

**Public Employees' Retirement System
Board of Administration
2019-2020 Legislative Session
State and Federal Update
Status as of April 4, 2019**

Sponsored Bills

AB 672 (Cervantes) Introduced: 2/15/2019

CalPERS Position: Sponsor

Restrictions on Disability Retiree who become Retired Annuitants. Prohibits disability and industrial disability retirees from returning to a retired annuitant position similar to or closely resembling the position from which they retired for disability, or in a position which includes duties or activities they were restricted from performing at the time of their disability retirement.

Action Taken: Monitoring

Location: Scheduled to be heard in the Assembly Public Employment and Retirement Committee on April 24, 2019.

SB 782 (Committee on Labor, Public Employment and Retirement) Introduced: 3/7/2019

CalPERS Position: Sponsor

CalPERS 2019 Omnibus Bill. Makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).

Action Taken: Monitoring

Location: Scheduled to be heard in the Senate Labor, Public Employment & Retirement Committee on April 24, 2019.

Active State Bills

AB 33 (Bonta) Introduced: 12/3/2018

CalPERS Position: Oppose

Private Prison Divestment. Prohibits the California Public Employees' Retirement System and the California State Teachers' Retirement System from making new investments in companies that generate the majority of their revenue from operating, managing or contracting as a prison or detention center, and requires liquidation of existing investments on or before July 1, 2020.

Action Taken: Sent letter of opposition to Author and Assembly Public Employment and Retirement Committee Members.

Location: Scheduled to be heard in the Assembly Public Employment and Retirement Committee on April 24, 2019.

AB 181 (Rodriguez) Amended: 3/25/2019

CalPERS Position: Support

Emerging and Transition Investment Managers. Requires the California Public Employees' Retirement System and the California State Teachers' Retirement System to each define the term "emerging manager". It also requires each retirement system to submit a report to the Legislature beginning on or before March 1, 2021 on the status of achieving appropriate objectives and initiatives regarding participation of emerging managers responsible for asset management within its portfolio of investments.

Action Taken: Sent letter of support to Author. Sent letter and testified in support at the Assembly Public Employment and Retirement Committee.

Location: 4/3/2019-Assembly Appropriations Committee

AB 190 (Ting) Introduced: 1/10/2019

CalPERS Position: N/A

Budget Act of 2019. Makes appropriations for the support of state government for the 2019-2020 fiscal year.

Action Taken: Monitoring

Location: 1/24/2019-Assembly Budget Committee

AB 287 (Voepel) Introduced: 1/28/2019

CalPERS Position: N/A

Retirement System Annual Investment Report. Requires each state and local retirement system to post on its Internet website, a report of its investments and earnings within 90 days of completing its annual audit.

Action Taken: Monitoring

Location: 2/7/2019-Assembly Public Employment and Retirement Committee

AB 290 (Wood) Amended: 3/5/2019

CalPERS Position: N/A

Health Care Service Plans: Third-Party Payments Among other things, establishes reporting requirements for financially-interested third-party entities and prohibits them from making a premium payment unless it discloses the enrollee's name to the health care service plan in advance. It limits any reimbursements to the enrollee's policy rate or the Medicare rate, whichever is lower. If the third-party payor does not meet the disclosure requirements, it allows the health care service plan to recover 120 percent of the payment differences from the health care provider, as specified. It also specifies that it does not alter a health plan or insurer's obligations and requirements to offer, market, sell, and issue a health benefit plan to any individual.

Action Taken: Monitoring

Location: 3/19/2019-Assembly Appropriations Committee

AB 312 (Cooley) Introduced: 1/29/2019

CalPERS Position: N/A

State Agency Regulatory Reform. Requires all state agencies to review its respective regulations, to update or repeal any regulation that is duplicative, overlapping, inconsistent or out of date on or before January 1, 2022, and to report to the Governor and Legislature its compliance with this law.

Action Taken: Monitoring

Location: 4/3/2019-Assembly Appropriations Suspense File

AB 598 (Bloom) Introduced: 2/14/2019

CalPERS Position: N/A

Hearing Aids for Minors. Requires specified health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2020, to cover hearing aids, as defined, for enrollees or insureds under the age of 18.

