

Retired Public Employees of Alaska
Southeast Chapter
Minutes of October 8, 2020

President Benda Knapp called the meeting to order at 10:04 on a Zoom conference session. She introduced our guest, Sharon Hoffbeck, president of the statewide RPEA. Ms. Hoffbeck will share information on the recent Executive Board meeting.

Treasurer Mike Notar moved to approve the minutes of the September 10 meeting. The motion was seconded by Marsha Buck and approved without objection. Mr. Notar also gave the financial report. We have \$2238.19 in the bank. He also informed President Hoffbeck that he doesn't believe RPEA needs to send us our quarterly allowance until we ask for it, because we have very few expenses. Our other option is to return it as a contribution to RPEA's Legal Fund. President Hoffbeck said that if we agree, we should send her an email to that effect so that it is on file. Mr. Notar moved that we not request our quarterly funding until the end of the fiscal year. The motion was seconded by Marsha Buck and approved without objection.

Ms. Knapp turned the meeting over to Ms. Hoffbeck. RPEA's lawsuit against the State regarding dental benefits is now on appeal before the State Supreme Court, which is actually good news because their decision will end the matter. The lower court decided in favor of RPEA and awarded us attorney fees, but the State has not paid them. It will probably be another year before we get a ruling from the Supreme Court. Retirees in the dental insurance program should be getting notification of open enrollment in the program allowing members to change plans if they wish.

There is also a lawsuit against the State regarding medical benefits. We have already had rulings in a couple of motions in the suit. If, after all appeals are denied and you wish to file a court case, where do you file? The State insisted you must file in Juneau, which would be a hardship for many claimants, but the court decided that you could file in any Alaska jurisdiction. Also, the State insisted that its fiduciary duty was only to the Fund. The court agreed with RPEA that the State's fiduciary duty was to retirees. We expect to win the suit, but it will certainly be appealed.

The larger issue in the suit is diminishment of benefits. The State hired Aetna to manage and handle claims processing for the benefits owed to retirees. However, the State allowed Aetna to use their own policies regarding coverage instead of the benefits promised to Alaska retirees. This was a major diminishment of benefits because Aetna's coverage was significantly more restrictive.

Another issue in the suit is double deductible. Retirees on Medicare pay a deductible, and that should be the only one required. However, the State changed their policy to require another deductible before the State would pay any benefits.

There was a question from the audience about adding preventative care to the benefits package. Ms. Hoffbeck explained that any addition to the plan would have to be offset by a deduction of equal value from the plan, so it is unlikely that any preventative care will be added. The Retiree Advisory Board is the forum for discussing such changes. She noted that pharmacy-administered flu shots are covered during the COVID crisis.

She also noted that we need to be vigilant about advocating for the State to make the necessary contributions to the Retirement Fund. There is an unfunded liability of perhaps \$6 billion. Currently the Fund is 75-80% funded, which is better than most states, but it should be better.

APEA has helped fund our lawsuits in the past. They covered a lot of the dental lawsuit. However, RPEA is funding the medical lawsuit and will be asking for donations to the Legal Fund to replenish it.

Ms. Knapp thanked Sharon for her presentation. There was no Legislative report and no medical report.

Mike Notar reported the death of member Sharon Lowe. She was not only an active member of RPEA, she also has audited the books of the Southeast Chapter for many years for free. He suggested that we honor her memory by making a donation to the program she founded and helped run, the Backpack Lunch Program. Kim Metcalfe moved that we donate \$100 to the Juneau Community Foundation, which funds the program. Mike seconded the motion and it was approved unanimously.

The meeting was adjourned at 11:35.

Respectfully submitted by
Alan Davis, Secretary