



DVA LAWSUIT UPDATE

August 30, 2019

Dear RPEA Members,

On April 17, 2019, Superior Court Judge Aarseth entered a ruling in the DVA lawsuit entirely favorable to the Retired Public Employees of Alaska.

The Court ruled that the State had diminished retiree benefits when it imposed the unconstitutional Moda dental plan in 2014. The Court ordered the Division of Retirement & Benefits (DRB) to immediately find an appropriate remedy for the diminishments to the Dental plan.

At an August 8th status hearing, the DRB said they were going to appeal the DVA decision to the Supreme Court and asked for a stay of the Superior Court's order until the appeal was decided (which could be years away), stating they wanted any remedy to be dependent on the Supreme Court's ruling. This request has been denied and the DRB has been instructed by the Court to move forward with implementing a remedy as quickly as possible.

At that hearing, the DRB stated that the remedy it planned to implement is to offer 2 plans beginning January 2020--the 2013 plan and the 2014 plan that the Court ruled was illegal. Retirees will have the option to choose either plan during an open enrollment set by the DRB, but the illegal 2014 plan would be the default plan. The DRB remedy would be to keep all members who had elected the DVA coverage in the illegal 2014 Moda plan as the default plan, and only those members who took the required opt-in action would be returned to the 2013 dental plan.

The DRB further stated during that hearing that the premium for the 2013 dental plan will increase substantially, while the premium for the

2014 plan will possibly increase slightly. The Court noted that had the DRB not implemented the illegal 2014 plan, the premium for the 2013 plan would have been spread over all of the DVA plan participants, rather than only the group who now choose to opt back into the 2013 plan.

The DRB stated that they will soon send a letter to all retirees who are DVA plan participants informing them of the options and premiums associated with those options. They indicated that this letter will be going out soon.

RPEA will provide further information to you as it becomes available, either from the DRB or the Court.

Please let me know if anyone has questions.

Sharon

Sharon Hoffbeck

President

Retired Public Employees of Alaska