

AMENDED IN SENATE AUGUST 31, 2000

AMENDED IN SENATE AUGUST 14, 2000

AMENDED IN SENATE JUNE 22, 2000

AMENDED IN ASSEMBLY MAY 26, 2000

AMENDED IN ASSEMBLY APRIL 6, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2383

Introduced by Assembly Members Keeley and Honda

(Coauthor: Assembly Member Lempert)

*(Coauthors: Senators Johnston, Karnette, McPherson, Ortiz,
and Vasconcellos)*

February 24, 2000

An act to add Section ~~25050~~ 25950 to the Education Code, and to add Article 10 (commencing with Section 22878) to Chapter 1 of Part 5 of Division 5 of Title 2 of the Government Code, relating to health benefits, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2383, as amended, Keeley. Public employee health benefits: covered employees: retiree health benefits.

(1) Existing law, the Public Employees' Medical and Hospital Care Act, defines "employee" for purposes of eligibility for benefits under the act and excludes from that definition specified officers and employees who are employed less than half time. Employee contributions under the act are

deposited in the Public Employees' Health Care Fund, a continuously appropriated fund.

This bill would make the provisions of that act applicable to specified employees of a school or agency, as defined, at the option of its governing body, ~~and would authorize the State Teachers' Retirement System to become a contracting agency for certain retired members or retired classified employees or both. The bill~~ and would define annuitants for purposes of these provisions, ~~and would prohibit a school or agency from maintaining another health benefits plan unless it complies with the provisions of the Public Employees' Medical and Hospital Care Act and is equally available to its retired members, its active employees, and their family members without discrimination as to benefits, premiums, or employer contributions.~~ By expanding eligibility for benefits under the act, the bill would increase the contributions to a continuously appropriated fund, thereby making an appropriation.

(2) Existing law, the Teachers' Retirement Law, provides that the State Teachers' Retirement System shall develop a program to provide health care benefits for members, beneficiaries, children, and dependent parents, as defined.

This bill would require the Teachers' Retirement Board to ~~develop 3 plans to provide certain report to the Legislature, on or before April 1, 2001, on a prescription drug program and a health benefits to program for retired members, as specified, and to report to specified legislative committees on or before March 1, 2001, regarding the costs and legislation necessary to implement those plans and would authorize the Public Employees' Retirement System to submit a proposal to administer a health benefits program for retired members of the State Teachers' Retirement System and their dependents.~~

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

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

- 1 SECTION 1. ~~Section 25050 is added to the Education~~
- 2 ~~Code, to read:~~
- 3 25050. (a) ~~The Teachers' Retirement Board shall~~
- 4 ~~develop:~~



1 ~~(1) A prescription drug insurance plan for all retired~~
2 ~~members.~~

3 ~~(2) A supplemental health insurance plan for all~~
4 ~~retired members who have not yet attained the age of~~
5 ~~Medicare eligibility.~~

6 ~~(3) A flexible plan to encourage employers and~~
7 ~~employing agencies to provide health care benefits to~~
8 ~~their retirees by crediting those employers and~~
9 ~~employing agencies, against the amount contributed~~
10 ~~pursuant to Section 22950, a monthly amount, that would~~
11 ~~be adjusted annually, for each retiree the employer or~~
12 ~~employing agency certifies is enrolled in one or more~~
13 ~~health care benefits programs administered or sponsored~~
14 ~~by the employer or employing agency. Those programs~~
15 ~~would include a catastrophic health care program for~~
16 ~~retirees who are less than 65 years of age, a Medicare~~
17 ~~supplement health care program, a prescription drug~~
18 ~~program, and a health program provide pursuant to Part~~
19 ~~5 (commencing with Section 22751) of Division 5 of Title~~
20 ~~2 of the Government Code.~~

21 ~~(b) Development of each plan shall be completed on~~
22 ~~or before March 1, 2001.~~

23 ~~(c) Upon completion of the development of the plans,~~
24 ~~the board shall prepare and deliver a report to the chairs~~
25 ~~of the appropriate policy and fiscal committees of the~~
26 ~~Legislature that shall include an estimate of the costs of~~
27 ~~implementation for each plan and draft statutory~~
28 ~~language that could be proposed to implement each of~~
29 ~~the plans.~~

30 *SECTION 1. Section 25950 is added to the Education*
31 *Code, to read:*

32 *25950. On or before April 1, 2001, the board shall*
33 *report to the Legislature on a prescription drug program*
34 *and a program to provide health benefits to retired*
35 *members. The report shall include an analysis of all*
36 *potential methods of financing and administering the*
37 *programs. These shall include, but are not limited to, (1)*
38 *the system providing those health benefits under*
39 *contracts with carriers or other entities that administer*
40 *health benefits plans, (2) reimbursing employers for the*



1 *costs of providing those health benefits to retired*
 2 *employees, and (3) crediting employers and employing*
 3 *agencies, against the amount contributed pursuant to*
 4 *Section 22950, a monthly amount, adjusted annually, for*
 5 *each retiree the employer or employing agency certifies*
 6 *is enrolled in one or more health care benefits programs*
 7 *administered or sponsored by the employer or employing*
 8 *agency. The report shall include an estimate of the fiscal*
 9 *impact of each program on the system, including*
 10 *administration and program costs, and recommended*
 11 *statutory language to implement each program.*

12 SEC. 2. Article 10 (commencing with Section 22878)
 13 is added to Chapter 1 of Part 5 of Division 5 of Title 2 of
 14 the Government Code, to read:

15
 16 Article 10. ~~Optional Health Benefits~~ *Provisions for*
 17 *Schools and Agencies*
 18

