



RETIRED PUBLIC EMPLOYEES' ASSOCIATION OF CALIFORNIA



“Freedom is nothing but a chance to be better.” Albert Comus

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President's Report



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RPEA PRESIDENT



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RPEA NEWSLETTER

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A Message From President George Linn

First of all, Happy 2016! Let's all work together to protect our pension and health benefits and help RPEA remain the premier organization that it is now.

There is nothing new with those initiatives that Chuck Reed and Carl DeMaio have promised to inflict pension changes on public employees. To recap, originally they sent a proposal to the Attorney General as the law requires. The team of Reed/DeMaio did not like her opinion and sought legal changes by court action. That was not to happen. That was 2013. Where are we now? Another attempt failed in August, and now we have the December two. The Attorney General has issued her opinion and the Reed/DeMaio team are just sitting still as far as signature gathering goes. Will they? Won't they? Who knows? So as I said in my last article, we are just holding our breath.

I have other concerns. Membership is a huge concern. Several times I have suggested that an easy way to enhance our membership is for each existing member to bring in one new member. How long ago did you retire? Many of us have only been retired a short time. Are you still in contact with your friends with whom you worked? I know I see my former workmates at various places I go—the supermarket, the bank, etc. We always share a short "Hello, what have you been doing?" I don't know about you, but I always talk about RPEA and what the organization is doing to protect our pensions and health benefits. I truly believe that RPEA makes a difference when it comes to my pension and health benefits. This is why I always bring this up in my conversations. I know that this conversation has brought in several new members. If you need membership applications, our Headquarters Office will be happy to send you a supply.

There are other ways to get the RPEA name in front of prospective members. Do you know the Human Resources staff

person who processed your retirement? These staffers are good resources who can help us to get information to future retirees. One of our members has that kind of contact and gives presentations to all of her former agency's outgoing retirees. While this is only one person, she routinely obtains many new members each month.

At the last General Assembly RPEA Delegates voted to add a new category of membership for those public employees who are still working. That category is "Affiliate" member. Here is another group of people that we all see every day—policemen on patrol, a staff member at the public library, street workers repairing damaged streets, the secretary at our grandchild's school. These and all other public employees are eligible for membership.

"I don't know about you, but I always talk about RPEA and what the organization is doing to protect our pensions and health benefits."

There are many ways to bring in new members. I would like to say it again. **"Each member should be able to bring one new member."** Membership numbers are important to those entities we work with every day in our efforts to

retain pension and health benefits. We are constantly under attack—and not just from the team of Chuck Reed and Carl DeMaio. So, the fact that the future of their initiative is in question is unrelated to our need for increased membership. Your Board officers frequently speak in front of the CalPERS Board challenging CalPERS staff and Board of Administration directions. The number of members under the RPEA umbrella is important.

RPEA's General Assembly is scheduled for July 2016. This is your opportunity to have your voice heard on issues and positions taken by RPEA. While this is one opportunity, members are always welcome to attend the quarterly Board of Directors meetings. Each of these meetings is an important vehicle for the organization to provide our members with an opportunity to voice opinions to their elected Directors. In the coming months you will be receiving information about our General Assembly that will need your attention. Never hesitate to contact our Headquarters Office if you have any questions about what you receive.

Vice President's Op/Ed

By Al Darby, Vice President



For the past several months we have witnessed the submission of three different ballot initiatives by Chuck Reed, ex-Mayor of San Jose, and former San Diego Councilman, Carl DeMaio, all designed to end defined benefit (DB) pensions for future California public retirees. Carl DeMaio was very active in San Diego in promoting a 2012 ballot initiative to end the DB pension system for new hires in that city. He was proud of his success in getting the initiative passed. His efforts related to the San Diego initiative appeared to make him an excellent partner for Mayor Reed in Reed's ambition to pass a statewide anti-DB proposition. So far, this partnership has not developed into a viable campaign to upset existing California public pension systems. The contrary is truly the case. Polling has proved to be unfavorable to these anti-DB pension ballot measures. As a result of these poor poll results, anti-public pension supporters have not yet opened their

coffers to provide cash to gather signatures.

To add insult to injury, the Public Employee Retirement Board (PERB) has just released their finding that the 2012 San Diego ballot initiative was improper and overturned the ballot measure. If this PERB action is upheld on appeal, Mr. DeMaio will suffer a major embarrassment because he promoted this proposition and took credit for getting it passed. When it was challenged on appeal, DeMaio did not defend the measure because he said it was a ballot initiative and he had no formal stake because he was councilman and the council did not place the proposition on the ballot. This lack of defense in the appeals court and the subsequent realization that the PERB was the true arbiter of the issue resulted in the recent PERB action to overturn the ballot measure.

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RPEA Health Benefits Update



By Joanne Hollender, Director of Health Benefits

Affordable Care Act 2015 Tax Provisions for Individuals and Families

The Affordable Care Act (ACA) requires people to have qualifying health care coverage, also referred to as minimum essential coverage. Minimum essential coverage includes government-sponsored programs, eligible employer-sponsored plans, individual market plans, and other coverage the Department of Health and Human Services designates as minimum essential coverage.

The Affordable Care Act includes the individual shared responsibility provision, which requires you, your spouse, and your dependents to have qualifying health insurance for the entire year, report a health coverage exemption, or make a payment when you file your federal income tax return. In addition, you may be eligible for the premium tax credit, if you purchased health coverage through the Health Insurance Marketplace (including Covered California).

