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SB-1195 Public Employees' Medical and Hospital Care Act: health benefit plans. (2017-2018)

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Senate Bill No. 1195

CHAPTER 1009

An act to amend Section 22850 of the Government Code, relating to public employee benefits.

[Approved by Governor September 30, 2018. Filed with Secretary of State September 30, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1195, Portantino. Public Employees' Medical and Hospital Care Act: health benefit plans.

The Public Employees' Medical and Hospital Care Act, which is administered by the Board of Administration of the Public Employees' Retirement System, governs the funding and provision of postemployment health care benefits for eligible retired public employees and their beneficiaries. Existing law requires the board to approve an employee association health benefit plan previously approved by the board in the 1987–88 contract year or prior, if the plan continues to meet the minimum standards prescribed by the board. Existing law authorizes the California Correctional Peace Officer Association Health Benefits Trust to offer different health benefit plan designs with varying premiums in different areas of the state.

This bill would also authorize the Peace Officers Research Association of California Insurance and Benefits Trust to offer different health benefit plan designs with varying premiums in different areas of the state. The bill would prohibit the trustees of these health benefit plan trusts from using geographic regions that are different from the geographic regions established by the board for the regional premiums authorized for contracting agencies, except as specified.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 22850 of the Government Code is amended to read:

22850. (a) The board may, without compliance with any provision of law relating to competitive bidding, enter into contracts with carriers offering health benefit plans or with entities offering services relating to the administration of health benefit plans.

(b) The board may contract with carriers for health benefit plans or approve health benefit plans offered by employee organizations, provided that the carriers have operated successfully in the hospital and medical care fields prior to the contracting for or approval thereof. The plans may include hospital benefits, surgical benefits, inpatient medical benefits, outpatient benefits, obstetrical benefits, and benefits offered by a bona fide church, sect, denomination, or organization whose principles include healing entirely by prayer or spiritual means.

(c) Notwithstanding any other provision of this part, the board may contract with health benefit plans offering unique or specialized health services.

(d) The board may administer self-funded or minimum premium health benefit plans.

(e) The board may contract for or implement employee cost containment and cost reduction incentive programs that involve the employee, the annuitant, and family members as active participants, along with the carrier and the provider, in a joint effort toward containing and reducing the cost of providing medical and hospital health care services to public employees. In developing these plans, the board, in cooperation with the Department of Human Resources, may request proposals from carriers and certified public employee representatives.

(f) Notwithstanding any other provision of this part, the board may do any of the following:

(1) Contract for, or approve, health benefit plans that charge a contracting agency and its employees and annuitants rates based on regional variations in the costs of health care services.

(2) Contract for, or approve, health benefit plans exclusively for the employees and annuitants of contracting agencies. State employees and annuitants may not enroll in these plans. The board may provide health benefit plans exclusively for employees and annuitants of contracting agencies in addition to or in lieu of other health benefit plans offered under this part pursuant to Section 22922.

(3) Implement and administer risk adjustment procedures consistent with Section 22864 that require health benefit plans to adjust premiums and authorize the system to redistribute premiums based on rules and regulations established by the board for this purpose.

(g) (1) The board shall approve any employee association health benefit plan that was approved by the board in the 1987–88 contract year or prior, provided the plan continues to meet the minimum standards prescribed by the board. The trustees of an employee association health benefit plan are responsible for providing health benefit plan administration and services to its enrollees.

(2) Notwithstanding any other provision of this part, the California Correctional Peace Officer Association Health Benefits Trust and the Peace Officers Research Association of California Insurance and Benefits Trust may offer different health benefit plan designs with varying premiums in different areas of the state. The trustees of these health benefit plan trusts shall not use geographic regions that are different from the geographic regions established by the board for the regional premiums of contracting agencies, as authorized in paragraph (1) of subdivision (f), except that these trusts may use a north or south geographic region of the state that is different from the regions established by the board.

(h) Irrespective of any other provision of law, the sponsors of a health benefit plan approved under this section may reinsure the operation of the plan with an admitted insurer authorized to write disability insurance, if the premium includes the entire prepayment fee.