

AMENDED IN ASSEMBLY AUGUST 5, 2013

AMENDED IN ASSEMBLY MAY 30, 2013

AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 215

Introduced by Senator Beall

February 11, 2013

An act to amend Sections 20092, 21269, 21462, 22850, 22920, and 22922 of, and to repeal Section 20204 of, the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 215, as amended, Beall. Public employees' retirement.

(1) Existing law provides that the Public Employees' Retirement System (PERS) is governed by its board of administration (board) and prescribes the composition of the board. Existing law requires the retirement fund of PERS to reimburse an employing agency that employs an elected member of the board and that employs a person to replace the member during attendance at meetings of the board, among other times, for the direct and reasonable costs incurred by employing a replacement.

This bill would recast these provisions to provide that the employing agency be reimbursed, as specified, without regard to whether it replaces the elected member.

(2) Existing law authorizes the board to sell exchange-traded call options only through an exchange, and only with respect to stock owned by the system, as specified.

This bill would repeal these provisions.

(3) Existing law authorizes a member or retired member, in lieu of the retirement allowance for his or her life alone, to elect, or to revoke or change a previous election, to have the actuarial equivalent of his or her retirement allowance, as specified, applied to a lesser retirement allowance, in accordance with one of several optional settlements. Existing law authorizes a member who previously elected to receive one of certain optional settlements involving a life contingency of the beneficiary, and who has a qualifying event, as specified, to make a new election within 12 months after the occurrence of the qualifying event. Existing law requires the member to name a new beneficiary for this purpose.

This bill would authorize a member who exercises the election described above on and after January 1, 2014, to name the same beneficiary as previously designated, and requires that the resulting benefit under these circumstances otherwise satisfy applicable existing law requirements.

~~(3)~~

(4) Existing law permits a person entitled to a benefit from PERS to request that payment be made by an electronic fund transfer, as specified. Existing law prohibits the board from sending a copy of benefit payment information to any person who has had payment made by electronic fund transfer or by mail, as specified, if the board has received a written request from that person that it not be sent.

This bill would authorize the board to make available, in a manner it determines appropriate, copies of the monthly benefit payment information electronically and by mail. The bill would require the board, if it does not elect to mail copies of this payment information, as specified, to all or some of the people receiving monthly benefit payments, to notify people of their right to request that a copy of the benefit payment information be mailed. The bill would require the board to mail the information upon receiving a written request to do so.

~~(4)~~

(5) Existing law, the Public Employees' Medical and Hospital Care Act (PEMHCA), authorizes the board to enter into contracts with carriers offering health benefit plans or with entities offering services relating to the administration of health benefit plans. Existing law specifically authorizes the board to contract for, or approve, health benefit plans exclusively for the employees and annuitants of contracting agencies. Existing law authorizes a contracting agency and its employees and annuitants to elect to be subject to PEMHCA upon filing with the board

a resolution of its governing body, as specified. Existing law authorizes the board, by regulation, to establish requirements for a contracting agency that elects to become subject to PEMHCA.

This bill would provide that a contracting agency and its employees and annuitants may obtain a health benefit plan, as defined, subject to board approval of a resolution submitted by the governing body. The bill would authorize the board to refuse to contract with, or to agree to an amendment proposed by, any contracting agency for benefit provisions that are not specifically authorized by PEMHCA and that the board determines would adversely affect the administration of this system. Among other things, the bill would permit the board to require the contracting agency to enter into a contract with the board in this regard. The bill would require that the approval of the contract be by affirmative vote of a majority of the members of the relevant governing body.

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

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

1 SECTION 1. Section 20092 of the Government Code is
2 amended to read:

3 20092. Each employing agency that employs an elected
4 member of the board shall be reimbursed by the retirement fund
5 in an amount equal to the salary and benefits paid to the elected
6 board member by the employing agency for the percentage of the
7 elected board member’s regular work schedule during which the
8 elected board member is on leave from the employing agency to
9 attend meetings or activities of the board, or meetings of
10 committees or subcommittees of the board, or when serving as
11 president or vice president of the board or chair or vice chair of a
12 committee or subcommittee of the board, or when carrying out
13 other powers or duties as may be approved by the board, or to
14 otherwise fulfill his or her responsibilities to the system.

15 SEC. 2. Section 20204 of the Government Code is repealed.

16 SEC. 3. Section 21269 of the Government Code is amended
17 to read:

18 21269. (a) Any person entitled to a benefit from this system
19 may request that payment be made by deposit by electronic fund

1 transfer in the person's bank, savings and loan association, or credit
2 union account.

3 (b) If deposit pursuant to subdivision (a) is not available, deposit
4 may be made by mail in the person's bank, savings and loan
5 association, or credit union account.