Starting in early 2016, you may receive one or more forms providing information about the health care coverage that you had or were offered during 2015. Much like Form W-2 and Form 1099, which include information about the income you received, these new health care forms provide information that you may need when you file your income tax return. These new forms will be provided to the Internal Revenue Service (IRS) by the entity that provides the form to you:

Form 1095-A, Health Insurance Marketplace Statement. The Health Insurance Marketplace including Covered California, sends this form to individuals, who enrolled in coverage.

Form 1095-B, Health Coverage. Health insurance providers send this form to individuals they cover. Examples of providers include health insurance companies, Medicare Part A coverage, Medicare Advantage plans, and most Medicaid and TRICARE coverage.

Form 1095-C, Employer-Provided Health Insurance Offer and Coverage. Employers with 50 or more full-time employees, including full-time equivalent employees, send this form to their employees and former employees, with information about the coverage the employer offered and enrolled in health coverage. Employers offering health coverage referred to as "self-insured coverage," send this form to individuals they cover.

If you did not sign up for a health insurance plan in 2016, you face a fee that will be assessed on your 2015 federal income tax return. For 2016, the penalty is the greater of (1) 2.5% of your household income or (2) fines for each member of your household (\$695 per adult and \$347.50 per child) with no household limit.

For more information go to www.irs.gov/Affordable-Care-Act/Individuals-and-Families. Please note, this article is

informational only and NOT tax advice. Members should contact their tax preparers or legal advisors for tax advice.

CalPERS-Review of Excise Tax on Cost Employer-Sponsored Health Coverage

Congress recently extended the date of implementation of the Excise Tax (also known as the "Cadillac Tax") under the Affordable Care Act (ACA), from January 1, 2018 to January 1, 2020. With the extended date, it would not be an immediate concern to RPEA members. It is possible the "Cadillac" Tax could be modified or possibly eliminated depending on the outcome of the next presidential election. However, to the California Public Employees' Retirement System (CalPERS), this new date is still a concern.

The 40% Excise Tax applies to employee pre-tax and employer contributions toward health coverage (total health premium) including Flexible Spending Accounts (FSA), Health Savings Accounts (HSA), and Health Reimbursement Arrangements (HRA). The Excise Tax does not apply to after-tax health account contributions made by employees, co-insurance, co-pays, and Medicare.

At the January CalPERS Board of Administration meeting in Monterey, the CalPERS staff made a presentation to the CalPERS Board of Administration to discuss potential ramifications to future health plan premiums including hypothetical scenarios to illustrate the potential dollar impact of the Excise Tax on CalPERS health plans. The CalPERS Staff demonstrated how to evaluate potential tax calculation methods and to explore plan value options (e.g. Silver and Gold Plans with higher deductibles, co-pays and pharmacy costs) to reduce health premiums below the Excise Tax Threshold (\$10,200 for a single coverage and \$27,500 for all other coverage).

Suggested tax calculation methods included blending tier premiums, optimizing tier ratios and utilization of a demographic adjustment (older populations, or a less favorable gender mix can qualify for a higher tax threshold). Illustrations utilized Blue Shield Access+ with the Bay Area Regional Rate, which is the highest rate for Contract Agencies. The estimated impact on the Bay Area Regional Rate with a 3% rate increase in premiums is estimated to be \$28 million in 2020 and \$61 million in 2021, while the Statewide Rate is estimated to be \$2 million in 2020 and \$38 million in 2021.

Although it was not mentioned in the CalPERS staff presentation, RPEA recommends that the CalPERS Board of Administration consider eliminating the Regional Rates levied on Contracting Agencies for participation in health plans under the Public Employees Medical and Hospital Care Act (PEMHCA). An employee's residence or location of work should not be a factor in determining health plan rates. CalPERS' Basic Statewide health plan rates are not tied to where State employees live or work. Also, CalPERS' Medicare HMO and PPO health plan rates are the same for

RPEA Health Benefits Update

both State and Contract Agencies. (CalPERS' Health Plan Rate charts were published in the July/August 2015 RPEA newsletter and can be accessed at the CalPERS website.)

Using the Regional Rates for 2016 and the health plan, Basic Blue Cross Access + HMO, the following rates would apply to employees of the State and Contracting Agencies:

- California Statewide: Single: \$767.45, Family: \$1,995.37
- Bay Area Contracting Agencies: Single: \$1,016.18, Family: \$2,642.07
- Sacramento Area Contracting Agencies: Single: \$885.33, Family: \$2,301.86
- Los Angeles Area Contracting Agencies: Single: \$566.53, Family: \$1,472.98
- Other Southern California Contracting Agencies: Single: \$654.87, Family: \$1,702.66

State employees living in the same region with the same health plan coverage as a Contracting Agency employee, have a different health plan premium; some higher, some lower. Granted Southern California health plan rates are lower than the Statewide Rate, the Sacramento Regional Rate is 15.4% higher and the Bay Area Regional Rate is 32.4% higher than the State Rate.

Unfortunately, many Contract Agencies do not sponsor the full premium for their employees' basic health plan coverage, which shifts the remaining cost to their employees to pay the difference. It is surprising that more contract agencies are not questioning the higher priced Bay Area and Sacramento Regional Rates, and especially in comparison to the State Rates.

Recently, only one Contracting Agency, Yolo County, has successfully prevailed in convincing the CalPERS Board of Administration to reassign it from the high cost Bay Area Region to the Sacramento Area Region with lower cost health plan rates. The demarcation between the Bay Area Region and the Sacramento Region came down to which side of the Sacramento River the agency was located. Eliminating regional rates would save Contract Agencies money and encourage them to remain under PEMHCA, and possibly make it easier to minimize the number of CalPERS health plans subject to the Excise Tax in 2020.

