

TITLE 2. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM NOTICE OF PROPOSED REGULATORY ACTIONS

NOTICE IS HEREBY GIVEN that the Board of Administration (Board) of the California Public Employees' Retirement System (CalPERS) proposes to take the regulatory action described below after considering public comments, objections, or recommendations.

I. PROPOSED REGULATORY ACTION

In this filing, the Board proposes to amend § 599.500 and § 599.508 of the California Code of Regulations (CCR), Title 2, titled "Definitions" and "Minimum Standards for Health Benefit Plans." The proposed regulations will modify or delete out of date provisions and make other technical changes to align the regulations with current and best practices.

II. WRITTEN COMMENT PERIOD

Any interested person may submit written comments relevant to the proposed regulatory action. The written comment period has been established commencing on January 1, 2021 and closing on February 15, 2021. The Regulations Coordinator must receive all written comments by the close of the comment period. Comments may be submitted via Fax at (916) 795-4607; e-mail at Regulation_Coordinator@calpers.ca.gov or mailed to the following address:

Anthony Martin, Regulation Coordinator
California Public Employees' Retirement System
P.O. Box 942702
Sacramento, California 94229-2702
Phone: (916) 795-3038

III. PUBLIC HEARING

Pursuant to Government Code (GC) § 11346.8, a public hearing on this matter has not been scheduled. However, if an interested person or his or her duly authorized representative submits in writing to the CalPERS Regulations Coordinator a request for a public hearing no later than 15 days prior to the close of the written comment period, February 1, 2021, a public hearing shall be scheduled before the CalPERS Pension and Health Benefits Committee. Notice of the time, date, and place of the hearing will be provided to every person who has filed a request for notice with CalPERS.

IV. ACCESS TO HEARING ROOM

The hearing room will be accessible to persons with mobility impairments, and it can be made accessible to persons with hearing or vision impairments upon advance request to the Regulation Coordinator.

V. AUTHORITY AND REFERENCE

The Board has general authority to take regulatory action under GC § 22796. Reference citation: California Government Code § 22850, 22864 and 22911.

VI. INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

CalPERS benefit programs and administrative processes are subject to numerous regulatory requirements, several of which have been identified by team members as outdated, subject to confusion among stakeholders, or which otherwise represent an opportunity to realize efficiencies through their modification or clarification. In these cases, the recommended regulatory changes are appropriate for the continued administration and good governance of CalPERS.

CalPERS seeks to make changes to align the regulations with current and best practices. Currently, the Public Employees' Medical and Hospital Care Act (PEMHCA) regulations include outdated provisions and practices.

ANTICIPATED BENEFITS OF THE PROPOSED REGULATION

The proposed regulatory action will not affect worker safety or the state's environment. The proposed regulations will modify or delete out of date provisions and make other technical changes to align the regulations with current and best practices.

EVALUATION OF INCONSISTENCY/INCOMPATIBILITY WITH EXISTING STATE REGULATIONS

CalPERS has evaluated and determined that the proposed regulations are not inconsistent, nor incompatible with existing State regulations. There are no other comparable existing State regulations pursuant to GC Section 11346.5, subdivision (a), paragraphs (3)(D).

VII. EFFECT ON SMALL BUSINESS

The proposed regulatory actions do not affect small business because it applies only to the California Public Employees' Retirement Law.

VIII. DISCLOSURES REGARDING THE PROPOSED REGULATORY ACTION/RESULTS OF THE ECONOMIC ANALYSIS/ASSESSMENT

- A. MANDATE ON LOCAL AGENCIES AND SCHOOL DISTRICTS:
The proposed regulatory action does not impose requirements on local agencies and school districts that contract with CalPERS

above and beyond the normal scope of setting health benefit plan premiums.

