

**Public Employees' Retirement System  
Board of Administration  
2019-2020 Legislative Session  
State and Federal Update  
Status as of September 5, 2019**

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**Sponsored Bills**

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**AB 672 (Cervantes)** Chaptered: 7/12/2019

CalPERS Position: Sponsor

**Restrictions on Disability Retirees 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: Implementation*

*Location: Chaptered by the Secretary of State, Chapter 98, Statutes of 2019*

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**SB 782 (Committee on Labor, Public Employment and Retirement)** Amended: 8/12/2019

CalPERS Position: Sponsor

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

*Action Taken: Sent letter requesting the Governor's signature.*

*Location: 9/4/2019-Awaiting Signature or Veto on Governor's Desk*

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## Active State Bills

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**AB 181 (Maienschein)** Amended: 9/4/2019

CalPERS Position: N/A

**Emerging 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: Per the September 4, 2019 amendments, this bill does not affect CalPERS and will be removed from the legislative state program update. CalPERS will no longer Support this bill in its amended form.*

*Location: 5/29/2019-Senate Rules Committee*

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**AB 290 (Wood)** Amended: 9/5/2019

CalPERS Position: N/A

**Health Care Service Plans: Third-Party Payments.** Among other things, establishes reporting requirements for financially-interested third-party entities, including a chronic dialysis clinic that is operated, owned, or controlled by a parent entity or related entity that meets the definition of a large dialysis clinic organization. The bill prohibits these entities from making a premium payment unless it discloses the enrollee's name to the health care service plan in advance. 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.

*Action Taken: Monitoring*

*Location: 9/5/2019-Senate Third Reading*

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**AB 598 (Bloom)** Amended: 8/30/2019

CalPERS Position: N/A

**Hearing Aids for Minors.** Requires specified health plan contracts and health insurance policies issued, amended, or renewed on or after July 1, 2020, to cover hearing aids, as defined, for enrollees under the age of 18. For children under the age of five, a contracted provider shall include a pediatric audiologist. The bill limits the maximum coverage amount to \$3,000 per individual hearing aid, and specifies that the individual shall be responsible for the difference between the cost of the hearing aid and the maximum coverage amount.

*Action Taken: Monitoring*

*Location: 9/3/2019-Senate Third Reading*

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**AB 731 (Kalra)** Amended: 8/30/2019

CalPERS Position: Support

**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 health care 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. The bill specifies that it does not impair CalPERS' health plan negotiation and rate setting authority.

*Action Taken: Sent support letter because 8/30/19 amendments addressed the Board's concerns.*

*Location: 9/5/2019-Assembly Concurrence*

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**AB 824 (Wood)** Amended: 9/4/2019

CalPERS Position: Support

**Preserving Access to Affordable Prescription Drugs.** Creates a legal presumption that patent infringement settlement agreements between generic and brand-name drug manufacturers are anticompetitive. Moreover, the parties that enter these agreements are subject to a civil penalty unless they can prove by a preponderance of evidence that the agreements (1) are fair and reasonable compensation solely for goods and services the generic manufacturer has agreed to provide, or (2) generate procompetitive effects.

*Action Taken: Monitoring*

*Location: 9/5/2019-Assembly Concurrence*

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**AB 1212 (Levine)** Amended: 8/12/2019

CalPERS Position: N/A

**Investments into State Infrastructure Projects.** Requires specified state agencies that are responsible for infrastructure projects to develop a list of priority projects to provide to CalPERS and CalSTRS for investment 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. This bill is limited to the Department of Transportation and the Department of Water Resources.

*Action Taken: Monitoring*

*Location: 8/20/2019-Senate Third Reading*

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**AB 1320 (Nazarian)** Amended: 8/30/2019

CalPERS Position: Oppose

**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 owned 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: Advocated the Board's position through committee letters and testimony.*

*Location: 9/3/2019-Senate Third Reading*

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**SB 163 (Portantino)** Amended: 9/5/2019

CalPERS Position: N/A

**Behavioral Health Treatment Coverage for Pervasive Developmental Disorder or Autism.** Among other things, this bill expands the definition of behavioral health treatment for autism to require the services and treatment programs provided to be based on behavioral, developmental, relationship-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 or caregiver participation, when clinically appropriate. It also expands the definition of qualified autism service professionals and requires they undergo background checks.

