

ASSEMBLY BILL

No. 842

Introduced by Assembly Member Patterson

February 26, 2015

An act to add Chapter 2.5 (commencing with Section 325) to Part 1 of Division 2 of the Labor Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 842, as introduced, Patterson. Contractors: trust or custodial benefits plans: essential health benefits.

Existing federal law, the federal Patient Protection and Affordable Care Act (PPACA), enacts various health care coverage market reforms that take effect January 1, 2014. Among other things, the PPACA requires a health insurance issuer that offers coverage in the small group or individual market to ensure that the coverage includes the essential health benefits package, as defined, and describes essential health benefits for that purpose.

Existing law states that it is the policy of this state to vigorously enforce the laws requiring employers to secure the payment of compensation for workers, as specified. Existing law defines a project labor agreement, as specified. A project labor agreement may include a trust or custodial benefit plan to provide health and welfare or similar benefits for workers.

This bill would provide that a contractor that bids on or has been awarded work covered by a project labor agreement that provides health care coverage to workers on the project that is the subject of the agreement, that includes essential health benefits, as described in the PPACA, and that provides evidence of that coverage to the entity awarding the contract, is exempt from a requirement to pay into a trust

or custodial benefit plan for health and welfare or similar benefits for those workers an amount equal to the amount that the contractor would have been required to pay into that trust or custodial benefit plan for health care costs for those workers.

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

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

1 SECTION 1. Chapter 2.5 (commencing with Section 325) is
2 added to Part 1 of Division 2 of the Labor Code, to read:

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4 CHAPTER 2.5. CONTRACTORS: EMPLOYEE HEALTH BENEFITS.

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6 325. For purposes of this chapter, the following definitions
7 apply:

8 (a) A “project labor agreement” refers to a prehire collective
9 bargaining agreement that establishes the terms and conditions of
10 employment for a specific construction project and is an agreement
11 described in Section 158(f) of Title 29 of the United States Code.

12 (b) The “PPACA” refers to the federal Patient Protection and
13 Affordable Care Act (Public Law 111-148), as amended by the
14 federal Health Care and Education Reconciliation Act of 2010
15 (Public law 111-152), and any rules, regulations, or guidance issued
16 thereunder.

17 326. A contractor that bids on or has been awarded work
18 covered by a project labor agreement that provides health care
19 coverage to workers on the project that is the subject of the
20 agreement, that includes essential health benefits, as described in
21 the PPACA in Section 18022 of Title 42 of the United States Code,
22 and that provides evidence of that coverage to the entity awarding
23 the contract, is exempt from a requirement to pay into a trust or
24 custodial benefit plan, designated by the project labor agreement
25 to provide health and welfare or similar benefits for those workers,
26 an amount equal to the amount that the contractor would have been
27 required to pay into that trust or custodial benefit plan for health
28 care costs for those workers.

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