



## RPEA Southcentral Chapter Membership Meeting Agenda May 10, 2016

### Approval of the agenda

### Approval of the April minutes (attached)

### Announcements

- **Please be sure to thank all those who have worked to make this meeting possible.**
- **2016-2017 Membership-Meeting Year** – This is our last meeting before summer break. Our next membership-meeting year begins September 13, 2016 and ends May 9, 2017. The Anchorage Senior Activities Center has agreed to waive room rental fees during this time frame.
- **Meal Cost Increases** – The ability to purchase lunch during membership meetings will continue in September; however, costs will increase. Today we vote on one of two options: 1) current meal service of meat, veggie, salad, roll, cookie, & coffee for \$15.00 or 2) soup, salad, cookie, & coffee for \$13.00. Majority vote by today's attendees will determine which of these two options we settle on.
- **Meal Feedback Cards** – If you had lunch today, please complete the lunch feedback card.
- **Teleconferencing Capabilities** – Available to all SC members. Please call in at 11:40 for announcements to begin at 11:45. The teleconference number is 888-636-3807 / access code 9742514.
- **Member Attendance** – Please be reminded that only RPEA members may attend a membership meeting. An eligible individual who is considering joining RPEA may attend as a guest if sponsored by an RPEA member.
- **SC Chapter Board Vacancies** – Please consider volunteering your skill and talents and join us as RPEA continues to fight to secure your retiree rights and benefits. Interested parties may contact Fran Rabago at [franrabago@gci.net](mailto:franrabago@gci.net) or any current board member.
- **RPEA Lawsuit** – The legal complaint and explanation of why it was filed is located on our website at [rpea.apea-aft.org](http://rpea.apea-aft.org). Questions? Contact Sharon at [sharonhoffbeck@gmail.com](mailto:sharonhoffbeck@gmail.com)

### **RPEA Benefits Update**

Sharon Hoffbeck, Executive Vice President

### **Diminution of Benefits – A Short History**

Rob Johnson, Board Member  
Alaska Retirement Management Board (ARMB)

**Remember:** Private conversations during a presentation make it hard for others to hear.

Southcentral Chapter Membership Meeting  
April 12, 2016

The membership meeting was called to order by Fran Rabago at 11:45.  
Motion to approve the agenda by Charles Peter, seconded by Jill Stanley.  
Motion to approve the March minutes by Kris Warren, seconded by Scott Chapman.

A big thank you to the volunteers who helped make this meeting possible: Shirley Iverson, Marie Beattie and Scott Chapman who staffed the check-in desk. And miscellaneous duties performed by Mel Munson and Kris Warren.

Door prize winners included Karen Leash who won bread from Great Harvest Bakery and George Severson who won a free lunch certificate.

Announcements were made as delineated in the April 12, 2016 meeting agenda. In addition, the following announcements were made:

- Meal costs will go up beginning in September 2016. Negotiations continuing with more information to follow.
- Fran will stay on as SC Chapter Chair through August 2016 (instead of May as originally announced.)
- We needed to end the meeting five to ten minutes early so that the room can be cleared and set up for the Senior Center's next scheduled event at 1:30.
- Kris Warren announced and invited everyone to the 1:30 Annual Board Meeting of the Anchorage Senior Activities Center.

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RPEA Benefits Update and Other Relevant Information  
Sharon Hoffbeck, RPEA President

Sharon began by thanking Fran for serving as Chairperson this past year and encouraged members to consider volunteering to serve in this or other vacant board positions by contacting Fran, or if unavailable to contact Sharon directly.

As previously announced Sam Trivette retired from the Alaska Retirement Management Board (ARMB). The great news is Rob Johnson has been appointed to that position. Rob has worked with RPEA for many years and is a perfect replacement for Sam.

**Declaratory Relief Lawsuit** – Filed back in January against the State of Alaska that deals specifically with the optional plans – the dental, vision and audio plans (DVA). It does not include the Long Term Care Plan (LTC) at this juncture.

In January 2014, the State reduced the DVA benefits, in particular, the dental plan. Our position is that the DVA plans are vested retirement benefits that are constitutionally protected and the State can't reduce those benefits. The State disagrees. This lawsuit has a real narrow focus. All it is asking the court to do is to make a ruling about whether or not these optional plans are constitutionally protected. If they are, we have asked for an injunction to force the State to restore benefits back to where they were in 2013. We encourage anyone whose claim is denied to continue to file appeals. If you have questions about that process or need help in filing an

appeal, please contact us. We have specific appeal language that the Retiree Benefits Committee developed and ask that you use it in your appeal.