*Action Taken: Monitoring*

*Location: 9/3/2019-Assembly Third Reading*

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**SB 184 (Moorlach)** Amended: 9/3/2019

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 20 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: Monitoring*

*Location: 9/3/2019-Assembly Third Reading*

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**SB 266 (Leyva)** Amended: 9/3/2019

CalPERS Position: N/A

**Administration of Reportable Compensation.** Among other things, this bill defines “disallowed compensation” and stipulates what would occur if disallowed compensation is reported by the state, school employer, or contracting agency including requiring the employer to pay a retiree the actuarial equivalent of any reduced retirement benefit. It also allows the state, school employer, or contracting agency to submit additional proposed compensation items to CalPERS to determine compliance with existing law.

*Action Taken: Continued to engage author and stakeholders with technical assistance.*

*Location: 9/4/2019-Assembly Third Reading*

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**SB 343 (Pan)** Signed into law

CalPERS Position: Support

**Health Plan Data Disclosure.** Removes an exemption from current law for health plan data disclosure, which has permitted Kaiser Permanente to disclose data differently than other health plans in California. As such, the bill subjects Kaiser Permanente to the same disclosure requirements as other health plans.

*Action Taken: Advocated the Board’s position through committee letters and testimony.*

*Location: 9/5/2019-Signed into law*

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**SB 600 (Portantino)** Amended: 9/5/2019

CalPERS Position: N/A

**Health Care Coverage for Fertility Preservation.** Clarifies that health plan contracts or health insurers that cover hospital, medical or surgical expenses include coverage for standard fertility preservation treatments for enrollees or insureds who undergo medically necessary treatments such as chemotherapy, radiation, and certain surgeries may directly or indirectly cause iatrogenic fertility.

*Action Taken: Monitoring*

*Location: 9/5/2019-Assembly Third Reading*

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## Inactive State Bills

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

CalPERS Position: Oppose

**Private Prison Divestment.**

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

CalPERS Position: N/A

**Retirement System Annual Investment Report.**

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

CalPERS Position: N/A

**State Agency Regulatory Reform.**

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

CalPERS Position: N/A

**Financial Impacts on Mandated Hospital Services and Activities.**

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

CalPERS Position: N/A

**Judges' Retirement System II: Deferred Retirement.**

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

CalPERS Position: N/A

**PEPRA Exceptions: Transit Employees.**

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**AB 1332 (Bonta)** Amended: 4/29/2019

CalPERS Position: N/A

**Sanctuary State Contracting Act.**

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**AB 1611 (Chiu)** Amended: 6/27/2019

CalPERS Position: N/A

**Emergency Care Costs.**

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

CalPERS Position: N/A

**Public Retirement Systems: Actuarial and Investment Reporting.**

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**SB 430 (Wieckowski)** Amended: 5/17/2019

CalPERS Position: N/A

**PEPRA Exemption for New Judges.**

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**SB 746 (Bates)** Amended: 5/30/2019

CalPERS Position: N/A

**Coverage for Anticancer Medical Devices.**

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## Federal Bills

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### **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 House Committee on Ways and Means, 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.*

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### **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 – Referred to the Senate 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.*

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### **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: 7/17/2019—Passed House 419-6. Placed on Senate Legislative Calendar under General Orders.*

*Note: S. 684 (Heinrich D-NM) is companion legislation that was introduced on March 6, 2019. Staff is monitoring this companion legislation.*

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**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 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.*

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**H.R. 2923 – Lee, Barbara (D-CA) Introduced:5/22/2019**

CalPERS Position: N/A

**Inclusive Prosperity Act of 2019.** Imposes a “financial transaction tax” on trades of stocks, bonds, and derivatives at the following rates: 0.5 percent for stocks, 0.1 percent for bonds, and 0.005 percent for derivatives.