New California Legislation May Affect CalPERS Members in 2016

Outpatient Prescription Drugs (AB 339) requires non-grandfathered health care service plan contracts and health insurance that cover outpatient prescription drugs to provide coverage for medically necessary prescription drugs, including

non-formulary drugs. It limits until January 1, 2020, cost sharing for a 30-day supply of a prescription drug to \$250, or to \$500 for certain plans and policies. In addition, the bill prohibits service plans and insurers from establishing drug formularies that discourage the enrollment of individuals with health conditions or attempt to reduce the benefit for enrollees with a particular condition.

Prescription Drugs (AB 374) allows a request for an exception to a health care service plan or insurer's step therapy process for prescription drugs to be submitted in the same manner as a request for prior authorization for prescription drugs. The bill also requires the plan or insurer to consider and respond to the request in the same manner as a request for prior authorization for prescription drugs.

2015-16 State Government Budget Trailer Bill (SB 98) requires CalPERS to verify dependent eligibility for state annuitants before enrolling a dependent into a health plan and to verify continued eligibility every three years. It also prohibits CalPERS from granting any further exemptions to the rule against enrolling employees, annuitants, and their family members, who are eligible for Medicare in a basic health benefit plan, and prohibits the use of funds in the Annuitant Health Care Coverage Fund for the payment of benefits for state annuitants and dependents.

Annuitant Health Care Coverage (SB 99) ratifies the memoranda of understanding for state engineers and scientists. It requires prefunding for retiree health care coverage for all employees in these bargaining units under the CalPERS Annuitant Health Care Coverage Fund. For employees in these units, first hired on and after January 1, 2016, the bill eliminates employer contributions for Medicare Part B premiums, and establishes a longer retiree health care vesting schedule: 15 years of service for a 50% employer contribution and 25 years for a 100% employer contribution. The bill reduces the maximum employer contribution for annuitants and their family members to either 80% of the weighted average of premiums for active state employees enrolled in a basic plan, or 80% of the weighted average of premiums for state annuitants enrolled in a Medicare plan.

Large Group Health Plan Data Disclosure and Rate Review (SB 546) requires large group health plans and insurers to file aggregate rate information, including the weighted average rate increase. Notices of changes to premium rates or coverage must also provide information about whether the rate change is greater than the average rate increases approved by the California Health Benefit Exchange or by the CalPERS Board of Administration, or if it would subject the plan premiums to the federal excise tax.

Legislative Update



By Aaron Read & Pat Moran, Legislative Advocates

The Legislature returned from their interim recess on January 4, 2016, to begin the second year of a two-year session. Since then, several hundred bills have been introduced, in addition to all the ones that have been amended, either slightly or substantially. See the next newsletter for information on some of the major bills RPEA is tracking. In the meantime, below is an update on our sponsored bill, AB 241.

AB 241 (Gordon, D-Menlo Park) requires, under certain conditions, a local public entity to provide the name and mailing address of each retired employee to an organization that is incorporated and qualified under specific state and federal laws for the purpose of representing retired public employees during a bankruptcy proceeding.

As you know, when the City of Stockton filed for bankruptcy, retirees from the city organized as a group in order to become a party to the bankruptcy. This group received nonprofit status under the Internal Revenue Service's Code 501(c)(5), which allowed them to obtain donations and hire legal counsel to represent them in bankruptcy court. The group then requested from the city, the names and addresses of the city's retirees so they could notify them of their intent to seek representation before the bankruptcy court. The city refused. As a result, notifying retirees of the organization's attempt to hire an attorney was made exponentially more difficult.

AB 241 ensures that retirees and their beneficiaries have the opportunity to meaningfully participate in the legal processes of a local public entity filing a petition and exercising powers pursuant to applicable federal bankruptcy law.

AB 241 received bi-partisan support in both the Assembly Local Government Committee and the Assembly Privacy and Consumer Protection Committee. It then passed out of the Assembly Appropriations Committee on a vote of 13 to 4 and off the Assembly Floor on a vote of 61 to 14, with 4 members who were absent or abstained from voting. As of this writing, it is awaiting a hearing in the Senate Local Government Committee.

REED/DEMAIO PENSION REFORM INITIATIVE POSTPONED

Former San Jose Mayor Chuck Reed and former San Diego City Councilman Carol DeMaio have decided not to move forward with either of their pension reform initiatives that had already received title and summary from the Attorney General's office and were cleared for circulation. However, unfortunately, they have said they will come back with something in 2018. The following statement was released regarding their decision of withdrawing their efforts, at least for now:

"After conversations with members of their coalition and key donors, we have decided to re-file at least one of our pension reform measures later this year for the November 2018 ballot. By then we will know the outcome of a key court

case that might limit the public employee unions' capacity to spend 'unlimited' resources against pension reform." The court case they refer to is Friedrichs vs. the California Teacher's Association - CTA - that is pending in the United States Supreme Court. It is regarding Fair Share Fees, which are fees charged to non-members for representation. The court case should be decided this summer.

Reed and DeMaio continue to say that "every year we delay serious pension reform public employers make more unsustainable promises to new employees and public retirement debts grow. We need pension reform to protect our education system and vital public services from these fast growing burdens. Although our polling today shows continued strong public support for pension reform, we believe 2018 will provide an even better environment for substantial reform as rising retirement costs further squeeze their schools and local agencies budgets."