Action Taken: Monitoring

Location: Scheduled to be heard in the Assembly Health Committee on April 23, 2019.

AB 731 (Kalra) Amended: 3/20/2019

CalPERS Position: N/A

Health Plan Data and Rate Review. Currently, a health care service plan or health insurer offering a contract or policy in the individual or small group market is required to file specified rate information, including total earned premiums and total incurred claims for each contract or policy form, with the appropriate department at least 120 days before implementing a rate change. The bill applies this requirement to the large group market. It also requires health plan contracts and health insurers to provide additional information such as rate review data disaggregated by benefit category and region and a comparison to Medicare prices for the same service such as hospital inpatient care or laboratory tests. Makes integrated healthcare delivery systems to report rates based on spending and use by type of service. Finally, if a plan or insurer fails to provide all the information required, the bill would specify that the filing is an unjustified rate.

*Action Taken: Monitoring**Location: 3/26/2019-Assembly Appropriations Committee*

AB 744 (Aguiar-Curry) Introduced: 2/19/2019

CalPERS Position: N/A

Telehealth Services Requires specified health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2020, to reimburse a healthcare provider for the diagnosis, consultation, or treatment of an enrollee, subscriber, insured or policyholder provided through telehealth services. Prohibits health plan contracts or health insurance policies from imposing an annual or lifetime dollar maximum for telehealth services. The bill also authorizes the Director of the Department of Managed Health Care or the Insurance Commissioner to assess a penalty if the health care service plan or health insurer has failed to comply with the provisions and creates the Managed Care Penalty Account within the Managed Care Administrative Fines and Penalties Fund in which administrative penalty fees assessed against a health insurer be deposited.

*Action Taken: Monitoring**Location: Scheduled to be heard in the Assembly Health Committee on April 23, 2019.*

AB 767 (Wicks) Introduced: 2/19/2019

CalPERS Position: N/A

Infertility Treatment. Requires specified health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2010, to offer in vitro fertilization and mature oocyte cryopreservation for the treatment of infertility. Deletes the exemption of religiously affiliated employers, health plan contracts, and health insurance policies from the requirements relating to infertility treatments.

*Action Taken: Monitoring**Location: Scheduled to be heard in the Assembly Health Committee on April 23, 2019.*

AB 824 (Wood) Introduced: 2/20/2019

CalPERS Position: N/A

Preserving Access to Affordable Prescription Drugs. Prohibits generic and brand name drug manufacturers to enter into an agreement that delays the marketing of a drug product which results in higher prices for the generic drug or higher out-of-pocket costs for patented drugs.

Action Taken: Monitoring

Location: Scheduled to be heard in the Assembly Judiciary Special Order on April 9, 2019.

AB 844 (Irwin) Amended: 3/5/2019

CalPERS Position: N/A

Financial Impacts on Mandated Hospital Services and Activities. Creates an independent, nonpartisan body to advise the Governor and Legislature on the financial impact of proposed mandated hospital services and activities, including the increased costs to the CalPERS health program. Requires the chair of a policy or fiscal committee to forward requests to the body to estimate costs for proposed legislation on mandated hospital services and activities. The bill also requires the body to provide its analysis to the policy and fiscal committees no later than 60 days after receiving the request and post its findings on the internet.

Action Taken: Monitoring

Location: 3/4/2019-Assembly Health Committee

AB 931 (Boerner Horvath) Introduced: 2/20/2019

CalPERS Position: N/A

Women Representation on Appointed State and Local Boards and Commissions. Requires the composition of state and local boards and commissions with appointed members to have a specified number of women based on the total number of board members or commissioners on that board. It also requires the office of the Governor to annually collect and release aggregated demographic data of state and local boards and commissions.