*Action Taken: Monitoring*

*Status: 5/22/2019 – Referred to the House Committee on Ways and Means.*

*Note: S. 1587 (Sanders I-VT) is companion legislation that was introduced on May 22, 2019. Staff is monitoring this companion legislation.*

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**H.R. 3279 – Maloney, Carolyn B. (D-NY) Introduced:6/13/2019**

CalPERS Position: Support

**Diversity in Corporate Leadership Act of 2019.** Requires public companies to disclose, in any proxy or consent solicitation material for an annual shareholders meeting, the gender, racial, and ethnic composition of its board of directors and nominees for board membership. It also requires the SEC to establish a Diversity Advisory Group, composed of government, academic, and private-sector representatives, to study strategies for increasing gender, racial, and ethnic diversity among the members of public companies' boards of directors.

*Action Taken: Monitoring*

*Status: 7/11/2019 – Passed the House Committee on Financial Services.*

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**H.R. 3623 – Casten, Sean (D-IL) Introduced:7/5/2019**

CalPERS Position: Support

**Climate Risk Disclosure Act of 2019.** Requires public companies to report on financial impacts related to risks posed to them by climate change, their corporate governance processes to identify and manage climate-related risks, and actions they are taking to mitigate those climate-related risks. It also requires the SEC to issue rules that establish climate-related risk disclosure guidance and require public companies to report risk management actions that companies are taking to address identified risks.

*Action Taken: CalPERS testified in support of this bill at the July 10, 2019 hearing of the House Committee on Financial Services.*

*Status: 7/16/2019 – Passed the House Committee on Financial Services.*

*Note: S. 2075 (Warren D-MA) is companion legislation that was introduced on July 10, 2019. Staff is monitoring this companion legislation.*

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**H.R. 3934 – Brady, Kevin (R-TX) Introduced:7/24/2019**

CalPERS Position: N/A

**Equal Treatment of Public Servants Act of 2019.** Replaces the Windfall Elimination Provision formula that reduces Social Security benefits for individuals whose working career includes employment that was covered by Social Security and employment with a state or local government that was not covered, with a more proportional Public Servant Fairness (PSF) formula that provides a benefit that more accurately reflects career earnings, both covered and not covered by Social Security. Specifically, individuals first eligible to receive Social Security between 2019 and 2022 would not have benefits based on the PSF formula but would instead receive an additional monthly payment (“rebate”). Individuals first eligible to receive Social Security between 2022 and 2060 would receive benefits based on the most generous of the two formulas, while individuals first eligible to receive benefits after that period would have them calculated using the new PSF formula.

*Action Taken: Monitoring*

*Status: 7/24/2019 – Referred to the House Committee on Ways and Means.*

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**S. 64 – Klobuchar, Amy (D-MN) Introduced:1/9/2019**

CalPERS Position: Support

**Preserve Access to Affordable Generics and Biosimilars Act.** Prohibits brand name drug companies from compensating generic drug companies to delay the entry of a generic drug into the market and prohibits biological product manufacturers from compensating biosimilar and interchangeable companies to delay the entry of biosimilar biological products and interchangeable biological products.

*Action Taken: Sent a letter to Senator Klobuchar expressing support for S. 64 on July 8, 2019.*

*Status: 1/9/2019—Referred to the Senate Committee on Judiciary.*

*Note: H.R. 2375 (Nadler D-NY) is companion legislation that was introduced on April 29, 2019. Staff is monitoring this companion legislation.*

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**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—Referred to the Senate Committee on Finance.*

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**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—Referred to the Senate Committee on Finance.*

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

CalPERS Position: Support

**Creating and Restoring Equal Access to Equivalent Samples Act of 2019.** Provides manufacturers of generic drugs and biological products access to samples and safety protocols they need to develop lower-cost generic and biosimilar versions of branded pharmaceuticals.

