

ASSEMBLY BILL

No. 1865

Introduced by Assembly Member Patterson

February 10, 2016

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 1865, as introduced, Patterson. Contractors: trust or custodial benefits plans: 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. Under existing law, 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 exempt a contractor that bids on or has been awarded work covered by a project labor agreement entered into on or after January 1, 2017, which contractor provides health care coverage to workers on the project subject to the agreement that includes certain essential health benefits and which provides evidence of that coverage to the entity awarding the contract, from a project labor agreement

requirement to pay into a trust or custodial benefit plan for health and welfare or similar benefits for those workers, in an amount equal to the amount that the contractor would otherwise 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. As used in this chapter:

7 (a) "Project labor agreement" means a prehire collective
8 bargaining agreement entered into on or after January 1, 2017, that
9 establishes the terms and conditions of employment for a specific
10 construction project and is an agreement described in Section
11 158(f) of Title 29 of the United States Code.

12 (b) "PPACA" means 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) A contractor that bids on or has been awarded work
18 covered by a project labor agreement, which contractor provides
19 health care coverage to workers on the project subject to 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 which provides evidence of that coverage to the entity
23 awarding the contract, is exempt from a project labor agreement
24 requirement to pay into a trust or custodial benefit plan designated
25 by the project labor agreement to provide health and welfare or
26 similar benefits for those workers, in an amount equal to the
27 amount that the contractor would otherwise have been required to
28 pay into that trust or custodial benefit plan for health care costs
29 for those workers.

1 (b) This chapter does not apply to labor union members covered
2 by a multiemployer plan authorized under Section 302(c)(5) of
3 the federal Taft-Hartley Act (29 U.S.C. Sec. 186(c)(5)) that
4 provides health care coverage who are dispatched by a labor union
5 hiring hall to a project awarded to a nonunion contractor.

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