

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

February 24, 2000

~~An act to add and repeal Chapter 3 (commencing with Section 25200) of Part 13.5 of Division 1 of Title 1 of the~~ *An act to add Section 25050 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 ~~and—~~*or retired* classified employees *or both*. The bill 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. ~~Under existing law, employers contribute monthly to the Teachers' Retirement Fund 8% of creditable compensation, as defined.~~

This bill would require the Teachers' Retirement Board to ~~credit each employer and employing agency who provides benefits to its retired members under the Defined Benefit Program of the Teachers' Retirement Plan the sum of \$120, adjusted annually, as specified, for each retired member enrolled in one or more specified programs, up to, but not exceeding, a total credit of \$2,000,000,000, against its employer contributions to the system.~~

~~These provisions of the bill would become inoperative on July 1, 2011, and would be repealed January 1, 2012 *develop 3 plans to provide certain health benefits to 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.*~~

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. Chapter 3 (commencing with Section~~
2 ~~25200) is added to Part 13.5 of Division 1 of Title 1 of the~~
3 ~~Education Code, to read:~~

4

5

~~CHAPTER 1. RETIRED MEMBER CREDITS~~

6

7 ~~25200. (a) In order to encourage employers and~~
8 ~~employing agencies to provide health care benefits to~~
9 ~~retired members of the Defined Benefit Program, the~~
10 ~~board shall credit an amount equal to a present value of~~
11 ~~up to two billion dollars (\$2,000,000,000), as specified in~~
12 ~~subdivision (b), to employers and employing agencies~~
13 ~~that provide health care benefits to retired members~~
14 ~~formerly employed by the employer or employing~~
15 ~~agency.~~

16

17 ~~(b) Subject to subdivisions (d) and (e), commencing~~
18 ~~July 1, 2001, the board shall credit each employer, against~~
19 ~~the amount contributed pursuant to Section 22950, the~~
20 ~~sum of one hundred twenty dollars (\$120), adjusted~~
21 ~~annually by the change in state employer contributions~~
22 ~~for a single enrolled annuitant, as determined by Section~~
23 ~~22825.1 of the Government Code, for each retired~~
24 ~~member the employer or employing agency has certified,~~
25 ~~in a manner required by the board, is enrolled in one or~~
26 ~~more of the following programs administered or~~
27 ~~sponsored by the employer or employing agency:~~

28

29 ~~(1) A catastrophic health care program for retired~~
30 ~~members who are less than 65 years of age.~~

31

32 ~~(2) A Medicare supplement health care program.~~

33

34 ~~(3) A prescription drug program.~~

35

36 ~~(4) A health program provided pursuant to Part 5~~
37 ~~(commencing with Section 22751) of Division 5 of Title~~
38 ~~2 of the Government Code.~~

39

40 ~~(e) The Teachers' Retirement Board shall establish by~~
41 ~~regulation the services to be provided in a program~~
42 ~~specified in subdivision (b). The required services shall~~
43 ~~be comparable to those generally available to participants~~



1 of comparable programs made available by other public
2 employers in California.

3 (d) The amount credited pursuant to subdivision (b)
4 for each retired member shall not exceed the employer's
5 average costs of health care benefits to retired members
6 formerly employed by the employer or employing
7 agency.

8 (e) No amount shall be credited pursuant to this
9 section when the present value of the total amount
10 credited to all employers and employing agencies is equal
11 to or exceeds two billion dollars (\$2,000,000,000).

12 25201. This chapter shall become inoperative on July
13 1, 2011, and, as of January 1, 2012, is repealed, unless a later
14 enacted statute that is enacted before January 1, 2012,
15 deletes or extends the dates on which it becomes
16 inoperative and is repealed.

17 SECTION 1. Section 25050 is added to the Education
18 Code, to read:

19 25050. (a) The Teachers' Retirement Board shall
20 develop:

21 (1) A prescription drug insurance plan for all retired
22 members.

23 (2) A supplemental health insurance plan for all
24 retired members who have not yet attained the age of
25 Medicare eligibility.

26 (3) A flexible plan to encourage employers and
27 employing agencies to provide health care benefits to
28 their retirees by crediting those employers and
29 employing agencies, against the amount contributed
30 pursuant to Section 22950, a monthly amount, that would
31 be adjusted annually, for each retiree the employer or
32 employing agency certifies is enrolled in one or more
33 health care benefits programs administered or sponsored
34 by the employer or employing agency. Those programs
35 would include a catastrophic health care program for
36 retirees who are less than 65 years of age, a Medicare
37 supplement health care program, a prescription drug
38 program, and a health program provide pursuant to Part
39 5 (commencing with Section 22751) of Division 5 of Title
40 2 of the Government Code.