6 (c) Mailing of the warrant or electronic fund transfer is a full
7 discharge of the board and this system.

8 (d) The board shall make available, in a manner it determines
9 appropriate, copies of the monthly benefit payment information
10 electronically or by mail.

11 (1) If the board elects to mail copies of this payment information
12 to all or a portion of persons receiving monthly benefit payments,
13 it shall not send a copy of the benefit payment information to any
14 person who has had payment made by electronic fund transfer or
15 by mail pursuant to subdivision (a) or (b), if the board has received
16 a written request from that person that it not be sent.

17 (2) The board shall notify persons subject to this section, in the
18 monthly benefit payment notice, of their right to request that no
19 copy of the benefit payment information be mailed, pursuant to
20 paragraph (1).

21 (3) If the board does not elect to mail copies of this payment
22 information to all or a portion of persons receiving monthly benefit
23 payments, it shall notify a person subject to this section of his or
24 her right to request that a copy of the benefit payment information
25 be mailed. The board shall mail a copy of the benefit payment
26 information if the system has received a written request to do so
27 from that person.

28 *SEC. 4. Section 21462 of the Government Code is amended to*
29 *read:*

30 21462. (a) (1) Notwithstanding any other provision of this
31 part, a member who elected to receive optional settlement 2, 3, or
32 4, involving a life contingency of the beneficiary, may, if the
33 beneficiary predeceases the member or if the member marries and
34 the former spouse was not named as beneficiary, or, if a former
35 spouse was named, in the event of a dissolution or annulment of
36 the marriage or a legal separation in which the judgment dividing
37 the community property awards the total interest in the retirement
38 system to the retired member, elect to have the actuarial equivalent
39 reflecting any selection against the fund resulting from the election
40 as of the date of election of the allowance payable for the remainder

1 of the member's lifetime under the optional settlement previously
2 chosen applied to a lesser allowance during the member's
3 remaining lifetime under one of the optional settlements specified
4 in this article and name a different beneficiary. ~~The~~

5 *(2) Notwithstanding paragraph (1), for an election pursuant to*
6 *this section that occurs on or after January 1, 2014, a member*
7 *may name the same beneficiary as previously designated, provided*
8 *that the resulting benefit to the member and the named beneficiary*
9 *otherwise meets the requirements of this section.*

10 *(b) The election shall be made within 12 months following the*
11 *death of the beneficiary who predeceased the member or within*
12 *12 months of the date of entry of the judgment dividing the*
13 *community property of the parties, or within 12 months following*
14 *marriage if the spouse is named as beneficiary. The election shall*
15 *become effective on the date specified on the election, provided*
16 *that this date is not earlier than the day following receipt of the*
17 *election in this system pursuant to this section.*

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19 *(c) A member who has a qualifying event prior to January 1,*
20 *1988, and who fails to elect by January 1, 1989, or a member who*
21 *has a qualifying event on or after January 1, 1988, and who fails*
22 *to elect within 12 months, shall retain the right to make an election*
23 *under this section. However, this election shall become effective*
24 *no earlier than 12 months after the date it is filed with the board,*
25 *provided that neither the member nor the designated beneficiary*
26 *die prior to the effective date of the election.*

27 ~~This~~

28 *(d) This section shall not be construed to mean that designation*
29 *of a new beneficiary causes the selection of an optional settlement.*
30 *An optional settlement shall be selected by a member in a writing*
31 *filed by the member with the board.*

32 ~~SEC. 4.~~

33 *SEC. 5. Section 22850 of the Government Code is amended*
34 *to read:*

35 *22850. (a) The board may, without compliance with any*
36 *provision of law relating to competitive bidding, enter into*
37 *contracts with carriers offering health benefit plans or with entities*
38 *offering services relating to the administration of health benefit*
39 *plans.*

1 (b) The board may contract with carriers for health benefit plans
2 or approve health benefit plans offered by employee organizations,
3 provided that the carriers have operated successfully in the hospital
4 and medical care fields prior to the contracting for or approval
5 thereof. The plans may include hospital benefits, surgical benefits,
6 inpatient medical benefits, outpatient benefits, obstetrical benefits,
7 and benefits offered by a bona fide church, sect, denomination, or
8 organization whose principles include healing entirely by prayer
9 or spiritual means.

10 (c) Notwithstanding any other provision of this part, the board
11 may contract with health benefit plans offering unique or
12 specialized health services.

13 (d) The board may administer self-funded or minimum premium
14 health benefit plans.

15 (e) The board may contract for or implement employee cost
16 containment and cost reduction incentive programs that involve
17 the employee, the annuitant, and family members as active
18 participants, along with the carrier and the provider, in a joint effort
19 toward containing and reducing the cost of providing medical and
20 hospital health care services to public employees. In developing
21 these plans, the board, in cooperation with the Department of
22 Human Resources, may request proposals from carriers and
23 certified public employee representatives.