- B. **COST OR SAVINGS TO ANY STATE AGENCY:** The proposed regulatory action will not reflect a cost or savings to any State agency.
- C. **COST TO ANY LOCAL AGENCY OR SCHOOL DISTRICT:** The proposed regulatory action will not impose costs to any local agency or school district.
- D. **NONDISCRETIONARY COSTS OR SAVINGS IMPOSED ON LOCAL AGENCIES:** The proposed regulatory action will not impose nondiscretionary costs or savings on local agencies.
- E. **COSTS OR SAVINGS IN FEDERAL FUNDING TO THE STATE:** There are no costs or savings in federal funding to the state.
- F. **ADVERSE ECONOMIC IMPACT:** The proposed regulation will not have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.
- G. **COST IMPACT ON REPRESENTATIVE PRIVATE PERSONS OR BUSINESSES:** CalPERS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.
- H. **IMPACT ON JOBS AND BUSINESS WITHIN CALIFORNIA:** The proposed regulatory action will not: (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; (3) affect the expansion of businesses currently doing business within California; or (4) affect worker safety or the state's environment.

CalPERS believes making corrections to outdated terms and provisions and other technical changes to the regulation benefits the health and welfare of California residents by ensuring program integrity and sustainability of the CalPERS health benefits programs which covers more than 1.5 million active and retired state, local government, and school employees, and their family members.

- I. **EFFECT ON HOUSING COSTS:** The proposed regulatory action will have no significant effect on housing costs.
- J. **COST TO ANY LOCAL AGENCY OR SCHOOL DISTRICT WHICH MUST BE REIMBURSED IN ACCORDANCE WITH GC SECTIONS 17500 THROUGH 17630:** There are no costs to any local agency or

school district which must be reimbursed in accordance with GC Sections 17500 through 17630.

IX. CONSIDERATION OF ALTERNATIVES

In accordance with GC Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative considered by the Board or that has otherwise been identified and brought to the attention of the Board, would be:

- more effective in carrying out the purpose of the proposed action,
- as effective as, and less burdensome to affected private persons than the proposed action, or
- more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period.

X. CONTACT PERSONS

Please direct inquiries concerning the substance of the proposed rulemaking action to:

Karen Pales, Assistant Division Chief
CalPERS Health Plan Research & Administration Division
California Public Employees' Retirement System
P.O. Box 720724
Sacramento, CA 94229-0724
Telephone: (916) 795-0112
E-Mail: Karen.Pales@calpers.ca.gov

Ryan Ball, Research Data Specialist
CalPERS Health Plan Research & Administration Division
California Public Employees' Retirement System
P.O. Box 720724
Sacramento, CA 94229-0724
Telephone: (916) 795-7847
E-Mail: Ryan.Ball@calpers.ca.gov

Please direct requests concerning processing of this rulemaking action to the CalPERS Regulation Coordinator, at the address shown in Section II.

XI. AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The entire rulemaking file is available for public inspection through the Regulations Coordinator at the address shown above. To date, the file

consists of this notice, the proposed text of the regulations, and the Initial Statement of Reasons (ISOR). A copy of the proposed text and the ISOR is available at no charge upon telephone or written request to the Regulations Coordinator.

The Final Statement of Reasons can be obtained, once it has been prepared, by written request to Anthony Martin, Regulation Coordinator, at the address shown in Section II.

For immediate access, the regulatory material regarding this action can be accessed at CalPERS' website at www.calpers.ca.gov.

XII. AVAILABILITY OF CHANGED OR MODIFIED TEXT

The Board may, on its own motion or at the recommendation of any interested person, modify the proposed text of the regulations after the public comment period closes.

If the Board modifies its regulatory action, it will prepare a comparison of the original proposed text and the modifications for an additional public comment period of not less than 15 days prior to the date on which the Board adopts, amends, or repeals the resulting regulation. A copy of the comparison text will be mailed to all persons who submitted written comments or asked to be kept informed as to the outcome of this regulatory action.

XIII. AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon completion, copies of the Final Statement of Reasons may be obtained by contacting the CalPERS Regulation Coordinator at the address shown in Section II.