



Agenda Page 53, Issue 001

California Public Employees' Retirement System— Item 1900-001-0942—Medicare Part D Employer Subsidies

May 31, 2006

Proposed Legislative Analyst's Office Compromise: Assembly Version and Budget Bill Language

Provisions:

1. Funds appropriated in this item shall be used by the Public Employees' Retirement System to implement the processing of Medicare Part D eligibility files, reconciliation files, and subsidy requests. The Public Employees' Retirement System shall continue to apply directly for the maximum possible amount of Medicare Part D drug subsidies in 2006 and 2007.
2. Notwithstanding the requirements of Provision 1, the Public Employees' Retirement System may choose not to apply for subsidies related to plans that are eligible to act as sponsors and receive Part D subsidies related to their enrollees, consistent with actions of the Public Employees' Retirement System for calendar year 2006.
3. All Medicare Part D drug subsidies received as a result of the applications made pursuant to Provision 1 shall be deposited to the Special Deposit Fund and identified as Medicare Part D drug subsidy funds. The Medicare Part D drug subsidy funds may be expended only for the purposes described in Provision 1. No Medicare Part D drug subsidy funds remaining in the Special Deposit Fund after payment of the uses listed in Provision 1 may be spent or transferred to other funds except upon appropriation by the Legislature.
4. If the Board of Administration of the Public Employees' Retirement System wishes to propose an amended approach concerning applications for Medicare Part D drug subsidy funds in 2008 or a use for Medicare Part D drug subsidy funds expected to be accumulated in the Special Deposit Fund, the Board of Administration shall submit a proposal for these purposes to the Chair of the Joint Legislative Budget Committee, the chairs of the appropriate fiscal and policy committees of the Legislature, and the Director of Finance on or before December 1, 2006.