

## **SB 03-98: Modification of PERA Benefits Provisions**

Sponsored by Senator Ken Arnold (Westminster) and Representative Tim Fritz (Loveland). Cosponsors include Senators Anderson and Entz and Representative Marshall. The full Senate passed this bill on February 17, and the House Finance Committee approved it on March 5 with one amendment proposed by PERA and Representative Fritz. The amendment would allow elected officials and others in the State DC Plan to join PERA under certain conditions, allow retirees who are temporarily replacing an employee called into active military duty to be exempt from the 110 day per calendar year limit, and allow members (effective November 2003) to purchase service credit for foreign employment.

Below is a list of the provisions contained in the bill as passed by the Senate. For a detailed description of each item, visit PERA's Web site at [www.copera.org](http://www.copera.org), and click on the Legislation link on the home page.

- Enhance the privacy of PERA member and benefit recipient records.
- Allow a retiree to revert to Option 1 at divorce, with reselection upon remarriage.
- Add a 100 percent match to any remaining balance in a member contribution account upon the death of a retiree who elected Option 1.
- Transfer a portion of a service purchase cost to the PERA Health Care Trust Fund.
- Limit the number of service credit years members may purchase to a total of 10 years regardless of the date PERA membership began. (Any service credit purchase agreement initiated before November 1, 2003, will not be affected by this legislation.)
- Allow employees of Municipal Division employers to purchase all service rendered to that employer prior to its affiliation with PERA under certain conditions.
- Help to enable employees who have terminated contributions to a county, municipal, or special district retirement plan to roll over their accounts to a qualified retirement plan.
- Discontinue direct payments in lieu of contributions.
- Include the staff of the Colorado Association of School Executives in PERA membership.

## **SB 03-101: Contribution Stabilization**

Sponsored by Senator Dave Owen (Greeley) and Representative Brad Young (Lamar). Cosponsors include Senators Anderson, Arnold, Hanna, and Teck, and Representatives Coleman, Decker, Miller, and Tambor Williams. The bill was approved in the Senate Appropriations Committee with one technical amendment. The amendment reduces the appropriation to each state agency for the fiscal year that begins July 1, 2003, to reflect that the state contribution rate for that year will be 10.04 percent of salary rather than 10.15 percent rate, which is the rate that would be required in the absence of SB 101. This bill was passed by the Senate on March 10.

Under this proposal, employer contribution rates would remain constant when PERA's funding level is between 95 and 110 percent.

- Any funding level between 85 and 95 percent would be amortized over 30 years, and gainsharing provisions would not be in effect.
- MatchMaker contributions would end after December 2003 payrolls.
- Gainsharing provisions for the MatchMaker program and the Health Care Trust Fund would resume whenever PERA is over 110 percent funded.
- Funding levels below 85 percent or above 115 percent would be amortized over 20 years.
- Employer contributions would remain at their current level through June 30, 2004, for State and School and Judicial employers, and then increase depending on PERA's funding level.

Under this same proposal, employers would send their contributions to PERA by the fifth business day after employees are paid. The current due date is the 10th day after the end of the month in which employees were paid. This proposal brings employer contributions for PERA more closely in line with contributions employers make to defined contribution plans.

### **SB 03-165: Possible Affiliation of Denver Public Schools with PERA**

The PERA Board supports the affiliation of Denver Public Schools under the terms that any affiliation would be cost neutral to PERA participants and the PERA trust funds.

With the resignation of Senator Tate, this bill was dropped and a new bill will be introduced. Sponsors are expected to be Senators Paula Sandoval (Denver) and Norma Anderson (Lakewood) and Representatives Nancy Spence (Centennial), Rosemary Marshall (Denver), and Suzanne Williams (Aurora).

### **HB 03-1204: Disclosure by Investment Firms**

Sponsored by Representative Joe Stengel (Littleton) and Senator Ed Jones (Colorado Springs). This bill was passed by the House of Representatives on February 21 and by the Senate on March 4. As amended, HB 1204 would require investment firms providing research to the State Treasurer, PERA, FPPA, or any public entity to disclose whether it "...has an agreement with a for-profit corporation that is not a government-sponsored enterprise, whose securities are being offered for sale to the board, and because of such agreement the investment firm:

- had received compensation for investment banking services within the most recent twelve months; or
- may receive compensation for investment banking services within the next three consecutive months."

PERA believes this disclosure is standard and its investment functions would not be hampered.

### **SB 03-142: Regulation of Pharmacy Benefit Managers (PBMs)**

Sponsored by Senator Lewis Entz (Hooper) and Representative Gayle Berry (Grand Junction). This bill was passed by the Senate Business Affairs and Labor Committee on February 12 on a 5-2 vote, and sent to the Senate Appropriations Committee.

PBMs are used by health care plans to effectively provide prescription drug benefits. The PERA Board is opposing SB 142 because there would be no benefit in the regulation of PBMs by the State Board of Pharmacy. Pharmacists must be licensed, and health care plans that contract with PBMs are regulated by the Division of Insurance. Even though further regulation is unnecessary, PBMs would have to pay an application fee and a four-year renewal fee of nearly \$12,000.

SB 142 could restrict the ability of PBMs to secure drug discounts that save plans and their enrollees money on prescription drugs and health plan premiums. PERA and

other opponents, including businesses and health care plans, are concerned that the State Board of Pharmacy would promulgate rules harmful to mail-order programs of PBMs.

### **SB 03-197: Delaying Payday for State Employees**

Sponsored by Senator Owen and Representative Young. This bill is part of a package of bills that cuts state expenses for the fiscal year that ends June 30, 2003. The bill provides that salaries for the month of June would be paid on the first working day of July for all state employees, including higher education employees. For other months, payday will continue to be the last working day of the month. This results in 12 monthly paydays for state employees in calendar year 2003 and future years. SB 197 has been signed by the Governor.

### **SB 03-233: Allow Deputy District Attorneys (DAs) and Other DA's Employees to Join PERA**

Sponsored by Senator Mark Hillman (Burlington) and Representative Rob Fairbank (Littleton). This bill would allow Deputy DAs and other employees in the DA's office to join PERA or the State DC Plan under certain conditions.

Currently, only the elected DA is eligible for PERA, and other employees are excluded. The bill was amended by the Senate Finance Committee March 4 and passed by the Senate on March 10.

### **HB 03-1327: Nonlicensed School Employees**

Sponsored by Representative Dorothy Butcher (Pueblo) and Senator Abel Tapia (Pueblo). As introduced, HB 1327 would extend the program that allows school districts to declare a critical shortage of nonlicensed employees and hire PERA retirees to work full-time in nonlicensed positions with no reduction in their PERA retirement benefit.

PERA did not initiate HB 1327, and asked the House Education Committee to amend the bill at its hearing on March 10. PERA believes that other requirements that were included in SB 02-145 last year (creating a "critical shortage of teachers" program that sunsets in 2005) should be added to HB 1327. These provisions would protect the PERA Health Care Trust Fund. The Committee will take the bill up again on March 17.



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