

Appeals Regulations Update

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CalSTRS Draft Regulations on Employer Audit Appeals

- Upon board direction, formed drafting team.
- Currently soliciting feedback from stakeholders on initial draft.
- Next steps:
 - Make any additional changes
 - Seek board approval of draft regulations to initiate the formal rulemaking process

- The draft regulations are intended to accomplish the following goals:
 - Provide equal and consistent treatment, to the extent feasible, of sampled and systemic members;
 - Avoid delays in the issuance of the final audit report;
 - Implement reporting corrections, benefit adjustments and recovery of the overpayments as soon as practicable for *all* affected members; and
 - Provide a review and appeal process that leads to a single adjudicatory process.

- CalSTRS draft regulations would make the following changes:
 - Remove the requirement to inform the sampled population of the draft / preliminary audit report or the final audit report.
 - Inform both the sampled and systemic members of the audit report findings simultaneously.
 - Establish an audit resolution period during which employers would be required to submit a list of all members that are affected by an audit finding and submit all related corrections after notifying members.

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- Create employer penalty if required list or corrections are not made.
- Provide the opportunity to request an administrative hearing to the employer and *all* affected members following the audit resolution period.
- Create an additional employer penalty to recoup any costs associated with an appeal that occurs as a result of a late correction.