2018 will be a non-presidential election year, which means there will be a substantially lower turnout, IF they are successful in getting the measure to qualify for the ballot.

We will monitor this issue very closely and keep you apprised of any new information we receive.

BUDGET

On January 21st, Governor Jerry Brown unveiled a \$170.6 billion state spending plan that reflects billions of dollars in new revenue, proposing that much of it go to K-12 schools, the developmentally disabled, and the blind, elderly and disabled. The Governor also highlighted the possibility of another economic downturn to refute calls for permanent spending increases. With that, the budget includes several hundred million dollars in one-time spending and diverts several billion dollars into reserves.

This will be a point of contention between the Administration and the Legislature; a Legislature that wants to restore cuts made to social service programs during the recession and believe the money is available to do so. They point to the non-partisan Legislative Analyst's Office who released a report in November that estimates the State will end the current fiscal year with \$7.9 billion in reserve, \$3.3 billion more than lawmakers expected last year.

Pushing back, the Governor said on several occasions during his press conference, "Everybody thinks when they're up here, it's all wonderful. That's what they thought before the dot-com, and that's what they thought before the mortgage meltdown," Brown said, pointing to budget revenue charts. "And so here we are again."

This is the beginning of the annual budget dance and many other spending proposals will be brought forward as a result of the budget surplus. Proposals that will be debated in the upcoming budget subcommittee hearings.

At present, the actual budget details have not been released, below are highlights from the Governor's budget summary for your review. We will update you on the specifics as they are made available.

Legislative Update



Health, Dental Benefits for Annuitants

This program provides funding for health and dental benefit services for retired state employees and their dependents.

The program began on January 1, 1962, with an employer contribution of \$5 per month toward the cost of a basic health plan. Since then, major medical plans, Medicare, and plans supplementing Medicare have been developed. Dental care was added in 1982.

The 2015-16 employer contribution for health premiums maintains the average 100/90 percent contribution formula established in Government Code Section 22871 for fully vested members.

Under this formula, the state averages the premiums of the four largest health benefit plans in order to calculate the maximum amount the state contributes towards retiree health benefits. The state also contributes 90 percent of this average towards the health benefit costs of each of the retiree's dependents. Vesting schedules and employer contributions may vary by employee bargaining unit contract.

Retiree Health Unfunded Liability

The Administration will continue to push for pre-funding of retiree healthcare to reduce the employer cost of retiree healthcare by continuing to negotiate with its bargaining units this year to implement this cost sharing agreement as part of labor contracts.

CalPERS

The Budget includes \$5.5 billion (\$3.2 billion General Fund) for state contributions to the California Public Employees' Retirement System (CalPERS) for state pension costs. These costs include the third and final phase in of retirement rates to address the impact of demographic assumptions adopted by the CalPERS Board in February 2014.

Health Care Reform Implementation

In 2013, California implemented significant portions of the Affordable Care Act (Obama Care). Covered California, the state's insurance marketplace, has provided affordable health insurance, including plans subsidized with federally funded tax subsidies and products for small businesses, beginning January 1, 2014. In addition, the Medi Cal program was expanded in two ways:

The mandatory expansion simplified eligibility, enrollment, and retention rules, making it easier to get on and stay on the program.

The optional expansion extended eligibility to adults without children, and parent and caretaker relatives with incomes up to 138 percent of the federal poverty level.

Significant reforms in the individual and small group insurance markets also took effect January 1, 2014. Most health plans and insurers in California are required to cover the ten essential health benefits required by federal law:

- ambulatory patient services;
- emergency services;
- hospitalization;
- maternity and newborn care;
- mental health, including behavioral health treatment;
- prescription drugs;
- rehabilitative and habilitative services and devices;
- laboratory services;
- preventive and wellness services and chronic disease

management; and

- Pediatric oral and vision care.

With these reforms, the Medi Cal caseload will increase from 7.9 million in 2012 13 to a projected 13.5 million in 2016 17, covering over a third of the state's population. In addition, 1.5 million people will be enrolled in Covered California by the end of 2015 16. Covered California is now a self sustaining entity primarily through the fees it assesses on qualified health plans to fund its operating budget.

The Budget assumes net costs of \$4 billion (\$1.9 billion General Fund) in 2016 17 for the cost of the mandatory Medi Cal expansion. Additionally, the federal government will pay 100 percent of the cost of the optional expansion for the first three years. Beginning in 2017, the state assumes a 5 percent share for the optional expansion population. By 2020 21, the federal share will have decreased to 90 percent and the state will pay Health and Human Services Governor's 10 percent.

The Budget assumes costs of \$14.1 billion (\$740.2 million General Fund) in 2016 17 for the state's share of costs for the optional Medi Cal expansion.

Managed Care Organization Tax

Chapter 33, Statutes of 2013 (SB 78), authorized a tax on the operating revenue of Medi Cal managed care plans based on the state sales tax rate. This tax offset General Fund spending in the Medi Cal program by approximately \$1 billion annually. The federal government released guidance in 2014 indicating that the current tax is impermissible under federal Medicaid regulations. California's current tax expires at the end of 2015 16.

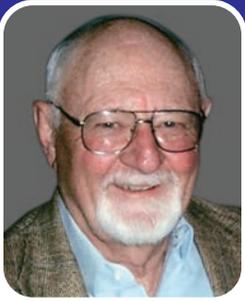
The 2015 Governor's Budget proposed to amend the scope of the tax in order to: comply with federal requirements by broadening the tax to apply to nearly all managed care plans; continue to offset General Fund expenditures in the Medi Cal program by \$1 billion annually; and restore the 7 percent reduction in hours for recipients of In Home Supportive Services.