*Action Taken: Sent a letter to Senator Leahy expressing support for S. 340 on July 8, 2019.*

*Status: 2/6/2019—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.*

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**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 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—Senate 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.*

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**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. 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—Referred to the Senate 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.*

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**S. 1140 – Smith, Tina. (D-MN) Introduced:4/11/2019**

CalPERS Position: Support

**Protecting Access to Biosimilars Act of 2019.** Ensures older products that are now regulated as biologics cannot receive the 12-year patent exclusivity granted to newly licensed products by the Food and Drug Administration.

*Action Taken: Sent a letter to Senator Smith expressing support for S. 1140 on July 18, 2019.*

*Status: 4/11/2019—Senate Committee on Health, Education, Labor and Pensions.*

*Note: H.R. 2011 (DeGette D-CO) is companion legislation that was introduced on April 1, 2019. Staff is monitoring this companion legislation.*

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**S. 1169 – Gardner, Cory (R-CO) Introduced:4/11/2019**

CalPERS Position: Support

**Ensuring Timely Access to Generics Act of 2019.** Specifies factors that the Food and Drug Administration may use to identify and deny citizen petitions that have been submitted for the primary purpose of delaying approval of new generic drugs and biosimilars, and requires it to establish procedures for referring such petitions to the Federal Trade Commission.

*Action Taken: Sent a letter to Senator Gardner expressing support for S. 1169 on July 18, 2019.*

*Status: 4/11/2019—Senate Committee on Health, Education, Labor and Pensions.*

*Note: H.R. 2455 (Joyce R-PA) is companion legislation that was introduced on May 1, 2019 and H.R. 2374 (Jeffries D-NY), H.R. 2387 (Levin D-MI) and S. 1224 (Klobuchar D-MN) are related legislation that staff is monitoring.*

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**S. 1209 – Cassidy, Bill (R-LA) Introduced:4/11/2019**

CalPERS Position: N/A

**Reforming Evergreening and Manipulation that Extends Drug Years Act.** Amends the Abbreviated New Drug Application (ANDA) process used by the Food and Drug Administration to review and approve generic prescription drugs listed in its Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book). Among other things, it allows generic manufacturers to enter the market based on their assessment of the secondary patent validity and the risk of legal action by a brand-name drug manufacturer once its drug substance patent and all exclusivities expire.

*Action Taken: Monitoring*

*Status: 4/11/2019—Senate Committee on Health, Education, Labor and Pensions.*

*Note: H.R. 3812 (McKinley, R-WV) is companion legislation that was introduced on July 17, 2019. Staff is monitoring this companion legislation.*

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**S. 1895 – Alexander, Lamar (R-TN) Introduced:6/19/2019**

CalPERS Position: N/A

**Lower Health Care Costs Act.** Omnibus health care reform legislation that includes, among other things, provisions designed to end surprise medical billing, increase transparency in medical care pricing, and increase competition in the prescription drug marketplace.

*Action Taken: Monitoring*

*Status: 07/08/2019—Placed on Senate Legislative Calendar under General Orders.*

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**S. 2155 – Warren, Elizabeth (D-MA) Introduced:7/17/2019**

CalPERS Position: N/A

**Stop Wall Street Looting Act.** Holds private equity funds jointly and severally liable for debt incurred by a target firm, prohibits target firms from making a capital distribution during the 24 months following a leveraged buyout transaction, applies a 100 percent tax on “monitoring” and “transaction” fees paid by target firms to private fund managers, classifies severance pay owed to employees as administrative expenses for the purposes of Chapter 11 bankruptcy priority claims, taxes carried interest at income tax rates as opposed to at capital gains rates, and amends the Employee Retirement Income Security Act of 1974 to require private fund managers to have a fiduciary duty to pension plans whose assets they manage.

*Action Taken: Monitoring*

*Status: 7/17/2019—Referred to the Senate Committee on Finance.*

*Note: H.R. 3848 (Pocan, D-WI) is companion legislation that was introduced on July 18, 2019. Staff is monitoring this companion legislation.*

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