

Health Care Proposal - Trailer Bill and Budget Bill Language (2015-16)

Trailer Bill	Bill Sec.	Code Section	Topic	Description
RN1510875	1	GC 19999.4	CalHR authority to administer HSAs	Establishes legal authority for CalHR to administer a Health Savings Account (HSA) program.
RN1510875	2	GC 22775	Tighten dependent eligibility & enrollment	Clarifies former spouses are not eligible for health benefits.
RN1510875	3	GC 22781	Prefunding normal cost-sharing	Updates the "prefunding" definition to clarify prefunding can include normal costs, unfunded liabilities, or both.
RN1510875	4	GC 22843.1	Tighten dependent eligibility & enrollment	The recent Dependent Eligibility Verification project revealed a significant number of inappropriately enrolled former spouses and uncertified parent-child relationships. This section establishes that the state and CalPERS must maintain records and verify eligibility regularly.
RN1510875	5	GC 22844	Tighten Medicare eligibility	Tightens requirements for 65-year-old retirees to convert to Medicare plans, and ensure CalPERS does not grant additional exemptions through regulations.
RN1510875	6	GC 22850.5	High Deductible Health Plan	Requires CalPERS to offer state members a High Deductible Health Plan in the "silver tier" and a low-cost Medicare Supplement Plan. HSAs must be tied to a High Deductible Health Plan in order to be offered. Exempts these plans from risk-adjustment procedures.
RN1510875	7	GC 22865	Notification of benefit and premium changes report	Updates and accelerates existing notification statute so that the Administration and Legislature are aware of upcoming changes to health care benefits and premiums that will result in increased state costs.
RN1510875	8	GC 22866	CalPERS annual health benefits program report	Modifies existing statute to create a comprehensive annual report describing the health benefits program.
RN1510875	9	GC 22901	Contingency Reserve Fund (CRF) administrative fees	Currently, the administration fees for CalPERS health benefits program are paid by the local governments/public agencies at the same rate as the state's administration fee. This amendment clarifies that CalPERS can establish separate rates for local contract agencies.
RN1510875	10	GC 22940	Prefunding normal cost-sharing--lockbox	Prevents OPEB benefit payments using investment income from trust fund until the earlier of: 1. state BU subaccount reaches 100% funded ratio, 2. July 1, 2046--the date the actuarial calculation of the accumulated assets of the Governor's prefunding plan are expected to reach a funded ratio of 100%.
RN1510875	11	GC 22941	Prefunding normal cost-sharing	Intent language signaling the Administration's strategy of prefunding normal cost-sharing for OPEB: 50-50 normal cost-sharing with state employees to be pursued through collective bargaining.

Trailer Bill	Bill Sec.	Code Section	Topic	Description
RN1509900	1	GC 22871.1	Replaces 100-90 Retiree Subsidy (Basic/Pre-Medicare)	Sets a ceiling for the retiree contribution formula that should not exceed 80% of the average premiums of the four highest enrolled Basic plans. Effective for all new all state employees, including CSU, legislative and judicial branches, hired after January 1, 2016.
RN1509900	2	GC 22871.2	Replaces 100-90 Retiree Subsidy (Medicare)	Currently, retirees on Medicare supplemental plans receive a higher subsidy than needed to cover premium costs because they receive a contribution based on the Basic premium average. This section sets a ceiling for the employer contribution to the Medicare supplemental plan premiums, establishing that the formula should not exceed 80% of the average premiums of the four highest enrolled Medicare supplemental plans. In addition, this provision limits the state subsidy for Medicare-age retirees to the Medicare supplemental plan contribution, which should tighten enrollment for members who delay Medicare enrollment, or who are not eligible for subsidized Medicare benefits (ie. did not work enough quarters). Effective for all new all state employees, including CSU, legislative and judicial branches, hired after January 1, 2016.
RN1509900	3	GC 22874.2	Lengthen OPEB vesting for new employees	Lengthens graduated vesting for retiree health care benefits for new employees from 10-20 years to 15-25 years. Effective for all new all state employees, including CSU, legislative and judicial branches, hired after January 1, 2016.
RN1509900	4	GC 22879	Medicare Part B premiums	The federal government requires all Medicare enrollees to pay a Part B premium (about \$110/mo). Currently, the state reimburses retirees and their dependents for their Medicare Part B premium payment, on top of the state's contribution to Medicare supplemental plans. California is one of three states that provides this additional subsidy. This amendment would remove the reimbursement for all new all state employees, including CSU, legislative and judicial branches, hired after January 1, 2016.
Budget Bill	Budget Item	Topic	Description	
AB 103/SB 69	0890-001-0001, Provision 9	Annual OPEB Valuation	Expand OPEB valuation reporting to include additional information about liabilities and normal costs by specific Bargaining Unit.	
AB 103/SB 69	7900-015-0822, Provision 2	Premium Reconciliation Report	Replace existing "100 day" report on premium changes with a reconciliation of premiums upon adoption of health rates by CalPERS Board.	
AB 103/SB 69	7900-001-0950, Provision 2	Medicare enrollment	Requires CalPERS to conduct cost-benefit analysis of converting remaining retirees over age 65 to Medicare plans, for group of retirees who have been exempted from enrolling in Medicare.	
AB 103/SB 69	Control Section 3.61	OPEB prefunding	Establishes budget mechanics to facilitate OPEB prefunding.	
AB 103/SB 69	Control Section 4.20	CalPERS health care administration costs	Establishes that state contributions to CRF can be used only for state-related health care administration expenses.	