



RETIRED PUBLIC EMPLOYEES' ASSOCIATION OF CALIFORNIA



FUNDED STATUS OF CALPERS RISES TO 73%

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President's Report



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RPEA NEWSLETTER

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By RPEA President Al Darby

We begin a new year and a new decade with a much different CalPERS Board of Administration. Its schedule has been drastically altered in terms of the number of actual Board meetings and Committee meetings. With a reduced number of meetings, transparency and overall communication between stakeholders and CalPERS staff and Board members will suffer. With the loss of **public comment** at monthly committee and Board meetings, retiree associations and other stakeholder groups must find new avenues of communication with CalPERS administrators and policy makers. Hopefully, finding innovative ways to speak to the key people in CalPERS will be successfully achieved and new channels of communication will be established. RPEA will be present at actual meetings when they are scheduled; this occurs at irregular times.

At the final CalPERS Board meeting in December, we learned that private equity (PE) remains high on the list of investment committee objectives due to its continuing higher return levels. This comes in despite reports that a large pool of funds (two trillion dollars) is awaiting investment into PE by sources such as pensions funds and other investments entities. It is also reported that some of this investment pool (commonly called 'dry power') is making its way into PE and causing prices to rise on target acquisitions (private or public companies with growth potential). The bright side is the U.S. stock market that is now experiencing a strong bull market run and should cause the CalPERS pension fund (PERF) to strengthen to a mid-70's funded status. Investment fund raters such as Moodys, S&P and Fitch consider a public pension fund in a financially good condition if its assets are at or above 80% of unfunded liability. In public comment, I alluded to the recent and on-going stock market run-up and expressed our hope that the PERF had been rebalanced to get full benefit of the U.S. bull market – it had been determined earlier in 2019 that too much of CalPERS' global equity (stock market) was in foreign stocks which underperformed U.S. stocks.

RPEA is in excellent financial shape as we enter this new decade – a far cry from where we were in 2014. Back then, we had lost the ability to recruit new members through the "card insert program;" our most reliable source for new members. Without the 'card insert' program, our ability to build a new member prospect list

was almost eliminated; we were left with CalPERS retirement seminars alone to build a prospect list. That list provided headquarters and chapters with non-member names and addresses for direct mail and telephone recruiting campaigns. With membership declining, it appeared all was lost for RPEA. Fortunately, in September, 2013, our Membership Director, Rosemary Knox, became aware of AMBIA and asked me to go to their biennial conference in Texas to determine if AMBIA's approach to recruiting members for associations like RPEA could benefit us. It was determined that RPEA would benefit from an alliance with AMBIA. As most of you know, our membership posture dramatically changed to a positive growth mode and we are where we are today – a viable and growing retiree advocacy organization that can continue to influence the legislature, CalPERS, and courts in a positive way for California's public agency retirees.

Turning to the issue of public pension sustainability in California, I'm happy to report that with the funded status of CalPERS now stands at 73% + according to Marcie Frost who gave me a mid-fiscal year estimate of the fund. The recent stock market run-up has boosted CalPERS fortunes by two to three percent since mid-2019. This is encouraging because funded status had been languishing at 70% for two years or more. The stock market and private equity investments are considered to be the most productive parts of the portfolio in terms of return on investment (ROI). Let's hope that steady growth of the economy translates to additional gains in ROI and gets us to over 80% funded soon. This is a comfortable level for public pension funds according to the rating bureaus (S&P, Moodys and Fitch). Naturally, we'd like to see 101% which is where we were in 2007 but after too many years at or below 70%, this recent improvement is quite welcome.

On the subject of diversification of investments by CalPERS, a disturbing proposal is being considered: investing in corporate debt (borrowing by corporations). This type of investment offers a sizeable investment return but regulation of this debt is weak and can result in dumping of debt holding(s) at considerably less than face value. All types of investment instruments are being carefully considered at CalPERS due to heightened fears of a stock market correction that could be severe. The deep decline of the stock market in 2008/9 is very much on the minds of the CalPERS Investment Unit and Investment Committee so all

Continued on page 3

January RPEA Board Meeting

Area Directors Meeting - On January 27 and 28 we conducted our first RPEA Board meeting of the year at the Arden Hilton in Sacramento. It began with Area Directors hearing a proposal from RPEA V.P. Rosemary Knox to enhance member attendance at chapter meetings by holding joint regional meetings with Areas; meetings that would include several chapters from within an Area. These meetings would be attended by the Area Director, the appropriate Assistant Area Director, the chapter leaders, and members from all invited chapters to hear a presentation about chapter activities in recruiting new members, chapter programs, and engaging in community activities that uplift all who live in the area. This idea was widely accepted and Rosemary volunteered to lead a committee with that will advance this proposal. The content of chapter meetings was also discussed and the importance of good programs and good speakers was stressed. A list of potential speakers will be provided to chapters to enhance their repertoire of potential speakers.