Action Taken: Monitoring

Location: 4/4/2019-Assembly Accountability and Administrative Review Committee

AB 979 (Reyes) Introduced: 2/21/2019

CalPERS Position: N/A

Judges' Retirement System II: Deferred Retirement. Makes a number of changes to the Judges' Retirement System II (JRS II) provisions relating to retirement eligibility and employee contributions. Among other things, this bill: (1) changes the eligibility for retirement for a judge in JRS II from 65 years of age and 20 or more years of service to 63 years of age and 15 or more years of service; (2) allows a judge who has accrued a minimum of 15 years of service or attained 60 years of age with a minimum of five years of service to leave the bench and defer the judge's retirement allowance until age 63 or 65, respectively; (3) allows a judge, who has a minimum of 5 years of service and is defeated for reelection, to retire regardless of age as long as the judge has not been disciplined or has pending discipline; and (4) exempts judges from the PEPR provision that requires new employees to pay at least 50 percent of the normal cost.

Action Taken: Engaging with Sponsor.

Location: Scheduled to be heard in the Assembly Public Employment and Retirement Committee on April 24, 2019.

AB 1198 (Stone, Mark) Amended: 3/21/2019

CalPERS Position: N/A

PEPRA Exceptions: Transit Employees. Exempts California transit employees protected by federal transit labor laws, who were hired and became members of a public retirement system before January 1, 2016, from all the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA).

Action Taken: Monitoring

Location: 3/21/2019-Assembly Public Employment and Retirement Committee

AB 1212 (Levine) Introduced: 2/21/2019

CalPERS Position: N/A

Investments into State Infrastructure Projects. Requires a state agency that is responsible for infrastructure projects to develop a list of priority projects and provide that to retirement boards, as specified, for funding consideration. It also requires these state agencies to provide additional information to a board, upon request, to the boards to determine if the project is a suitable investment.

Action Taken: Monitoring

Location: Scheduled to be heard in the Assembly Public Employment and Retirement Committee on April 24, 2019.

AB 1320 (Nazarian) Amended: 3/18/2019

CalPERS Position: N/A

Divestment from Turkish Investment Vehicles. Requires the California Public Employees' Retirement System and the California State Teachers' Retirement System to divest from any investment vehicle in Turkey that is issued, owned, controlled, or managed by the government of Turkey, upon the passage of a federal law imposing sanctions on the government of Turkey for failure to acknowledge the Armenian Genocide, as specified.

Action Taken: Monitoring

Location: 4/3/2019-Assembly Appropriations Committee

AB 1332 (Bonta) Amended: 3/28/2019

CalPERS Position: N/A

Sanctuary State Contracting and Investment Act. Enacts the Sanctuary State Contracting and Investment Act that would prohibit a state or local agency from entering into a new, amended, or extended contract or agreement with any person or entity that provides a federal immigration agency with any data broker, extreme vetting, or detention facilities services, as defined, unless the state or local agency has made a finding that no reasonable alternative exists. The bill exempts contracts related to retirement or retirement obligations that would impact investments or pensions from these provisions.

Action Taken: Monitoring

Location: 4/3/2019-Assembly Public Employment and Retirement Committee

SB 73 (Mitchell) Introduced: 1/10/2019

CalPERS Position: N/A

Budget Act of 2019. Makes appropriations for the support of state government for the 2019-2020 fiscal year.

Action Taken: Monitoring

Location: 1/10/2019-Senate Budget and Fiscal Review Committee

SB 163 (Portantino) Introduced: 1/24/2019

CalPERS Position: N/A

Behavioral Health Treatment Coverage for Pervasive Developmental Disorder or Autism. Among other things, expands the definition of behavioral health treatment for autism to require the services and treatment programs provided to be based on behavioral, developmental, behavior-based, or other evidence-based models. It also prohibits health plans and insurers from denying or reducing medically necessary behavioral health treatment based solely on the setting, location, or time of treatment, or on a lack of parent caregiver participation if a hardship exists, it expands the definition of qualified autism service professionals and requires they undergo background checks.

Action Taken: Monitoring

Location: 4/3/2019-Senate Human Services Committee

SB 184 (Moorlach) Introduced: 1/30/2019

CalPERS Position: N/A

Judges' Retirement System II: Deferred Retirement. Allows a member of the Judges' Retirement System II age 60 years or older with a minimum of five years of service, or who accrues a minimum of twenty years of service, to leave the bench and to elect to receive a monthly defined benefit allowance upon attaining the existing age and service requirements of age 65 with at least 20 years of service, or age 70 with at least five years of service.

Action Taken: Engaging with the Author on technical amendments.