24 (f) Notwithstanding any other provision of this part, the board
25 may do any of the following:

26 (1) Contract for, or approve, health benefit plans that charge a
27 contracting agency and its employees and annuitants rates based
28 on regional variations in the costs of health care services.

29 (2) Contract for, or approve, health benefit plans exclusively
30 for the employees and annuitants of contracting agencies. State
31 employees and annuitants may not enroll in these plans. The board
32 may provide health benefit plans exclusively for employees and
33 annuitants of contracting agencies in addition to or in lieu of other
34 health benefit plans offered under this part pursuant to Section
35 22922.

36 (3) Implement and administer risk adjustment procedures
37 consistent with Section 22864 that require health benefit plans to
38 adjust premiums and authorize the system to redistribute premiums
39 based on rules and regulations established by the board for this
40 purpose.

1 (g) The board shall approve any employee association health
2 benefit plan that was approved by the board in the 1987–88 contract
3 year or prior, provided the plan continues to meet the minimum
4 standards prescribed by the board. The trustees of an employee
5 association health benefit plan are responsible for providing health
6 benefit plan administration and services to its enrollees.
7 Notwithstanding any other provision of this part, the California
8 Correctional Peace Officer Association Health Benefits Trust may
9 offer different health benefit plan designs with varying premiums
10 in different areas of the state.

11 (h) Irrespective of any other provision of law, the sponsors of
12 a health benefit plan approved under this section may reinsure the
13 operation of the plan with an admitted insurer authorized to write
14 disability insurance, if the premium includes the entire prepayment
15 fee.

16 ~~SEC. 5.~~

17 *SEC. 6.* Section 22920 of the Government Code is amended
18 to read:

19 22920. The following entities are eligible to obtain a health
20 benefit plan, as defined in Section 22777, subject to board approval:

21 (a) A contracting agency, as defined in Section 20022, a county
22 or special district subject to the County Employees Retirement
23 Law of 1937 (Chapter 3 (commencing with Section 31450) of Part
24 3 of Division 4 of Title 3), and a school employer.

25 (b) A public body or agency of or within the state that is not
26 subject to Part 3 (commencing with Section 20000) of the
27 Government Code or the County Employees Retirement Law of
28 1937 (Chapter 3 (commencing with Section 31450) of Part 3 of
29 Division 4 of Title 3), and that provides a retirement system for
30 its employees funded wholly or in part by public funds.

31 (c) The protection and advocacy agency described in subdivision
32 (h) of Section 4900 of the Welfare and Institutions Code, if the
33 agency obtains a written advisory opinion from the United States
34 Department of Labor stating that the organization is an agency or
35 instrumentality of the state or a political subdivision thereof within
36 the meaning of Chapter 18 (commencing with Section 1001) of
37 Title 29 of the United States Code.

38 ~~SEC. 6.~~

39 *SEC. 7.* Section 22922 of the Government Code is amended
40 to read:

1 22922. (a) A contracting agency and its employees and
2 annuitants may obtain a health benefit plan, as defined in Section
3 22777, subject to board approval of a resolution submitted by the
4 governing body electing to be so subject. The resolution shall be
5 adopted by a majority vote and shall be effective at the time
6 provided in board regulations.

7 (b) In addition to, or in lieu of, submitting a resolution as
8 prescribed in subdivision (a), the board may require the contracting
9 agency to enter into a contract with the board to obtain a health
10 benefit plan, as defined in Section 22777, for all or part of its
11 employees, pursuant to rules and regulations developed by the
12 board for this purpose.

13 (c) The board may refuse to contract with, or to agree to an
14 amendment proposed by, a contracting agency for any benefit
15 provisions that are not specifically authorized by this part and that
16 the board determines would adversely affect the administration of
17 this system.

18 (d) A contracting agency may become subject to this part with
19 respect to a recognized employee organization with which it has
20 reached mutual agreement. The resolution and any contracts, or
21 the resolution and contract required by subdivisions (a) and (b),
22 shall specify the recognized employee organizations participating
23 in this system.

24 (e) Pursuant to Section 22796 and subdivision (g) of Section
25 22934, the board may by regulation require any contracting agency
26 that becomes subject to this part to meet certain board-determined
27 criteria, including, but not limited to, additional requirements for
28 any contracting agency that elects to become subject to this part
29 that previously terminated coverage pursuant to Section 22938.

30 (f) Approval of the contract to obtain a health benefit plan
31 pursuant to subdivision (b) shall be by the affirmative vote of a
32 majority of the members of the governing body of the contracting
33 agency.

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