p>Balance Billing by Noncontracting Individual Health Professionals. Among other things, requires health plan contracts and insurance policies issued, amended, or renewed on or after July 1, 2017, to provide that patients only owe the in-network cost-sharing when they receive covered services from a noncontracting 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 noncontracting 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 sets the reimbursement standard for health plan and insurer payments to a non-contracting health professional for non-emergency services and care at the greater of the average contracted rate or 125 percent of the amount Medicare reimburses to a fee-for-service plan in the geographical region where services were rendered. It also requires the Department of Managed Health Care and Department of Insurance to establish an independent dispute resolution processes to settle any claim disputes between the parties.</p>	
AB 241 (Gordon) Amended: 6/21/2016	Recently Amended
<p>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 on or before December 31, 2011, 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.</p>	
AB 1640 (Stone, Mark) Amended: 6/20/2016	Recently Amended
<p>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). It also exempts these transit employees from PEPRA, regardless of membership date, if a federal district court upholds the determination of the United States Secretary of Labor that the application of PEPRA violates their collective bargaining rights under specified provisions of federal law.</p>	
AB 1954 (Burke) Amended: 6/27/2016	Recently Amended
<p>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.</p>	

Bill Number/Author

Status

AB 2028 (Cooper) Amended: 6/13/2016

Recently Amended

Restoration of Service Credit Following Reinstatement. Requires that members who are involuntarily terminated and subsequently reinstated to employment through specified proceedings, receive all retirement benefits they otherwise would have accrued had they not been terminated, with service credit to be awarded for any period for which salary is awarded and contributions are received. The bill also requires employers of involuntarily terminated members to notify the board of the final decision ordering their reinstatement, as specified.

AB 2294 (Gomez) Amended: 6/15/2016

Recently Amended

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.

**AB 2375 (Committee on Public Employees,
Retirement, and Social Security)** Amended: 6/20/2016

Recently Amended

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

AB 2404 (Cooley) Amended: 6/13/2016

Recently Amended

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.

AB 2424 (Gomez) Amended: 6/20/2016

Recently Amended

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.

Per the June 20, 2016 amendment, this bill no longer directly affects CalPERS

Bill Number/Author

Status

AB 2823 (Gatto) Amended: 6/21/2016

Recently Amended/Dead

Disclosure of Alternative Investment Clawbacks. Requires all public retirement systems to release, under the California Public Records Act, specified provisions of its alternative investment agreements and related documents that address “clawback” terms, and specified pages of a fund agreement itself.

AB 2833 (Cooley) Amended: 6/21/2016

Recently Amended

Public Retirement Alternative Investments Disclosure. Requires all public retirement systems to: 1) require each alternative investment vehicle in which it participates for the first time or makes a new capital commitment, to provide specified information regarding fees, expenses, and carried interest; 2) disclose that information at least once annually at a meeting open to the public; and 3) make reasonable efforts to obtain and publicly disclose that same information for all existing alternative investment vehicles.

SB 836 (Committee on Budget and Fiscal Review)

Chaptered Bill

Chaptered: 6/27/2016 – Chaptered by Secretary of State,
Chapter 31, Statutes of 2016

State Government. Senate Bill (SB) 836 makes numerous changes related to state government, in order to facilitate implementation of the Budget Act of 2016. Among its provisions, this bill requires the administrative expenses in the Public Employees’ Health Care Fund (HCF) and Public Employees’ Contingency Reserve Fund (CRF) be approved through the annual Budget Act.

SB 848 (Committee on Budget and Fiscal Review)

Chaptered Bill

Chaptered: 6/27/2016 – Chaptered by Secretary of State,
Chapter 35, Statutes of 2016

State Employment. Among other things, ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 12 (Craft and Maintenance). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 12 and all employees of the State judicial branch under the CalPERS Annuitant’s Health Care Coverage Fund. For employees represented by, or associated with, BU 12 and employees of State judicial branch, first hired by the State on and after January 1, 2017, the bill: 1) eliminates employer contributions for Medicare Part B premiums; 2) establishes a longer retiree 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 3) 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. It also raises the normal rates of member contributions toward CalPERS retirement benefits for State judicial branch employees on and after July 1, 2017, to 9 percent of compensation over \$317 per month for State miscellaneous members whose service is not Coordinated with Social Security, 8 percent of compensation over \$513 per month for State miscellaneous members whose service has been included in the federal system, and 11 percent of compensation over \$238 for peace officer/firefighter members employed by the State judicial branch.

