



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

Code:  Section:

[Up^](#) [Add To My Favorites](#)

**GOVERNMENT CODE - GOV**

**TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980]** ( Title 2 enacted by Stats. 1943, Ch. 134. )

**DIVISION 5. PERSONNEL [18000 - 22980]** ( Division 5 added by Stats. 1945, Ch. 123. )

**PART 5. THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT [22750 - 22948]** ( Part 5 added by Stats. 2004, Ch. 69, Sec. 22. )

**CHAPTER 1. Public Employees' Health Benefits [22750 - 22944.6]** ( Chapter 1 added by Stats. 2004, Ch. 69, Sec. 22. )

**ARTICLE 9. Maintenance of Funds [22910 - 22915]** ( Article 9 added by Stats. 2004, Ch. 69, Sec. 22. )

**22910.** (a) There shall be maintained in the State Treasury the Public Employees' Contingency Reserve Fund. The board may invest funds in the Public Employees' Contingency Reserve Fund in accordance with the law governing its investment of the retirement fund.

(b) (1) An account shall be maintained within the Public Employees' Contingency Reserve Fund with respect to the health benefit plans the board has approved or that have entered into a contract with the board. The account shall be credited, from time to time and in amounts as determined by the board, with moneys contributed under Section 22885 or 22901 to provide an adequate contingency reserve. The income derived from any dividends, premium adjustments, or other funds received from a health benefit plan shall be credited to the account. The board may deposit, in the same manner as provided in paragraph (4), up to one-half of 1 percent of premiums in the account for purposes of cost containment programs, subject to approval as provided in paragraph (2) of subdivision (c).

(2) The account for health benefit plans may be utilized to defray increases in future premiums, to reduce the contributions of employees and annuitants and employers, to implement cost containment programs, or to increase the benefits provided by a health benefit plan, as determined by the board. The board may use penalties and interest deposited pursuant to subdivision (c) of Section 22899 to pay any difference between the adjusted premium set by the board pursuant to Section 22864 and the applicable health benefit plan contract premiums.

(3) The total credited to the account for health benefit plans at any time shall be limited, in the manner and to the extent the board may find to be most practical, to a maximum of 10 percent of the total of the contributions of the employers and employees and annuitants in any fiscal year. The board may undertake any action to ensure that the maximum amount prescribed for the fund is approximately maintained.

(4) Board rules and regulations adopted pursuant to Section 22831 to minimize the impact of adverse selection or contracts entered into pursuant to Section 22864 to implement health benefit plan performance incentives may provide for deposit in and disbursement to carriers or to Medicare from the account the portion of the contributions otherwise payable directly to the carriers by the Controller under Section 22913 as may be required for that purpose. The deposits shall not be included in applying the limitations, prescribed in paragraph (3), on total amounts that may be deposited in or credited to the fund.

(5) Notwithstanding Section 13340, all moneys in the account for health benefit plans are continuously appropriated without regard to fiscal year for the purposes provided in this subdivision.

(c) (1) An account shall also be maintained in the Public Employees' Contingency Reserve Fund for administrative expenses consisting of funds deposited for this purpose pursuant to Sections 22885 and 22901.

(2) The moneys deposited pursuant to Sections 22885 and 22901 in the Public Employees' Contingency Reserve Fund may be expended by the board for administrative purposes, provided that the expenditure is approved in the annual Budget Act.

(d) An account shall be maintained in the Public Employees' Contingency Reserve Fund for the contributions required pursuant to Section 22870. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, for the

payment of premiums or other charges to carriers or the Public Employees' Health Care Fund. This subdivision shall not apply to state administrative costs, which shall continue to be subject to Section 13340.

(e) An account shall be maintained in the Public Employees' Contingency Reserve Fund for the contributions required pursuant to Section 22890 and for payments made pursuant to subdivision (f) of Section 22850. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, for the payment of premiums or other charges to carriers or the Public Employees' Health Care Fund. Penalties and interest paid pursuant to subdivision (c) of Section 22899 shall be deposited in the account pursuant to paragraphs (1) and (2) of subdivision (b).

(f) Accounts shall be maintained in the Public Employees' Contingency Reserve Fund for complementary annuitant premiums and related administrative expenses paid by annuitants pursuant to Section 22802. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, to reimburse the Public Employees' Retirement Fund, the Judges' Retirement Fund, the Judges' Retirement Fund II, and the Legislators' Retirement Fund, as applicable, for payment of annuitant health premiums, and for the payment of premiums and other charges to carriers or to the Public Employees' Health Care Fund. Administrative expenses deposited in this account shall be credited to the account provided by subdivision (c).

(g) Amounts received by the board for retiree drug subsidy payments that are attributed to contracting agencies and their annuitants and employees pursuant to subdivision (c) of Section 22910.5 shall be deposited in the Public Employees' Contingency Reserve Fund. Notwithstanding Section 13340, these amounts are continuously appropriated, without regard to fiscal year, for the payment of premiums, costs, contributions, or other benefits related to contracting agencies and their employees and annuitants, and as consistent with the Medicare Prescription Drug Improvement and Modernization Act of 2003, as amended.

(h) The Account for Retiree Drug Subsidy Payments is hereby established in the Public Employees' Contingency Reserve Fund and funds in that account shall, upon appropriation by the Legislature, be used for the purposes described in Section 22910.5.

(i) Notwithstanding any other law, the Controller may use the moneys in the Public Employees' Contingency Reserve Fund for loans to the General Fund as provided in Sections 16310 and 16381. However, interest shall be paid on all moneys loaned to the General Fund from the Public Employees' Contingency Reserve Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Public Employees' Contingency Reserve Fund was created.