Location: Scheduled to be heard in the Senate Appropriations Committee on April 8, 2019.

SB 266 (Leyva) Introduced: 2/12/2019

CalPERS Position: N/A

Administration of Reportable Compensation. Requires for active members, the retirement contributions made on compensation reported to the System and determined not to be pensionable, to be credited against future contributions on behalf of the employer that reported the disallowed compensation and requires the employer to return to the member any contributions paid by the member. It also requires, for specified retired members, survivors, or beneficiaries whose benefit is based on compensation reported to the System and determined not to be pensionable, the following: 1) CalPERS to permanently adjust the benefit to reflect the exclusion of the disallowed compensation and credit against future contributions all contributions made on the disallowed compensation to the misreporting employer; 2) The misreporting employer to pay CalPERS any benefit overpayment made to the retired member, survivor, or beneficiary based on the disallowed compensation; 3) The misreporting employer to reach a settlement or agreement to pay the actuarial equivalent present value of the benefit that would have been based on the disallowed compensation. It also applies these requirements retroactively to retired members, survivors, or beneficiaries, who received a similar determination on or after January 1, 2017 where their determination has been appealed and administrative or legal remedies have not been exhausted. It also requires CalPERS to review compensation proposals submitted by employers to determine within 60 days whether or not compensation is pensionable. If CalPERS determines that the compensation proposal is pensionable, and then later determines that it is not, this bill holds CalPERS liable for the overpayment.

Action Taken: Engaging with Member and Sponsor.

Location: Scheduled to be heard in the Senate Appropriations Committee on April 8, 2019.

SB 341 (Morrell) Introduced: 2/19/2019

CalPERS Position: N/A

Public Retirement Systems: Actuarial and Investment Reporting. Requires the CalPERS Board of Administration to include in its annual state actuarial report a calculation of liabilities that is based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill also places additional actuarial reporting requirements on CalSTRS and requests that the U.C. Regents submit specified investment return information to the Legislature.

Action Taken: Monitoring

Location: 3/27/2019-Senate Labor, Public Employment and Retirement Committee

SB 430 (Wieckowski) Introduced: 2/21/2019

CalPERS Position: N/A

PEPRA Exemption for New Judges. Exempts judges elected prior to January 1, 2013, from the definition of new member under the Public Employees' Pension Reform Act of 2013, to allow judges that would have otherwise be considered new members because they took office on or after that date, to be subject to a one-year final compensation period used to calculate retirement benefits and an employee contribution rate of eight percent of salary.

Action Taken: Monitoring

Location: Scheduled to be heard in the Senate Labor, Public Employment and Retirement Committee on April 10, 2019.

SB 600 (Portantino) Introduced: 2/22/2019

CalPERS Position: N/A

Health Care Coverage for Fertility Preservation. Prohibits health plan contracts or health insurers to deny coverage for standard fertility preservation treatments for enrollees or insureds who undergo medically necessary treatments such as chemotherapy, radiation, and certain surgeries. Delegates the treating physicians to determine medical necessity, thereby, removes health plan contracts or health insurers to determine coverage.

Action Taken: Monitoring

Location: Scheduled to be heard in the Senate Health Committee on April 24, 2019.

Federal Bills

H.R. 141 – Davis, Rodney (R-IL) Introduced:1/3/2019

CalPERS Position: N/A

Social Security Fairness Act. Repeals the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act, which impacts state and local government retirees that have earned pensions through employment not coordinated with Social Security.

Action Taken: Monitoring

Status: 1/31/2019 Referred to the Subcommittee on Social Security

Note: S. 521 (Brown D-OH) is companion legislation that was introduced on February 14, 2019. Staff is monitoring this companion legislation.

H.R. 624 – Waters, Maxine (D- CA) Introduced:1/16/2019

CalPERS Position: Support

Promoting Transparent Standards for Corporate Insiders Act. Requires the Securities and Exchange Commission (SEC) to study and report on possible revisions to regulations regarding Rule 10b5-1 trading plans. Such plans allow certain employees of publicly traded corporations to sell their shares without violating prohibitions on insider trading. The bill requires the study and report to address multiple trading plans, the timing of trades under trading plans, the timing of trade plan modifications and cancellations, and the disclosure of trade plan adoptions, amendments, terminations and transactions. It also requires the SEC to revise regulations consistent with the results of the study.

