

**Introduced by Senator Hueso**February 20, 2014

---

---

An act to add Section 22893.2 to the Government Code, relating to postemployment health benefits.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1202, as introduced, Hueso. Public Employees' Medical and Hospital Care Act: postemployment health benefits: employer contributions: City of Indio.

Existing law requires the Board of Administration of the Public Employees' Retirement System to administer the Public Employees' Medical and Hospital Care Act. Existing law permits a contracting agency to elect to be subject to the act for its employees and annuitants, provided that the contracting agency and each employee or annuitant contribute a portion of the cost of providing the benefit coverage afforded under the health benefit plan approved or maintained by the board in which the employee or annuitant may be enrolled. Existing law specifies that the employer contribution of a contracting agency begins on the effective date of enrollment and is the amount fixed from time to time by resolution of the governing body of the agency. Existing law provides an optional vesting schedule, for contracting agencies, that links the employer contribution, as specified, to percentages associated with an employee's credited years of service. Under this formulation, the employer contribution for the contracting agency reaches 100% of a specified amount when the employee attains 20 years of credited service, with certain exceptions.

This bill would require the employer contributions for postretirement health benefit contribution for postretirement health benefit coverage for an annuitant of the City of Indio who is first hired on or after October

1, 2013, to be based on specified percentages associated with the annuitant’s credited years of service performed with the city, provided that the city not pay an employer contribution for the first 10 years of that credited service. Under this formulation, the employer contribution would be 50% for 10 years of credited service, increasing incrementally by 5% for each additional credited year of service, and reaching 100% if the annuitant attained 20 years of credited service. The bill would require the employer contribution with respect to each annuitant to be mutually agreed upon through collective bargaining by the City of Indio and the exclusive representatives of employees of the city and would allow the employer to adjust the amount from time to time through a collectively bargained memorandum of understanding. If the employees are not represented by a recognized bargaining unit, the employer contribution would be determined by a resolution passed by the city council, as specified.

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 22893.2 is added to the Government  
 2 Code, to read:  
 3 22893.2. (a) (1) Notwithstanding any other provision of this  
 4 part, the percentage of employer contribution payable for  
 5 postretirement health benefits for an employee of the City of Indio  
 6 first hired on or after October 1, 2013, shall be based on the  
 7 employee’s completed years of credited service at retirement,  
 8 provided that the City of Indio shall not pay an employer  
 9 contribution for the first 10 years of that credited service, and shall  
 10 pay thereafter as shown in the following table:

11	Credited Years of Service	Percentage of Employer Contribution
12	10	50
13	11	55
14	12	60
15	13	65
16	14	70
17	15	75
18	16	80
19	17	85
20		

1	18	90
2	19	95
3	20 or more	100

4

5 (2) The application of this section shall be subject to the  
6 following provisions:

7 (A) The employer contribution with respect to each annuitant  
8 shall be mutually agreed upon through collective bargaining by  
9 the City of Indio and the exclusive representatives of employees  
10 of the city. The employer may adjust the amount from time to time  
11 through a collectively bargained memorandum of understanding.  
12 Changes to the employer contribution shall be ratified by a  
13 resolution passed by the city council of the City of Indio and that  
14 resolution shall be filed with the board. The employer contribution  
15 established by this section shall not be less than the adjusted  
16 employer contributions required by subdivision (b) of Section  
17 22892.

18 (B) In the case of employees not represented by a bargaining  
19 unit, the employer contribution with respect to each annuitant shall  
20 be determined pursuant to a resolution passed by a majority of the  
21 city council of the City of Indio and that resolution shall be filed  
22 with the board.

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

26 (4) The credited service of an annuitant for the purpose of  
27 determining the percentage of employer contributions applicable  
28 under this section shall mean credited service performed with the  
29 City of Indio.

30 (5) The City of Indio shall provide the board any information  
31 requested that the board determines is necessary to implement this  
32 section.

33 (b) This section applies only to the City of Indio and only with  
34 regard to an employee of the city who is first hired on or after  
35 October 1, 2013.