1 *(b) Development of each plan shall be completed on*
2 *or before March 1, 2001.*

3 *(c) Upon completion of the development of the plans,*
4 *the board shall prepare and deliver a report to the chairs*
5 *of the appropriate policy and fiscal committees of the*
6 *Legislature that shall include an estimate of the costs of*
7 *implementation for each plan and draft statutory*
8 *language that could be proposed to implement each of*
9 *the plans.*

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

13

14 Article 10. Optional Health Benefits

15

16 22878. The provisions of this part also apply to schools
17 and agencies, as specified in this article. The purpose of
18 this article is to set forth optional provisions which may
19 only be used by schools and agencies. If schools and
20 agencies choose to follow the optional provisions of this
21 article, all conflicting provisions of this part are
22 superseded. This article shall not apply to any other
23 employer, employee, annuitant, or family member who
24 has, or elects to have, health care coverage pursuant to
25 this part.

26 22878.1. The definitions in this part shall govern the
27 interpretation of terms in this article, except that the
28 following definitions shall govern the interpretation of
29 these specific terms as used in this article:

30 (a) "School" means any contracting agency that is a
31 special district, school district, county board of education,
32 personnel commission of a school district, a county
33 superintendent of schools, or a community college
34 district.

35 (b) "Agency" means any contracting agency, as
36 defined in Section 20022, any county or special district
37 subject to the County Employees Retirement Law of 1937
38 (Chapter 3 (commencing with Section 31450) of Part 3 of
39 Division 4 of Title 3) and any contracting agency that is
40 a public body or agency within California not covered by



1 the Public Employees' Retirement System or subject to
2 the County Employees Retirement Law of 1937, that
3 provides a retirement system for its employees funded
4 wholly or in part by public funds.

5 22878.2. (a) A school or agency may by resolution
6 filed with the board deem all permanent or regular
7 employees, except members of the State Teachers'
8 Retirement System, who have an appointment of six
9 months or longer but who are employed on less than
10 half-time basis, to be employees subject to this part.

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

15 (1) Regular, permanent, probationary, or temporary
16 employees who have an appointment for a semester, for
17 six months, or for half of the school year or longer, but are
18 employed on less than a half-time basis.

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

22 (3) Substitutes who have an appointment for 100 days
23 or more in the school year.

24 22878.3. The State Teachers' Retirement System may,
25 by resolution filed with the board, become a contracting
26 agency subject to this part only with respect to either or
27 both of the following:

28 (a) Retired members of the State Teachers'
29 Retirement System enrolled in both Parts A and B of
30 Medicare whose former education employer does not
31 offer health care coverage for them, their eligible family
32 members, and surviving spouses.

33 (b) ~~Classified~~—*Retired classified* employees enrolled in
34 both Parts A and B of Medicare whose former education
35 employer does not offer health care coverage for them,
36 their eligible family members, and surviving spouses.

37 22878.4. All of the following shall be deemed to be
38 "annuitants" subject to this part:

39 (a) A family member of a deceased retired member of
40 the State Teachers' Retirement System who retired



1 within 120 days of separation from employment, and who
2 prior to his or her death, received a retirement allowance
3 that did not provide for a survivor allowance to family
4 members and who elects coverage as an annuitant prior
5 to January 1, 2003. This subdivision shall not apply to any
6 family member of a retired member of the State
7 Teachers' Retirement System who retired on or after
8 January 1, 2003 from a school contracting under this part
9 prior to January 1, 2001.

10 (b) A retired member of the State Teachers'
11 Retirement System who retired within 120 days of
12 separation from employment, and who retired before the
13 member's school elected to contract for health benefit
14 coverage under this part, and who elects coverage as an
15 annuitant within one calendar year from the date that the
16 member's school elected to contract for health benefit
17 coverage under this part.

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

26 22878.5. A school or agency may not maintain another
27 health benefits plan unless the plan complies with the
28 requirements of this part and is equally available to its
29 retired employees, its active employees, and their family
30 members, without discrimination as to benefits,
31 premiums, or employer contributions.