The 2015 Budget Act restored the 7 percent reduction in the In Home Supportive Services program for one year using General Fund dollars, but the Administration's proposed tax extension has not been passed by the Legislature. The Governor called a special session in June 2015 to address the proposed tax. Calendar year 2017 is the first year that the state will share the costs of the optional expansion population under federal health care reform. To serve the 3.4 million residents now receiving coverage, the Budget allocates \$740 million General Fund for the state's 5 percent share of costs (on a half year basis).

These costs will eventually reach \$1.8 billion General Fund annually by 2020 21. The managed care organization tax remains a critical component of maintaining Medi Cal program funding that allows for the coverage of the expanded population and for future provider rate increases.

The Budget proposes a tax reform package to extend a federally allowable managed care organization tax. The Budget also assumes that revenues from the tax be placed in a special fund and be used to restore the 7 percent reduction to the In Home Supportive Services (\$236 million annually). Finally, the Budget assumes the tax is in place for three years starting in 2016 17.

RPEA Legislative Update



By James Anderson, Director of Legislative

FIRST THE GOOD NEWS: The legislation **SPONSORED** by RPEA has cleared the Assembly and will be heard in Senate Committees when

assigned. We had little opposition to the bill (AB 241 Gordon), but it was caught in the log-jam at the end of May, and put over into 2016 as a 2-year bill. The bill needed to clear the Assembly by the end of January to continue on to the Senate.

This legislation was requested by the members of the Stockton Chapter of RPEA, because the City refused to provide them with the names of retirees as the City proceeded into bankruptcy. The retirees needed to become organized in order for them to protect their interests in the City's bankruptcy proceedings. They were able to organize by contacting people they knew and raising money to form a non-profit organization. They then hired a lawyer for the purpose of protecting their claims. Although their efforts were not completely successful, the Stockton retirees did maintain their pension benefits, but lost their future health benefits the City had promised.

With the final success of the legislation, any public agency that decides to start the bankruptcy process will be required to provide the names and addresses of their retirees to a non-profit group. This will allow the retirees to contract with a bankruptcy attorney and be able to negotiate with the public agency. If the case proceeds to court, the retiree organization will be approved to appear in the bankruptcy proceedings.

LEGISLATION FOR 2016: Those legislative bills that are still in the process during 2016 will continued to be followed by RPEA. Those 2-year bills that have survived will be monitored as well as several new bills which have been introduced in 2016, and are included in our Legislative Tracking Chart (**see page 9**). The recommendations on the November ballot initiatives that might affect our Mission Statement and our members, will wait until the initiatives have been certified by the Secretary of

State. *(Watch this space in June!)*

NOW FOR THE BETTER NEWS: The initiative to change the California Constitution to devastate public employee pensions "wrote rotten" by the team of Chuck Reed and Carl DeMaio has been removed from signature circulation by the authors. Once they discovered that California politicians were not kicking down their doors to help, and no out-of-state money was being offered, they decided to punt.

They have been trying to find a proposal to basically kill public pensions in California. One of their ideas would have stopped all defined benefit pension plans by January 2019, unless approved by the voters. When this idea was found faulty, they changed it to only apply to new employees after 2019. Other provisions would have closed defined benefit plans for existing public workers and made it unlikely that these plans could remain financially sound.

"They have been trying to find a proposal to basically kill public pensions in California. One of their ideas would have stopped all defined benefit pension plans by January 2019, unless approved by the voters."

Their other proposal would have put a cap on the amount public employers could contribute to pension plans after January 2019. The limitation of 13% for public safety and 11% for miscellaneous employees would make all public employees unable to have a secure retirement and possibly limit employment opportunities throughout the state. Government pay would have needed to be raised significantly to attract and keep good people.

It was estimated that about \$2-3 million would have been needed to get enough signatures to place it on the November 2016 ballot. After that, the fight to pass these draconian measures would have cost much more. Without financial backing, Reed and DeMaio have decided to fight this battle in 2018.

We do not expect these attempts to go away, but RPEA will continue to partner with like-minded groups to mount aggressive opposition to attempts to denigrate public workers and deny them a secured retirement.

