

Senate Bill No. 202

CHAPTER 798

An act to repeal and add Section 22825.5 to the Government Code, relating to public employee postretirement health benefits.

[Approved by Governor October 12, 2001. Filed with Secretary of State October 13, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

SB 202, Soto. Public employee postretirement health benefits: employer contributions.

The Public Employees' Medical and Hospital Care Act requires contracting agencies, as defined, to pay employer contributions for postretirement health benefits for employees who retire for service and who are first employed after the date of the contract amendment or January 1, 1999, subject to specified conditions. In those circumstances, for employees with 20 or more years of credited service, the contracting agency is required to pay 100% of the required health premium.

This bill would recast those provisions and, upon approval by the governing body of a contracting agency, would authorize the contracting agency to give employees hired prior to the contract amendment the right to elect to be subject to those provisions, and would require the contracting agency also to pay 100% of the required health premium for annuitants who retired for disability and annuitants who retired with 20 or more years of service credit with the contracting agency and who meet specified criteria.

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

SECTION 1. Section 22825.5 of the Government Code is repealed.

SEC. 2. Section 22825.5 is added to the Government Code, to read:

22825.5. (a) Notwithstanding Section 22825, the percentage of employer contribution payable for postretirement health benefits for any employee of a contracting agency subject to this section shall, except as provided in subdivision (b), be based on the member's completed years of credited state service at retirement as shown in the following table:

Credited Years of Service	Percentage of Employer Contribution
10	50



11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

This subdivision shall apply only to employees who retire for service and, except as provided in paragraph (6), who are first employed after this section becomes applicable to their employer. The application of this subdivision to those employees shall be subject to the following provisions:

(1) The employer’s contribution with respect to each annuitant shall be adjusted by the employer each year. Those adjustments shall be based upon the principle that the employer’s contribution for each annuitant shall not be more than 100 percent of the premium applicable to him or her, nor less than an amount equal to 100 percent of the weighted average of the health benefits plan premiums for employees or annuitants enrolled for self alone plus 90 percent of the weighted average of the additional premiums required for enrollment of family members in the four health benefits plans that have the largest number of enrollments during the fiscal year to which the formula applied.

(2) The employer shall have, in the case of employees represented by a bargaining unit, reached an agreement with that bargaining unit to be subject to this section.

(3) The employer shall certify to the board, in the case of employees not represented by a bargaining unit, that there is not an applicable memorandum of understanding.

(4) The credited service of any employee for the purposes of determining the percentage of employer contributions applicable under this section shall mean state service as defined in Section 20069, except that not less than five years of that service shall be performed entirely with that employer.

(5) The employer shall provide the board any information requested that the board determines is necessary to implement this section.

(6) The employer may, once each year without discrimination, allow all employees who were first employed before this section became applicable to the employer to individually elect to be subject to the



provisions of this section and the employer shall notify the board which employees have made that election.

(b) Notwithstanding subdivision (a), the contribution payable by an employer subject to this section shall be equal to 100 percent of the amount established pursuant to paragraph (1) of subdivision (a) on behalf of any annuitant who either:

(1) Retired for disability.

(2) Retired for service with 20 or more years of service credit entirely with that employer, regardless of the number of days after separation from employment. The contribution payable by an employer under this paragraph shall be paid only if it is greater than, and made in lieu of, any contribution payable to the annuitant by any other employer under this part.

The board shall establish application procedures and eligibility criteria under this subdivision.

(c) This section shall not apply to any contracting agency nor to its employees and annuitants unless and until the agency files with the board a resolution of its governing body electing to be so subject. The resolution shall be adopted by a majority vote of the governing body and shall be effective at the time provided in the board's regulations.