Bill Number/Author

Status

SB 1159 (Hernandez) Amended: 6/30/2016

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.

Per the June 30, 2016 amendment, this bill no longer directly affects CalPERS

SB 1162 (Berryhill) Amended: 6/15/2016

Recently Amended

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.

SB 1353 (Pan) Amended: 6/8/2016

Gut and Amended

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.

Per the June 8, 2016 amendment, this bill no longer affects CalPERS

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

Status as of August 3, 2016

A – CalPERS-Sponsored Bills

Bill Number/Author

AB 2375 (Committee on Public Employees, Retirement, and Social Security) Amended: 6/20/2016 **Board Position: Sponsor**

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

Location: 8/1/2016 - Senate Second Reading

AB 2404 (Cooley) Amended: 6/13/2016 **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: 8/1/2016 - Senate Second Reading

*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 August 3, 2016

B – Other Bills

Bill Number/Author

AB 72 (Bonta) Amended: 8/1/2016

Balance Billing by Noncontracting Individual Health Professionals. Among other things, requires health plan contracts and insurance policies issued, amended, or renewed on or after July 1, 2017, to provide that patients only owe the in-network cost-sharing when they receive covered services from a noncontracting 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 noncontracting 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 sets the reimbursement standard for health plan and insurer payments to a non-contracting health professional for non-emergency services and care at the greater of the average contracted rate or 125 percent of the amount Medicare reimburses to a fee-for-service plan in the geographical region where services were rendered. It also requires the Department of Managed Health Care and Department of Insurance to establish an independent dispute resolution processes to settle any claim disputes between the parties.

Location: 8/1/2016 – Senate Appropriations

AB 241 (Gordon) Amended: 6/21/2016

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 on or before December 31, 2011, 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: 8/2/2016 – Senate Third Reading

Bill Number/Author

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 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

***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

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

*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

AB 1640 (Stone, Mark) Amended: 6/20/2016

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). It also exempts these transit employees from PEPRA, regardless of membership date, if a federal district court upholds the determination of the United States Secretary of Labor that the application of PEPRA violates their collective bargaining rights under specified provisions of federal law.

Location: 8/1/2016 – Senate Appropriations

***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

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 state or 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: 6/27/2016 – Senate Appropriations

AB 1954 (Burke) Amended: 6/27/2016

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: 6/27/2016 – Senate Appropriations

Bill Number/Author

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: 8/1/2016 – Senate Third Reading

AB 2028 (Cooper) Amended: 6/13/2016

Board Position: Support

Restoration of Service Credit Following Reinstatement. Requires that members who are involuntarily terminated and subsequently reinstated to employment through specified proceedings, receive all retirement benefits they otherwise would have accrued had they not been terminated, with service credit to be awarded for any period for which salary is awarded and contributions are received. The bill also requires employers of involuntarily terminated members to notify the board of the final decision ordering their reinstatement, as specified.

Location: 8/2/2016 – Senate Consent Calendar

***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

AB 2294 (Gomez) Amended: 6/15/2016

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: 6/15/2016 – Senate Appropriations

Bill Number/Author

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

Position: Neutral

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: 6/28/2016 – Senate Appropriations

***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

AB 2424 (Gomez) Amended: 6/20/2016

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.

Per June 20, 2016 amendment, this bill no longer affects CalPERS.

Location: 8/2/2016 – Senate Appropriations

***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

Bill Number/Author

***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: 6/3/2016 – Assembly Dead

***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

***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: 5/4/2016 – Assembly Appropriations Suspense File

Bill Number/Author

***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

***AB 2823 (Gatto)** Amended: 6/21/2016

Disclosure of Alternative Investment Clawbacks. Requires all public retirement systems to release, under the California Public Records Act, specified provisions of its alternative investment agreements and related documents that address “clawback” terms, and specified pages of a fund agreement itself.