2015 RPEA Legislative Tracking & Position

State and Federal Legislation - 2015-16		January 27, 2016	
BILL NUMBER & AUTHOR	LEGISLATIVE INTENT	CURRENT STATUS	RPEA POSITION
AB 73 (Waldron) Medi-Cal Prescription Drugs	A Medi-Cal beneficiary shall have prompt access to medically necessary antiretroviral drugs for use in the treatment of HIV/AIDS that have been approved by the federal Food and Drug Administration for that purpose, including drugs that are not on the formulary of a Medi-Cal managed care plan to the extent permitted by federal law.	Amended and Passed Assembly. Senate Rules Committee	S-3
AB 241 (Gordon) Introduced 2/5/15 Bankruptcy: retired employees: disclosure of names	This bill would require a public entity contemplating bankruptcy to disclose the names and addresses of retirees from that entity to a qualified non-profit corporation for the purposes of appearing in the bankruptcy proceedings.	Appropriations passed 21-4 Assembly approved 1-25-16 To Senate Rules.	S Sponsored by RPEA
AB 314 (Waldron) Conservatee Regulations	This bill would provide that the determination that the conservatee is incapable of completing an affidavit of voter registration do not apply to a limited conservatorship for a person with developmental disabilities when the proposed conservator is a parent of the proposed conservatee.	Assembly Jud. Comm DEAD.	S-3
AB 348 (Brown) Long Term Care Facilities Complaint Investigation	Current law provided for a time period for which an investigation of a complaint is required. This bill would require the Department of Health to apply the existing time periods to a report from the facility of an alleged violation of state or federal law	Assembly held in appropriation comm.. DEAD	S-3
AB 463 (Chiu) Introduced 2-23-15 Pharmaceutical Cost Transparency Act of 2016	This bill would require each manufacturer of a prescription drug, made available in California, that has a wholesale acquisition cost of \$10,000 or more annually or per course of treatment to file a report, no later than May 1 of each year, with the Office of Statewide Health Planning and Development on the costs for each qualifying drug,	Referred to the Committee on Health Author dropped bill DEAD	S-3
AB 533 (Bonta) Balanced billing by Health Care Professionals	This bill provides that if an insured receives covered services from a noncontracting individual health professional, the insured is would be required to pay the noncontracting individual health professional only the same cost sharing required if the services were provided by a contracting health professional.	Assembly refused to concur on Senate Amendments on Sept. 12, 2015. Fine date 2-1-16	S-3
AB 537 (Allen) Post employment Health Care Benefits Prefunding	This bill would prohibit a public agency, state employer, employee organization, or public employee from entering into a memorandum of understanding that provides postemployment health care benefits without a strategy for permanently prefunding members' postemployment health care benefits.	Hearing cancelled at request of author. No subsequent action DEAD	S-2
AB 890 (Ridley Thomas) Anesthesiologist Assistants	Anesthesiologist Assistants This bill would allow up to four Anesthesiologist Assistants to provide care under the direction of a Anesthesiologist. CSR is opposed to this on the grounds it could lead to limited care in hospital operating rooms.	Held under submission Appropriation Committee DEAD	O
SB 26 (Hernandez) Health Care Performance Information	By 2017 the Legislature would establish a system to provide valid, timely, and comprehensive health care performance information that is publicly available and can be used to improve the safety, appropriateness, and medical effectiveness of health care, and to provide care that is patient-centered, timely, affordable, and equitable	Senate Appropriation Committee under submission. DEAD	S-3
SB 190 (Beal) Acquired Brain Injury Insurance	Require insurance to include coverage for post-acute residential transitional rehabilitation services made necessary as a result of and related to an acquired brain injury.	April 16, 2015 hearing cancelled by author DEAD	S-2
SB 547 (Liu) Single State Agency for Aging and Long Term Care (Amended on 1-13-16)	This bill would create the Statewide Aging and Long-Term Care Services Coordinating Council, chaired by the Secretary of California Health and Human Services. The secretary would have specified responsibilities of leading the council in the development and implementation of a state aging and long-term care services strategic plan to meet the needs of the aging population in the years 2020, 2025, and 2030.	Amended passed by Appropriation. Passed Assembly, to Senate Rules.	
Federal Legislation			
HR 973 (Davis + 136 cosponsors and S 1651 (Brown + 16 cosponsors) Repeal WEP and GPO	"Social Security Fairness Act 2015 " Proposal to repeal the Windfall Elimination Provision (WEP) and Government Pension Offset in the Social Security Law.	House Ways and Means Committee and the Senate Committee on Finance	S
HR 7-11 (Brady) + 51 cosponsors Equal Treatment of Public Servants Act of 2015 (Modifies WEP)	This bill would modify the provisions of the Windfall Elimination Provision (WEP) to replace the existing formula and take into account the actual wage history of the public employee regarding the contribution to the Social Security Trust Fund. Changes are proposed to be "cost neutral" with some increased costs to persons that incorrectly reported earnings.	House Ways and Means Committee	S
13-0033 State Fees on Hospitals	AB 239 (2013-2014) set fees on Hospitals to obtain Federal matching funds to provide Medi-Cal treatment. This initiative would require a two thirds for the Legislature to amend that law and a two-thirds vote of the people to provide additional funds for this program. uncompensated care provided by hospitals to uninsured patients, and to children's health coverage	Qualified for 11/2016	W
15-0076 and 15-0077 Public Employee Pensions and Health Care Initiative	Two Proposed Constitutional Amendments to require a vote within a public jurisdiction to change benefits of public employees in California. New employees after 1-1-2019 would not be offered a defined benefit requirement plan without a vote within the jurisdiction and Government contributions would be limited to 11% and 13%. Applies to all public jurisdictions in California.	Cleared for circulation PULLED FROM CIRCULATION	O
LEGISLATIVE SUPPORT POSITIONS: The following categories are used in your legislative summary reports: <ul style="list-style-type: none"> • SPONSOR - This is a sponsored or co-sponsored bill. • SUPPORT 1 (S1) - This is the highest priority support bill. We send a letter of support to the author, a letter of support to committee members considering the bill and undertake full lobbying to assure passage of the bill. We also closely monitor all amendments and constantly reevaluate our position. • SUPPORT 2 (S2) - This level of support is moderate. A letter is sent to the author and committee considering the bill, but there is usually less lobbying or testifying before committee. We also closely monitor all amendments and constantly reevaluate our position. • SUPPORT 3 (S3) - This is the lowest level of support. A letter of support is sent to the author. We closely monitor the bill for amendments. • OPPOSE (O) - Only those bills which are judged to be detrimental are given an oppose position. Such bills require aggressive opposition lobbying, often accompanied by efforts to gain amendments, in an effort to make the bill acceptable to RPEA, and therefore to remove our opposition. • WATCH 1 (W1) - This is a bill of more than casual interest. We actively monitor such bills and often communicate with the author, the author's staff, the legislative committee members and staff. We frequently seek clarifying amendments to bills in this category. • WATCH 2 (W2) - This is a bill of interest or concern on which we keep close tabs. It appears in the summary report. • ? - This is a bill that will show up in our screening from time to time. It is important that we discuss the bill so that we are able to remove the question mark by either deleting the bill or by assigning one of the above positions. 			

