

**Introduced by Senator Torlakson**

February 6, 2003

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An act to amend Section 25930 of, to add Section 25911 to, and to add Chapter 5 (commencing with Section 25960) to Part 13.5 of Division 1 of Title 1 of, the Education Code, relating to school employee benefits, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 147, as introduced, Torlakson. School Health Security Account Program.

Existing law establishes the Teachers' Health Benefit Fund, a continuously appropriated fund, and authorizes the Teachers' Retirement Board to administer that fund with respect to any health benefits program enacted by the Legislature for members, as defined.

This bill would require the Teachers' Retirement Board, by July 1, 2005, to establish and administer the Health Security Account Program for school employees who have retired or have reached normal retirement age. The program would reimburse those employees for covered medical expenses, as defined by the board, and would be funded by the employer, if the employer elects to participate, through contributions to the Teachers' Health Benefits Fund. By increasing contributions to a continuously appropriated fund, the bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. Section 25911 is added to the Education Code,  
2 to read:

3 25911. “Board” means the Teachers’ Retirement Board.

4 SEC. 2. Section 25930 of the Education Code is amended to  
5 read:

6 25930. There is in the State Treasury a special trust fund to be  
7 known as the Teachers’ Health Benefits Fund. There shall be  
8 deposited in the fund the employer contributions required under  
9 subdivision (c) of Section 22950, *contributions required under*  
10 *Sections 25962 and 25966*, income on investments, other interest  
11 income, income from fees and penalties, premiums paid by  
12 members, donations, legacies, bequests made to the fund and  
13 accepted by the board, and any other amounts provided by this  
14 part. Notwithstanding Section 13340 of the Government Code, the  
15 proceeds of the fund are hereby continuously appropriated without  
16 regard to fiscal year for purposes of this part. The design and  
17 administration of the fund and any program financed from the fund  
18 shall comply with Section 115 of Title 26 of the United States  
19 Code.

20 SEC. 3. Chapter 5 (commencing with Section 25960) is added  
21 to Part 13.5 of Division 1 of Title 1 of the Education Code, to read:

22

23 CHAPTER 5. HEALTH SECURITY ACCOUNT PROGRAM

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25 25960. The board shall, on or before July 1, 2005, establish  
26 and administer the Health Security Account Program for members  
27 who have retired or have reached normal retirement age. The  
28 program shall provide those members with reimbursements for  
29 covered medical expenses. The design and administration of the  
30 program shall conform to applicable provisions of the Internal  
31 Revenue Code and the Revenue and Taxation Code.

32 25961. As used in this chapter:

33 (a) Notwithstanding Section 25925, “member” means a  
34 current employee, who has reached normal retirement age, or a  
35 retired employee of an employer as defined in Section 25921.

36 (b) “Program” means the Health Security Account Program  
37 established by this chapter.



1 25962. The board shall establish the rates of contribution,  
2 minimum interest rate, if applicable, covered medical expenses,  
3 and the extent to which the system shall administer the program or  
4 contract with a vendor for services.

5 25963. Member accounts under the program shall be nominal  
6 accounts. Member contributions and employer contributions on  
7 behalf of the member that are specifically identified as creditable  
8 to the program shall be treated as credits to the member's account.  
9 The member does not have a right or claim to any specific assets  
10 of the account, program, or fund.

11 25964. The program shall provide reimbursements for  
12 covered medical expenses, as defined by the board, to members  
13 whose employers have elected to participate in the program as  
14 provided in Section 25965. Reimbursements for covered medical  
15 expenses shall also be provided to the spouse and dependents of  
16 members. Upon the death of the member, the member's account  
17 balance shall be available to the member's surviving spouse and  
18 dependents for reimbursement of covered medical expenses.

19 25965. The governing board of an employer may, by formal  
20 action, elect to participate in the program.

21 25966. (a) The board shall determine a minimum level of  
22 contribution to be made by the employer on behalf of members of  
23 the employer.

24 (b) The board shall determine whether a minimum interest rate  
25 is credited to members' accounts and, if so, the interest rate.

26 25967. The board shall adopt regulations to implement the  
27 program. The costs of establishing and administering the program  
28 shall be paid from employer contributions in the Health Benefits  
29 Fund.