Location: 7/1/2016 – Assembly Dead

AB 2833 (Cooley) Amended: 6/21/2016

Board Position: Support, if Amended

Public Retirement Alternative Investments Disclosure. Requires all public retirement systems to: 1) require each alternative investment vehicle in which it participates for the first time or makes a new capital commitment, to provide specified information regarding fees, expenses, and carried interest; 2) disclose that information at least once annually at a meeting open to the public; and 3) make reasonable efforts to obtain and publicly disclose that same information for all existing alternative investment vehicles.

Location: 8/2/2016 – Senate Third Reading

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

Bill Number/Author

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: 6/29/2016 – Assembly Appropriations Suspense File

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

***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: 7/1/2016 – Assembly Dead

*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

SB 294 (Pan) Amended: 8/1/2016

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: 8/1/2016 – Scheduled to be heard in Assembly Appropriations on August 3, 2016

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

SB 836 (Committee on Budget and Fiscal Review)

Chaptered: 6/27/2016

State Government. Makes numerous changes related to state government, in order to facilitate implementation of the Budget Act of 2016. Among its provisions, this bill requires the administrative expenses in the Public Employees' Health Care Fund (HCF) and Public Employees' Contingency Reserve Fund (CRF) be approved through the annual Budget Act.

Location: 6/27/2016 – Chaptered by Secretary of State, Chapter 31, Statutes of 2016

Bill Number/Author

SB 848 (Committee on Budget and Fiscal Review)

Chaptered: 6/27/2016

State employment. Among other things, ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 12 (Craft and Maintenance). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 12 and all employees of the State judicial branch under the CalPERS Annuitant's Health Care Coverage Fund. For employees represented by, or associated with, BU 12 and employees of State judicial branch, first hired by the State on and after January 1, 2017, the bill: 1) eliminates employer contributions for Medicare Part B premiums; 2) establishes a longer retiree 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 3) 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. It also raises the normal rates of member contributions toward CalPERS retirement benefits for State judicial branch employees on and after July 1, 2017, to 9 percent of compensation over \$317 per month for State miscellaneous members whose service is not Coordinated with Social Security, 8 percent of compensation over \$513 per month for State miscellaneous members whose service has been included in the federal system, and 11 percent of compensation over \$238 for peace officer/firefighter members employed by the State judicial branch.

Location: 6/27/2016 – Chaptered by Secretary of State, Chapter 35, Statutes of 2016

***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

SB 999 (Pavley) Amended: 8/1/2016

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: 8/1/2016 – Scheduled to be heard in Assembly Appropriations on August 3, 2016

*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

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

Board Position: Support

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 that are: 1) most frequently prescribed; 2) 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 their website. 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 the: 1) proportion of the premium dollar spent on prescription drugs during the prior year; 2) year-over-year increase as a percentage in total spending; 3) year-over-year increase in drug costs on a per member per month basis compared to other premium components; and 4) specialty tier formulary list. The bill also requires drug manufacturers to provide to specified state purchasers, health plans, health insurers, pharmacy benefit managers (PBMs) and policymakers sixty days prior 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, as well as 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.

Location: 8/1/2016 – Assembly Second Reading

SB 1159 (Hernandez) Amended: 6/30/2016

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.

Per June 30, 2016 amendment, this bill no longer directly affects CalPERS.

Location: 6/30/2016 – Scheduled to be heard in Assembly Appropriations on August 3, 2016

SB 1162 (Berryhill) Amended: 6/15/2016

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: 6/30/2016 – Assembly Consent Calendar

Bill Number/Author

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: 6/29/2016 – Assembly Appropriations Suspense File

***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

SB 1353 (Pan) Amended: 6/8/2016

Gut and Amended

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.

Per the June 8, 2016 amendment, this bill no longer affects CalPERS

Location: 6/30/2016 – Assembly Consent Calendar