RPEA Social Media Guide

By Kelly Boyles & Samantha Reardon of Marketplace Communications

Follow along with us for our brand new Social Media “How To” series. In this and future issues we will explore a different facet of social media beginning with our **Facebook Series Part 1: Creating an Account**. In this series we will give step by step instruction for creating a Facebook account and include social media safety tips for you to keep in mind as you go through the process. In the next issue we will explore how to comment, like, share and engage on Facebook. We hope you find this “How To” series helpful and fun!



FACEBOOK SERIES

PART ONE CREATING AN ACCOUNT



Step 1: Sign Up

Go to www.facebook.com. The Sign Up form will ask your name, email address or phone number, password, birthday and gender. Then click Sign Up.

You will receive either an email or text message (depending if you gave an email address or cell phone number) to confirm your account.



Step 2: Edit Your Profile

Once you have confirmed your account, you can now edit your profile by clicking on View and Edit Profile.

A number of fields will appear to enter basic information such as occupation, education, and personal contact information. If you do not want any specific information visible on your profile, leave the field blank. If you do not want the year of your birthdate shown, click Show only month and year in my profile. You can upload a photo and write a brief bio on yourself, if you wish. Once you are done, click Done Editing.

Facebook SAFETY TIPS:

- Create a different email or chose a different name for your account.
- Choose the privacy settings that are best for you.
- Keep your password safe. Do not share with others.
- Block and report users who send you unwanted messages.

Step 3: Find Friends Online

You will be able to find friends online by using the search bar on the top of the Facebook page and searching for names.

Step 4: Follow the RPEA Facebook Page

BE SURE TO FOLLOW

RPEA_California

AND STAY UP TO DATE
ON CURRENT RPEA NEWS!



YOU WILL NEED

A computer with internet access
And/or mobile internet access

Look for the Facebook Series Part Two in the next newsletter!

Member Services Update- Consumer Affairs



By Al Darby, Vice President & Director of Member Services

Home Security - According to www.consumeraffairs.com, alarm and home security systems have recently become much more than just basic security providers – they now monitor lighting, heating, air conditioning, and provide health monitoring systems, surveillance, smoke detection, carbon monoxide detection, etc. The cost and efficiency of these products vary widely. With advancing age, it may be a worthwhile endeavor to determine if the benefits of these systems are important enough for you to consider acquiring a system based on your current health status. If so, you are well advised to carefully examine offers from the various providers and consider the performance ratings of these providers. Consumeraffairs.com is an independent source for such ratings.

Credit Cards - This has become an interesting phenomenon in the area of finance because of the many facets of this method of obtaining credit. Foremost for most people is the interest rate charged by most credit card issuers which usually exceeds 10%. Annual fees are common. Steer clear of them unless the other features of the card outweigh the annual fee cost. Some credit unions offer cards under 8% to customers with good credit ratings. Beyond interest rates, many banks and credit card companies offer incentives to use their credit card. One way is to allow you no interest on your card purchases for 18 months after receiving the card. Many offer travel benefits such as rental car insurance and travel related expense insurance. Reward points or airline miles are offered by most cards and can vary by number of points (miles) issued per dollar. One point per dollar spent on the credit card is commonplace. Many offer up to five points on grocery or gasoline purchases, etc., usually for a limited time. These points can be used as a credit on your account (one dollar for 100 points) for travel purchases or sometimes for any purchases. Many of these credit card companies offer sizable bonus points for obtaining their card and using

that card to make purchases of a minimum amount during a period of time following issuance of the card. Some of these offers are worth several hundred dollars if the applicant can meet the minimum purchase requirement without straining their budget or basic financial resources. Finally, some of these credit cards will offer 12 to 18 month interest free loans in the form of checks to write up to the credit limit of the card for as little as 2% to 5% of the value of the loan (check you write). These checks can be a low interest method of making a large purchase and paying for it over 12 to 18 months. The downside here is that these incentives to use the card can lead some people to overuse the card because of the low monthly minimum payment and eventually end up with an unmanageable credit card debt. Be prudent in all of your buying practices.

Travel Insurance - If planning a trip that involves connections and the requirement that you be at a remote location at a given time, travel insurance is important. It is even more important if you are a senior. Health issues can crop up even if you are in good health. Foreign cities are far less senior friendly, sporting such hazards as curbs that are invisible and sidewalks that have holes and other hazards. Medicare does not cover foreign medical costs. Your Medicare supplement or senior advantage plan does cover these costs, but travel insurance covers transport and other costly medical care acquisitions outside the U.S. In traveling outside the country, my experience has been that unexpected events often occur that trigger the need for travel insurance. Lack of a visa for a country, flight delays, late/early ship departures due to weather, lost baggage, illness or injuries in foreign lands, etc., are some of the problems travelers face. Insurance to cover these costs is vital. For seniors, the health care coverage aspect is very important.



A Message from Your Editor:

Do you have questions or comments about this issue? If so, Please send a message to the Editor, Bobbi Estrada, at editor@rpea.com.

