



Pension and Health Benefits Committee

Agenda Item 4c

November 19, 2019

Item Name: Final Proposed Revisions to the Public Employees' Medical and Hospital Care Act Regulations: Various Technical Revisions

Program: Health Benefits

Item Type: Action Consent

Recommendation

Approve the final proposed regulation to pursue technical and non-substantive amendments to the California Code of Regulations (CCR) § 599.501-599.516 affecting the health benefits program administered by the California Public Employees' Retirement System (CalPERS). With Board of Administration (Board) approval, team members will submit the final rulemaking package to the Office of Administrative Law (OAL) for adoption.

Executive Summary

Staff seeks approval of the Board to make changes to inaccurate code section references and other technical changes to bring the regulations into alignment with current law and practices. Currently, the Public Employees' Medical and Hospital Care Act (PEMHCA) regulations mention statutes and agencies that no longer exist; references antiquated terms and outdated provisions and practices; and has cross-references that are inaccurate. The 45-day public comment period for the proposed regulation closed on July 29, 2019, wherein CalPERS did not receive any public comments. Therefore, the only changes made to the proposed regulation approved by the Board in April was to include the re-lettering of section 599.502 (a) and (f).

Strategic Plan

This proposal supports the 2017-22 CalPERS Strategic Plan to simplify programs to improve service, streamline operations to gain efficiencies, improve productivity, and reduce complexity across the enterprise.

Background

At the April 2019 Board meeting, the Board approved the proposed regulatory action to pursue technical and non-substantive amendments to the CCR § 599.501-599.516 affecting the health benefits program administered by CalPERS.

CalPERS subsequently filed a Notice of Proposed Regulatory Action with OAL, initiating a 45-day public comment period where interested parties could submit public comments relevant to the proposed regulatory action. CalPERS did not receive any public comments during this period, and thus the only changes made to the proposed regulation approved by the Board in April was to include the re-lettering of section 599.502 (a) and (f).

Analysis

All amendments are non-substantive, technical changes. Amendments are necessary to:

- Maintain accuracy by deleting references to code sections no longer in existence
- Conform language to current practices
- Improve clarity and concision
- Update and replace outdated terms
- Re-letter the remaining subdivisions and cross-references for accuracy and consistency

The Notice of Proposed Regulatory Action was published in the California Regulatory Notice Register (File number: Z2019-0604-01) on June 14, 2019. The 45-day comment period commenced on June 14, 2019 and closed on July 29, 2019. CalPERS team members did not receive any public comments or requests for a public hearing during this time period.

With Board approval of the proposed regulations, the rulemaking package will be prepared and submitted to OAL, which has 30 days to review the package. If OAL approves the proposed regulations, it will file the regulation with Secretary of State for official publication in the California Code of Regulations. The regulations are anticipated to be effective on April 1, 2020.

Budget and Fiscal Impacts

None.

Benefits and Risks

Benefits

- Maintains consistency with business practice and statute
- Minimizes confusion among members, employers and CalPERS staff
- Addresses audit finding
- Streamlines and clarifies health program guidelines and operations for employers and members
- Eliminates outdated statutory requirements

Risk

None.

Attachments

Attachment 1 – Text of proposed regulations

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