

Introduced by Senator WaltersFebruary 19, 2014

An act to amend Section 22879 of, and to add Section 22875.1 to, the Government Code, relating to postretirement health care benefits.

LEGISLATIVE COUNSEL'S DIGEST

SB 1114, as introduced, Walters. Postretirement health care benefits.

Existing law generally authorizes a state employee or annuitant to enroll in an approved health benefit plan administered by the Board of Administration of the Public Employees' Retirement System pursuant to the Public Employees' Medical and Hospital Care Act. Existing law establishes percentages for levels of benefit coverage afforded under the approved health benefit plan in which the employee or annuitant is enrolled.

Existing law specifies the number of years of state service a state employee needs to receive the full employer contribution payable for annuitants and the rate at which the employer contribution is required to be paid to an annuitant based on credited state service at the time of retirement.

This bill would prohibit a state employee who is hired by the state for the first time on or after January 1, 2015, from receiving any portion of the employer contribution payable for annuitants unless the employee is credited with 15 years of state service at the time of retirement, at which point the employer contribution would be 50%. The bill would increase the employer contribution payable for postretirement health benefits for an employee subject to these provisions by 5% each credited year of service, reaching 100% for an annuitant with 25 years of credited state service at the time of retirement. The bill would also prohibit an annuitant subject to this section from receiving an employer contribution

towards health benefits that is more generous than that provided to active state civil service employees.

Existing law requires the board to pay to an employee or annuitant who is enrolled in, or whose family member is enrolled in, a Medicare health benefit plan the amount of monthly premiums, not exceeding the difference between the maximum employer contribution and the amount contributed by the employer toward the cost of premiums.

This bill would require an annuitant to use medicare benefits, if he or she is eligible to receive those benefits, to the fullest extent possible.

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 22875.1 is added to the Government
2 Code, to read:

3 22875.1. (a) Notwithstanding Sections 22870, 22871, 22873,
4 and 22874, a state employee who becomes a state member of the
5 system on or after January 1, 2015, shall not receive any portion
6 of the employer contribution payable for annuitants, unless the
7 employee is credited with 15 years of state service at the time of
8 retirement.

9 (b) A state employee subject to this section shall not be eligible
10 to receive the full employer contribution payable for an annuitant
11 unless he or she has 25 years of credited state service at the time
12 of retirement.

13 (c) Notwithstanding any other law, an annuitant subject to this
14 section shall not receive a contribution towards health benefits that
15 is more generous than that provided to state employees.

16 (d) The percentage of the employer contribution payable for
17 postretirement health benefits for an employee subject to this
18 section shall be based on the completed years of credited state
19 service at retirement as shown in the following table:

20	21	22	23	24	25	26
	Years of Service	Contribution	Credited Years	Percentage		
			of Employer	of Employer		
			Contribution	Contribution		
23	15.....		50			
24	16.....		55			
25	17.....		60			
26	18.....		65			

1 19..... 70
2 20..... 75
3 21..... 80
4 22..... 85
5 23..... 90
6 24..... 95
7 25 or more..... 100

8
9 SEC. 2. Section 22879 of the Government Code is amended
10 to read:

11 22879. (a) The board shall pay monthly to an employee or
12 annuitant who is enrolled in, or whose family member is enrolled
13 in, a Medicare health benefit plan under this part the amount of
14 the Medicare Part B premiums, exclusive of penalties, except as
15 provided in Section 22831. This payment ~~may~~ shall not exceed
16 the difference between the maximum employer contribution and
17 the amount contributed by the employer toward the cost of
18 premiums for the health benefit plan in which the employee or
19 annuitant and his or her family members are enrolled. ~~No~~ A
20 payment ~~may~~ shall not be made in any month if the difference is
21 less than one dollar (\$1).

22 (b) This section shall be applicable only to state employees,
23 annuitants who retired while state employees, and the family
24 members of those persons.

25 (c) With respect to an annuitant, the board shall pay to the
26 annuitant the amount required by this section from the same source
27 from which his or her allowance is paid. Those amounts are hereby
28 appropriated monthly from the General Fund to reimburse the
29 board for those payments.

30 (d) There is hereby appropriated from the appropriate funds the
31 amounts required by this section to be paid to active state
32 employees.

33 (e) *Notwithstanding any other law, an employee or annuitant*
34 *who is enrolled in, or whose family is enrolled in, a Medicare*
35 *health benefit plan shall use those benefits to the fullest extent*
36 *possible.*

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