RPEA Confronts Chuck Reed



By Harvey Robinson, Area VII Director

On February 11, 2016 I attended the Capitol Weekly and UC Center discussion on Public Pensions. The event was comprised of four panels and keynote speaker, John Chaing, California State Treasurer a CalPERS Board member.

The last panel titled “Politics,” included Chuck Reed, the former Mayor of San Jose. During the Q&A, I asked Mayor Reed if, in light of his withdrawal of the two pension reform initiatives which was due in part to their initial polling *around 40%*, he was considering any changes in the wording for a similar initiative for 2018. He responded, “No,” because of a prospective favorable US Supreme Court decision on the Friedrich case, whereby labor unions would be precluded from collecting “fair share” dues to help fight initiatives such as his.

Well, sometimes life can turn on a dime. The dime turned with the death of US Supreme Court Justice Anthony Scalia later in the week. Judge Scalia was the fifth vote that would have ended the collection of fair share dues for political purposes. When you have a four-four tie, you revert back to the US Appellate Court decision which found that labor unions did have the right to collect a fair share for political purposes. That appellate court decision is now set in concrete for the moment. So the question is whether or not Mayor Reed and his coterie will resurrect his two withdrawn initiatives and start collecting signatures.



See's candy certificates make great gifts!

Log on to <http://www.rpea.com/> and order early to ensure that you receive your certificates on time!

Mother's Day is May 8, 2016

Order by Friday, April 1

As of January 4, 2016, the per certificate price is \$16.00 each

Mark Your Calendars!

RPEA GENERAL ASSEMBLY 2016 IS COMING

DATE: July 25 through 28, 2016

LOCATION: CROWNE PLAZA HOTEL
5321 Date Ave.,
Sacramento, CA 95841



Watch Future Issues For More Details

Chapter Happenings



Chapter 044 – POMONA Vice President, Alice Alexandre; Shirley Wofford, President; Ellen Knapp, Area Director V



The Serendipity Singers performing at the Chapter 009 – SURF CITY SANTA CRUZ holiday party.



New Chapter 007 – PASADENA 2016-2017 Board of Directors: Leo Arcenas; Legislative Chairperson, Diane Johnson; Treasurer, Barbara Barrett; Secretary, Walter White; Member at Large, and Larry Harsha, President



Chapter 014 – VENTURA/SANTA BARBARA holiday celebration. 55 Members and 2 guests attended this great holiday celebration where the All Country Grass Band performed.



Easter is March 27, 2016
Order by Monday, February 28



See's candy certificates make great gifts!

Log on to <http://www.rpea.com/> and order early to ensure that you receive your certificates on time!

Chapter Happenings



Chapter 064 – NEWPORT BEACH December 12 holiday party



064 – NEWPORT BEACH President, Dan Heredia



Chapter 090 – DONALD McKNIGHT President, Leo Taylor, at their holiday celebration.



Chapter 001 – MID CITIES Vice President, Arlene Besst & Veronica Garcia, Director of Social Services for the City of Norwalk

“You have the freedom to choose your actions, you don't have the freedom to choose the consequences of your actions.”
Albert Comus



Join RPEA for a More Secure Retirement

All information is confidential.

Please Print

Applicant Name:

Male ___ Female ___ Date of Birth ___/___/___

Additional Applicant Name :

(If additional applicant is also a CalPERS retiree please use separate application)

Male ___ Female ___ Date of Birth ___/___/___

Mailing Address:

City, State & Zip Code:

Area Code and Phone Number:

Email Address:

CALPERS Agency Retired From:

Retirement Date:

RPEA Chapter Number or Chapter Name (if known):

Referred by:

SP-0214

Membership Categories

(Select one per applicant.)

- RETIREE: CalPERS annuitant
- BENEFICIARY: Beneficiary of a CalPERS retiree
- AFFILIATE: Current CalPERS agency employee
- ASSOCIATE MEMBER: Supporter of RPEA goals (for those not eligible for other categories of membership)

I want to join RPEA and support retirement security for all CalPERS members.

Select a method of dues payment below.

- MONTHLY CALPERS DEDUCTION: I authorize the California Public Employees Retirement System (CalPERS) to deduct for each applicant on this form \$4.50 per month from my retirement allowance until revoked by me in writing. **Only available if one applicant is receiving a CalPERS retirement payment.**

Social Security Number or CalPERS ID + Last 4 of SSN

(Required only for Dues Deduction)

- CHECK OR MONEYORDER: As payment for the first year's dues, I have attached a check or money order for \$54.00 (\$27.00 for affiliate membership) for each applicant on this form. I will be billed annually for subsequent renewals.
- CREDIT CARD AUTHORIZATION: As payment for the first year's dues, I authorize \$54.00 (\$27.00 for affiliate membership) to be charged on my credit card. I will be billed annually for subsequent renewals.

Credit Card Number:

VISA _____ MASTERCARD _____

Expiration Date: _____

Credit Card Security Code (CVC): _____
(three digits on back of card)

Applicant Signature :

(required to authorize all membership applications, credit card authorizations and monthly deductions)

Date:

Please return application to address below

Retired Public Employees' Association of California • 300 T Street, Sacramento, CA 95811-6912 • (800) 443-7732



More information on RPEA is available at www.rpea.com or follow the QR code to the left.

Online membership application available at www.rpea.com/membership.asp or follow the QR code to the right.





Retired Public Employees' Association of California (RPEA)
300 T Street, Sacramento, CA 95811-6912
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