

Assembly Bill No. 1908

CHAPTER 871

An act to amend Sections 19867, 21661, 21662, and 21664 of the Government Code, relating to public employee benefits.

[Approved by Governor September 25, 2002. Filed with Secretary of State September 26, 2002.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1908, Cohn. Public employees: long-term care insurance.

Existing law requires that the full cost of enrollment in a long-term care insurance plan or health care service plan contract covering long-term care offered to active and retired public employees, as specified, and their spouses, parents, and spouses' parents by the Board of Administration of the Public Employees' Retirement System be paid by the enrollees.

This bill would delete that requirement and make related conforming changes.

The people of the State of California do enact as follows:

SECTION 1. Section 19867 of the Government Code is amended to read:

19867. (a) The Legislature finds and declares that the interests of the state would be served by the Department of Personnel Administration meeting and conferring with the exclusive representatives of the various bargaining units to discuss the establishment of long-term care benefits for state employees.

(b) If long-term care insurance plans are not available to state employees within one year following the date on which any long-term care plan is first offered for enrollment by the Board of Administration of the Public Employees' Retirement System, state employees may enroll in the long-term care insurance plans offered by the Board of Administration of the Public Employees' Retirement System.

(c) If subdivision (b) is in conflict with a memorandum of understanding entered into pursuant to Section 3517.5, the memorandum of understanding shall prevail and control without further legislative action, except that if the prevailing provisions of a memorandum of understanding require the expenditure of funds, these provisions may not become effective unless approved by the Legislature in the annual Budget Act.



(d) The Department of Personnel Administration may enter into contracts with the Board of Administration of the Public Employees' Retirement System to allow active eligible state employees, and their spouses and parents to enroll in any long-term care insurance plans offered by the Board of Administration.

SEC. 2. Section 21661 of the Government Code is amended to read:

21661. (a) The board shall contract with carriers offering long-term care insurance plans and enter into health care service plan contracts covering long-term care.

The long-term care insurance plans and health care service plan contracts covering long-term care shall be made available periodically during open enrollment periods determined by the board.

(b) The board shall award contracts to carriers who are qualified to provide long-term care benefits, and may develop and administer self-funded long-term care insurance plans. The board may offer one or more long-term care insurance plans or health care service plan contracts covering long-term care and may offer service or indemnity-type plans.

(c) The long-term care insurance plans and health care service plan contracts covering long-term care shall include home, community, and institutional care and shall, to the extent determined by the board, provide substantially equivalent coverage to that required under Chapter 2.6 (commencing with Section 10231) of Part 2 of Division 2 of the Insurance Code, if the carrier has been approved by the Department of Managed Health Care pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code.

(d) The classes of persons who shall be eligible to enroll are:

(1) Active and retired members and annuitants of the Public Employees' Retirement System, and their spouses, parents, siblings, and spouses' parents.

(2) Active and retired members and annuitants of any county or district subject to the County Employees Retirement Law of 1937, and their spouses, parents, siblings, and spouses' parents.

(3) Active and retired members and annuitants of the State Teachers' Retirement Plan, and their spouses, parents, siblings, and spouses' parents.

(4) Active employees and retirees and annuitants of any public agency that is a contracting agency under this part or Part 5 (commencing with Section 22751), and their spouses, parents, siblings, and spouses' parents.

(5) Active and retired members and annuitants of the Judges' Retirement System, and their spouses, parents, siblings, and spouses' parents.



(6) Active and retired members and annuitants of the Judges' Retirement System II, and their spouses, parents, siblings, and spouses' parents.

(7) Active and retired members and annuitants of the Legislators' Retirement System, and their spouses, parents, siblings, and spouses' parents.

(8) Members of the California Assembly and Senate and their spouses, parents, siblings, and spouses' parents.

(9) Active and retired members and annuitants, and other classes of employees of other public employee retirement systems or public employers as the board determines may be eligible under the standards the board may prescribe, and their spouses, parents, siblings, and spouses' parents.

(10) Active employees and retirees and annuitants of any agency specified in paragraphs (1) through (9) who reside in the United States, its territories and possessions, or in a country in which a provider network can be established comparable in quality and effectiveness to those established in the United States.

(e) Any California public agency or retirement system may contract with the board to extend the provisions of this article to its active and retired employees and annuitants.

(f) Irrespective of paragraphs (1) through (10) of subdivision (d), no person may be enrolled unless he or she meets the eligibility and underwriting criteria established by the board.

(g) Irrespective of paragraphs (1) through (10) of subdivision (d), enrollment of active employees of the State of California shall be subject to Section 19867.

(h) The board shall establish eligibility criteria for enrollment, establish appropriate underwriting criteria for potential enrollees, define the scope of covered benefits, define the criteria to receive benefits, and set any other standards as needed. As used in this section, "sibling" shall mean a sibling who is at least 18 years of age.

(i) The long-term care insurance plans and health care service plan contracts covering long-term care may not become part of, or subject to, the retirement or health benefits programs administered by the system.

(j) For any self-funded long-term care plan developed by the board, the premiums shall be deposited in the Public Employees' Long-term Care Fund.

SEC. 3. Section 21662 of the Government Code is amended to read:
21662. The board shall consult with employer and employee representatives of the state and local government entities for whom the board administers retirement benefits. The board and each employer is authorized to recover the administrative costs of the long-term care



insurance program from insurance carriers and premiums. Costs recovered by the board from insurance carriers and premiums shall be deposited in the Public Employees' Long-Term Care Fund.

SEC. 4. Section 21664 of the Government Code is amended to read:

21664. (a) The Public Employees' Long-term Care Fund is established for the purpose of administering any self-funded long-term care plan developed by the board and for recovering the administrative costs of the long-term care program from insurance carriers and premiums. Notwithstanding Section 13340, the Public Employees' Long-term Care Fund is continuously appropriated, without regard to fiscal years, to the board to carry out the purposes of this article, consistent with its fiduciary duty. Funding for the board's administrative costs is subject to appropriation by the Legislature and shall be paid out of the Public Employees' Long-term Care Fund.

(b) The board may set the premiums for any self-funded long-term care plan and assess charges against carriers and the premiums to recover the administrative costs of the long-term care program.

(c) The board shall have the exclusive control of the administration and investment of the Public Employees' Long-term Care Fund. The board may invest funds in the Public Employees' Long-term Care Fund pursuant to the law governing its investment of the retirement fund. The board may authorize its investment staff, or may contract with independent investment managers, to manage the investments of the Public Employees' Long-term Care Fund.

(d) Income, of whatever nature, earned on the Public Employees' Long-term Care Fund during any fiscal year, shall be credited to the fund.

(e) The Legislature finds and declares that the Public Employees' Long-term Care Fund is a trust fund held for the exclusive benefit of enrollees in the long-term care plans offered pursuant to this article.

(f) It is the intent of the Legislature to provide, in the future, appropriate resources to properly administer the long-term care program.