19 22878. The provisions of this part ~~also~~ apply to schools
 20 and agencies, as ~~specified~~ *these terms are defined in this*
 21 *article. The purpose of this article is to set forth optional*
 22 *provisions which may only be used by schools and*
 23 *agencies, as those terms are defined in this article. If*
 24 *schools and agencies choose to follow the optional*
 25 *provisions of this article, all conflicting provisions of this*
 26 *part are shall be superseded. This article shall not apply*
 27 *to any other employer, employee, annuitant, or family*
 28 *member who has, or elects to have, health care coverage*
 29 *pursuant to this part.*

30 22878.1. The definitions in this part shall govern the
 31 interpretation of terms in this article, except that the
 32 following definitions shall govern the interpretation of
 33 these specific terms as used in this article:

34 (a) "School" means any contracting agency that is a
 35 special district, school district, county board of education,
 36 personnel commission of a school district, a county
 37 superintendent of schools, or a community college
 38 district.

39 (b) "Agency" means any contracting agency, as
 40 defined in Section 20022, any county or special district



1 subject to the County Employees Retirement Law of 1937
 2 (Chapter 3 (commencing with Section 31450) of Part 3 of
 3 Division 4 of Title 3) and any contracting agency that is
 4 a public body or agency within California not covered by
 5 the Public Employees' Retirement System or subject to
 6 the County Employees Retirement Law of 1937 (*Chapter*
 7 *3 (commencing with Section 31450) of Part 3 of Division*
 8 *4 of Title 3*), that provides a retirement system for its
 9 employees funded wholly or in part by public funds.

10 22878.2. (a) A school or agency may by resolution
 11 filed with the board deem all permanent or regular
 12 employees, except members of the State Teachers'
 13 Retirement System, who have an appointment of six
 14 months or longer but who are employed on *a* less than
 15 half-time basis, to be employees subject to this part.

16 (b) An agency or school with employees who are
 17 members of the State Teachers' Retirement System may
 18 by resolution filed with the board deem any of the
 19 following to be employees subject to this part:

20 (1) Regular, permanent, probationary, or temporary
 21 employees *or substitutes* who have an appointment for a
 22 semester, *or* for six months, or for half of the school year
 23 or longer, but are employed on *a* less than a half-time
 24 basis.

25 ~~(2) Substitutes who have an appointment for a~~
 26 ~~semester, for six months, or for half of the school year or~~
 27 ~~longer, but are employed on less than a half-time basis.~~

28 ~~(3)~~
 29 (2) Substitutes who have an appointment for 100 days
 30 or more in the school year.

31 ~~22878.3. The State Teachers' Retirement System may,~~
 32 ~~by resolution filed with the board, become a contracting~~
 33 ~~agency subject to this part only with respect to either or~~
 34 ~~both of the following:~~

35 ~~(a) Retired members of the State Teachers'~~
 36 ~~Retirement System enrolled in both Parts A and B of~~
 37 ~~Medicare whose former education employer does not~~
 38 ~~offer health care coverage for them, their eligible family~~
 39 ~~members, and surviving spouses.~~



1 ~~(b) Retired classified employees enrolled in both Parts~~
 2 ~~A and B of Medicare whose former education employer~~
 3 ~~does not offer health care coverage for them, their~~
 4 ~~eligible family members, and surviving spouses.~~

5 ~~22878.4. All of the following shall be deemed to be~~
 6 ~~“annuitants” subject to this part:~~

7 ~~22878.3. As used in this part, the term “annuitant”~~
 8 ~~shall include:~~

9 (a) A family member of a deceased retired member of
 10 the State Teachers’ Retirement System who retired
 11 within 120 days of separation from employment, and who
 12 prior to his or her death, received a retirement allowance
 13 that did not provide for a survivor allowance to family
 14 members and who elects coverage as an annuitant prior
 15 to January 1, 2003. This subdivision shall not apply to any
 16 family member of a retired member of the State
 17 Teachers’ Retirement System who retired on or after
 18 January 1, 2003 from a school contracting under this part
 19 prior to January 1, 2001.

20 ~~(b) A retired member of the State Teachers’~~
 21 ~~Retirement System who retired within 120 days of~~
 22 ~~separation from employment, and who retired before the~~
 23 ~~member’s school elected to contract for health benefit~~
 24 ~~coverage under this part, and who elects coverage as an~~
 25 ~~annuitant within one calendar year from the date that the~~
 26 ~~member’s school elected to contract for health benefit~~
 27 ~~coverage under this part.~~

28 (c)

29 (b) A family member of a deceased retired member of
 30 the State Teachers’ Retirement System who retired
 31 within 120 days of separation from employment, ~~and~~ who
 32 retired before the member’s school elected to contract
 33 for health benefit coverage under this part, *and who,*
 34 *prior to his or her death, received a retirement allowance*
 35 *that did not provide for a survivor allowance to family*
 36 *members* and who elects coverage as an annuitant within
 37 one calendar year from the date that the member’s school
 38 elected to contract for health benefit coverage under this
 39 part.



1 ~~22878.5. A school or agency may not maintain another~~
2 ~~health benefits plan unless the plan complies with the~~
3 ~~requirements of this part and is equally available to its~~
4 ~~retired employees, its active employees, and their family~~
5 ~~members, without discrimination as to benefits,~~
6 ~~premiums, or employer contributions.~~

7 *SEC. 3. At the request of the Teachers' Retirement*
8 *Board, the Public Employees' Retirement System may*
9 *submit a proposal to administer a health benefits program*
10 *for retired members of the State Teachers' Retirement*
11 *System and their dependents.*