Action Taken: Sent a letter to House Financial Services Chairwoman Maxine Waters and Ranking Member Patrick McHenry on January 22, 2019 in support of the bill.

Status: 1/29/2019 – Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

Note: S. 573 (Van Hollen D-MD) is companion legislation that was introduced on February 27, 2019. Staff is monitoring this companion legislation.

H.R. 748 – Courtney, Joe (D-CT) Introduced:1/24/2019

CalPERS Position: N/A

Middle Class Health Benefits Tax Repeal Act of 2019. Repeals the excise tax on employer-sponsored health care coverage for which there is an excess benefit (high-cost plans). The repeal applies to taxable years beginning after December 31, 2019.

Action Taken: Monitoring

Status: 1/24/2019—Referred to House Ways and Means.

H.R. 978 – Matsui, Doris (D- CA) Introduced:2/5/2019

CalPERS Position: N/A

Clean and Efficient Cars Act of 2019. Codifies the Department of Transportation (DOT) and Environmental Protection Agency (EPA) standards established in 2012 for light-duty vehicle greenhouse gas emissions and Corporate Average Fuel Economy (CAFE) for model years 2021 thru 2025. It also prohibits the DOT and EPA from establishing loopholes in those standards.

Action Taken: Monitoring

Status: 2/5/2019—Referred to the House Committee on Energy and Commerce.

S. 80 – Barrasso, John (R- WY) Introduced:1/10/2019

CalPERS Position: N/A

Jobs and Premium Protection Act. Repeals the annual fee on health insurance providers enacted by the Patient Protection and Affordable Care Act.

Action Taken: Monitoring

Status: 1/10/2019—Read twice and referred to the Committee on Finance.

S. 172 – Gardner, Cory (R- CO) Introduced:1/16/2019

CalPERS Position: N/A

Health Insurance Tax Relief Act of 2019. Delays the reimposition of the annual fee on health insurance providers until after 2021.

Action Taken: Monitoring

Status: 1/16/2019—Read twice and referred to the Committee on Finance.

S. 340 – Leahy, Patrick J. (D- VT) Introduced: 2/5/2019

CalPERS Position: N/A

Creating and Restoring Equal Access to Equivalent Samples Act of 2019. Promotes competition in the market for drugs and biological products by facilitating the timely entry of lower-cost generic and biosimilar versions of those drugs and biological products.

Action Taken: Monitoring

Status: 2/6/2019—Read twice and placed on Senate Legislative Calendar under General Orders.

Note: H.R. 965 (Cicilline D-RI) is companion legislation that was introduced on February 5, 2019. Staff is monitoring this companion legislation.

S. 592 – Reed, Jack (D- RI) Introduced:2/28/2019

CalPERS Position: N/A

The Cybersecurity Disclosure Act of 2019. Requires the Securities and Exchange Commission (SEC) to issue final rules requiring publicly traded companies to disclose whether any member of its governing body has expertise or experience in cybersecurity in its mandatory annual report or annual proxy statement. If no member has such expertise or experience, the company must describe what other company cybersecurity steps were taken into account by the persons responsible for identifying and evaluating nominees for the governing body.

Action Taken: Monitoring

Status: 2/28/2019—Committee on Banking, Housing, and Urban Affairs. Hearings held.

Note: H.R. 1731 (Himes D-CT) is companion legislation that was introduced on March 13, 2019. Staff is monitoring this companion legislation.

S. 647 – Schatz, Brian (D-HI) Introduced:3/5/2019

CalPERS Position: N/A

Wall Street Tax Act of 2019. Taxes the sale of stocks, bonds, and derivatives at 0.1 percent (10 basis points). The tax would apply to the fair market value of equities and bonds, and the payment flows under derivatives contracts. Initial public offerings and short-term debt (with a maturity of less than 100 days) would be exempted.

Action Taken: Monitoring

Status: 3/5/2019—Read twice and referred to the Committee on Finance.

Note: H.R. 1516 (DeFazio D-OR) is companion legislation that was introduced on March 5, 2019. Staff is monitoring this companion legislation.