*(Amended by Stats. 2019, Ch. 330, Sec. 21. (SB 782) Effective January 1, 2020.)*

**22910.5.** (a) For purposes of this section, the following definitions shall apply:

(1) "Local annuitant" means an annuitant other than a state annuitant.

(2) "Local employee" means an employee other than a state employee.

(3) "Retiree drug subsidy" means those amounts described in Section 423.886 of Title 42 of the Code of Federal Regulations.

(4) "State annuitant" means an annuitant who is retired from service with the state, including the California State University.

(5) "State employee" means an employee who is in the employment of the state, including the California State University.

(b) For purposes of applying for and receiving funds as part of a retiree drug subsidy, the board is designated as the sponsor of a qualified retiree prescription drug plan for a state or contracting agency plan, or a related plan, or an individual if both of the following apply:

(1) The system applies for a retiree drug subsidy related to the plan or individual.

(2) The system meets the definition of a plan sponsor as described in Section 1395w-132(c) of Title 42 of the United States Code.

(c) When the board performs the duties described in subdivision (b) related to, or applies for funds attributable to, a retiree drug subsidy for a contracting agency plan, local annuitant, or local employee, the board shall take all necessary steps to ensure that any funds received by the board shall be deposited in the Public Employees' Contingency Reserve Fund as described in subdivision (g) of Section 22910.

(d) When the board performs the duties described in subdivision (b) related to, or applies for funds attributable to, a retiree drug subsidy for a state plan, state annuitant, state employee, or state employee association health benefit plan, the board shall take all necessary steps to deposit these funds in the Account for Retiree Drug Subsidy Payments as described in subdivision (h) of Section 22910.

(e) Notwithstanding any other law, all funds received by the board as a result of a retiree drug subsidy application attributable to a state employee or state annuitant, or the eligible dependent, beneficiary, or similarly situated person of that state employee or state

annuitant, shall be deposited in the Account for Retiree Drug Subsidy Payments, as described in subdivision (h) of Section 22910.

(f) Notwithstanding any other law, funds from the Account for Retiree Drug Subsidy Payments that is maintained in the Public Employees' Contingency Reserve Fund shall be appropriated by the Legislature in the annual Budget Act for the purposes described in this section. The Legislature shall, in the annual Budget Act, specify how these funds are to be used, consistent with the federal Medicare Prescription Drug Improvement and Modernization Act, as amended, including the following purposes:

- (1) Reducing the contributions by the state from the General Fund or other funds in the State Treasury for health benefits that include prescription drug benefits for state annuitants.
- (2) Reducing contributions by state annuitants for their health benefits that include prescription drug benefits.
- (3) Defraying increases in future employer or state annuitant health benefit or prescription drug rates.
- (4) Implementing cost containment programs related to state annuitant health benefits that include prescription drug benefits.
- (5) Increasing state annuitant health benefits or prescription drug benefits.

*(Amended by Stats. 2014, Ch. 28, Sec. 52. (SB 854) Effective June 20, 2014.)*

**22911.** (a) There shall be maintained in the State Treasury the Public Employees' Health Care Fund to fund the health benefit plans administered or approved by the board. The board may invest funds in the Public Employees' Health Care Fund in accordance with the provisions of law governing its investment of the retirement fund.

(b) The Public Employees' Health Care Fund shall consist of the following:

- (1) Any self-funded, partially self-funded, or minimum premium plan premiums paid by contracting agencies, the state and enrolled employees, annuitants, and family members, including premiums paid directly for continuation coverage authorized under the Consolidated Omnibus Budget Reconciliation Act, and as authorized by this part.
- (2) Any reserve moneys from terminated health benefit plans designated by the board.
- (3) Any moneys from a health benefit plan for risk adjustment pursuant to Section 22864.

(c) Income earned on the Public Employees' Health Care Fund shall be credited to the fund.

(d) Notwithstanding Section 13340, the Public Employees' Health Care Fund is continuously appropriated, without regard to fiscal years, to pay benefits and claims costs for self-funded, partially self-funded, or minimum premium health benefit plans, and refunds to those who made direct premium payments.

(e) The moneys deposited in the Public Employees' Health Care Fund may be expended by the board for administrative purposes provided that the expenditure is approved in the annual Budget Act.

(f) The Legislature finds and declares that the Public Employees' Health Care Fund is a trust fund held for the exclusive benefit of enrolled employees, annuitants, and family members.

(g) Notwithstanding subdivisions (d) and (f), the board may use reserves generated by one or more self-funded health benefit plans for risk adjustment programs and procedures pursuant to paragraph (3) of subdivision (f) of Section 22850 and paragraph (5) of subdivision (b) of Section 22864.

*(Amended by Stats. 2019, Ch. 330, Sec. 22. (SB 782) Effective January 1, 2020.)*

**22913.** (a) The Controller shall suitably identify and remit the state's monthly contribution, as required by Section 22870, and the monthly amounts authorized to be deducted from the salaries or retirement allowances of state employees and annuitants for payment of their contributions, as required by Section 22870, to the Public Employees' Contingency Reserve Fund.

(b) The Controller shall suitably identify and remit the monthly contracting agency employer, employee, and annuitant contributions, as required by Section 22890, to the Public Employees' Contingency Reserve Fund by warrant of the Controller upon claims filed by the board.

*(Amended by Stats. 2019, Ch. 330, Sec. 23. (SB 782) Effective January 1, 2020.)*

**22915.** There is in the State Treasury the State Annuitants' Vision Care Benefits Fund that is, upon appropriation by the Legislature, available to the board for expenditure solely for the provision of vision care benefits to state annuitants pursuant to this part.

*(Added by Stats. 2004, Ch. 69, Sec. 22. Effective June 24, 2004.)*