**Long Term Care (LTC)** – For the last year we have had no complaints about LTC; however, a couple of months ago we stumbled upon a situation that indicates that LTC benefits are not being handled appropriately – that claims are being denied when they shouldn't be denied. The situation we stumbled upon was about someone who had taken a medical retirement in 2009. This person was a quadriplegic at that time he filed for medical retirement. Knowing this, the State still sold him LTC insurance. He paid premiums for seven years and then applied for home health care benefits through LTC. It was denied because he had a pre-existing condition. We got involved and have been working on this issue for the past two months. The great news is we won. (Applause) Not only is he going to be covered but he got all of his back premiums (which should have been suspended during the time he should have received LTC benefits) and all costs (originally denied) for his daily care coverage – he got everything that we asked for. Unfortunately, this is a case-by-case review so this particular decision is not precedent setting. Please let us know about any LTC problems or issues you may be having.

We are also getting a change of the Third Party Administrator (TPA) in a couple of months. We want to make sure we track this transition to make sure things are being done correctly. Currently the TPA for medical, vision and audio is Aetna; the TPA for dental is MODA. Every five years the State has to go out to bid on a TPA three-year contract, with the option to extend for up to an addition two years. Three years is up at the end of this year but the state has not told us if they plan to extend the memorandum of agreement with the current TPAs. They hold quarterly TPA meetings in Juneau that I have and will continue to attend.

Aetna's numbers show they are saving 50 million dollars a year over previous TPAs. We disagree with those numbers and believe that a lot of the savings are the result of denied claims. We have seen a lot of benefits denied that were once covered. The State says that past TPAs have paid out claims that should have never been approved in the first place. They feel that Aetna is now doing it right. If you or anyone you know gets denied with this kind of justification, please let us know. With MODA, they are just enforcing the State's decision. That's why our lawsuit is against the State and not the TPAs.

Response to Question from the audience: Premiums don't go up every year, only if there is a need. There should be actuarial reports yearly but the last ones were in 2009, 2012 and the most recent one done this year. Where premiums should be set are considered during the actuarial process. Premiums only go up if there is a need to because it is a self-supporting program and haven't increased in years. The last actuarial report shows our health trust account is currently overfunded.

**Medicare as primary** – Sharon clarified two important points:

- Treatment covered by Medicare is paid at 80% and Alaska Care (as secondary insurance) covers the remaining 20%. Because Medicare is the primary insurer, Alaska Care is not allowed to use any of their internal TPA policies to deny the claim.
- If Medicare denies coverage for a treatment that is covered under the Alaska Care plan, Alaska Care will step back in and pay as it did before you went on Medicare (which is 80%). That's a huge safety net. Right now, our out-of-pocket is \$800 a year so once you have reached your out-of-pocket expenses, your benefit pays 100%.

A discussion ensued regarding the difficulty in finding Medicare practicing physicians. It's true that once on Medicare if your doctor doesn't participate in Medicare, then Alaska Care will not cover it.

**Retiree Advisory Committee** – There used to be PERS and TRS boards that gave retirees a voice and worked with DRB (Division of Retirement and Benefits). They heard appeals and were able to accomplish a lot of work on behalf of retirees. In about 2005 those boards were abolished. In my opinion if those boards were still in place, we wouldn't be in as bad a shape as we are now. A couple of years ago RPEA decided to attempt to get something put back into place. Rob Johnson actually drafted legislation to that effect. The then Deputy Commissioner asked to work with RPEA on this advisory board so legislative efforts ceased. Lots of work has been done but our efforts have been stalled by the current Commissioner of Administration because he prefers to keep everything informal and would like to instead appoint his own committee. We believe that a committee like that would probably not serve retirees well. It's disappointing because we thought we had made headway in December. We continue to try to get this retiree advisory committee in place.

Rob Johnson briefly addressed the Pension Trust (performance is good), the unfunded liability (hypothetically, in the unlikely event that all claims from every participant came in at the same time), and ARM Board involvement. Sharon clarified that while benefits cannot be diminished, the State can change or remove a benefit as long as they replace it with something of equal (intrinsic) value. In other words, the overall benefit package cannot be reduced.

There was an audience question about the gap between what LTC pays and the actual costs for care. The inquirer wondered if there was any movement towards privatizing the LTC plan. Member Gordon Glaser spoke a bit about the Pioneer homes, encouraged anyone interested to put their name on the (long) waiting list, and indicated that with budgetary constraints things may get worse before getting better. Sharon continued by saying there are currently only three (of originally four) LTC plans – all have different coverage. Members were encouraged to read their LTC booklet to learn about what their particular plan covers before you need it.

Meeting adjourned at 12:50 PM  
Minutes prepared by Fran Rabago