Closed Board Session – Following the Area Directors meeting a closed Board meeting was held to discuss development on the vacant lot RPEA own's at 314 T Street, chapter officer duties, the newsletter printing contract, and new ad rates for the newsletter.

Open Board Meeting – On January 27 the full Board was present with the exception of Marie Reed, Secretary Treasurer, who was excused. We first heard from Pat Moran, an Aaron Read and Associates lobbyist, who talked about the current legislature and the absence of any anti-pension legislation being introduced so far. He then discussed legislation that RPEA may want to sponsor based on input he received from our legislative committee: 1) Consumer Price Index (CPI) change from National Urban CPI to California Seniors CPI or California Urban CPI. This would cause more realistic cost of living (COLA) adjustments by CalPERS for those retirees under the CPI formula that calculates COLA increases. 2) Annuitant's who work in public agencies more than 960 hours in a year after retiring are facing severe penalties unless legislation is passed to lessen these one-sided penalties on these retirees – employers experience

little in penalties for allowing this to occur. 3) The Rural Health Care subsidy should be revived by the legislature in legislation we support. These retirees are faced with the most costly health care in the state due to lack of the HMO option and hospital competition. With PPO medical plans only in rural areas, premiums are higher and health care availability is scarce. Other legislation was discussed and all of this will be finalized by the legislation committee.

Other issues that were decided are: 1) Chapter 74, Paradise Ridge, will remain in suspense until it is determined that enough members have remained in the area to reconstitute the chapter following the devastating Camp Fire. 2) Retention of records in the RPEA office will continue to be handled in accordance with the current Policy File provisions but tax records will now be permanently held. All documents, not designated "permanent" by the Policy File, will be imaged and digital records will be recorded and held by year until the longest hold time is reached. 3) Jeanne Coffey and Jack Danielson from AMBIA gave a lengthy presentation about the California sales force and products AMBIA offers beyond group dental and vision insurance. A very informative session. 4) Susan Tamboury was affirmed as the new Area 1 Director to replace her husband Paul who passed away in November. 5) JJ Jelencic attended the meeting and has been appointed to the Ad Hoc Committee for CalPERS Affairs. 6) Al Darby and Marie Reed reported on the excellent financial condition and reserve funds of RPEA due in large part to AMBIA recruiting efforts. 7) We had an excellent presentation by Loren Vetter, President of Chapter 43, Woodland, who gave an outstanding description of community outreach and participation by volunteers and the huge value to the communities they serve. We plan to pursue her recommendations to get RPEA chapters more involved in this type of activity. 8) We closed the meeting with a long discussion about greater involvement in CARA; an organization that advocates for senior issues in California and at the national level. The matter was tabled until the next Board meeting to gain more knowledge regarding the value of a more costly position within CARA structure.

Continued from page 2

investments require careful examination before any large commitment to an asset class or specific investment. In public comment in late 2019, I referenced an observation David Soares, Area III, Assistant Area Director, made regarding CalPERS stock holdings which showed too small CalPERS domestic stock holdings and CalPERS overweight in non-U.S. stocks; a condition that reduced the amount of gain in CalPERS stock allocation(global equity portfolio). Hopefully, that condition has been reversed and greater gain from the recent "bull run" of the U.S. stock market is being realized by CalPERS.

In a final note about California public pensions, a recent compilation of data by CalPERS suggests that concerns about unfunded status of our public pension systems is waning and the cost of pensions to public agencies overall is under control. For several years after the 2008/9 financial meltdown, public pensions were targeted as the chief culprit in municipality fiscal difficulties and corrections or elimination of pensions had to occur. While some agencies did attempt to impose and 401K "retirement plans" most were unsuccessful. Those agencies that did cut or eliminate pensions found they had to restore them to recruit new employees. In 2012, Governor Brown got a

pension reform act passed (PEPRA) that reduced pension costs for most public pension systems in California related to new hires after 01/01/2013. The effects of the 2012 pension reform act are now beginning to take effect and by 2025 will lower costs to public agencies. It has now been established that most public agencies have adjusted their budgets and the cost concerns related to pensions have been absorbed and their cost concerns are waning.

All of this probably explains why less media (press media in particular) attention is focused on public pensions now. With the public pension picture improving in all respects, let's hope we can spend less time on defense of our pensions and more time on retaining our current benefit levels and improving them wherever we can. Getting the CalPERS Health Benefits Committee more aggressively dealing (like cutting costs) with medical providers in all respects is a good place to start. Keeping Social Security and Medicare in-place are permanent projects to support as well. In view of the fact that the top 1% are gaining substantial new wealth, we must resist accepting pension and health care concessions just to make it possible for the mega-wealthy to become even wealthier.

Membership Update



By Bill Wallace, Director of Membership

A number of years ago, RPEA joined in an affiliation with the California Alliance for Retired Americans (CARA) for the purpose of strengthening our combined efforts at maintaining and improving retirement and health benefits.

CARA is a statewide nonprofit organization that unites retired workers and community groups to win social and economic justice, full civil rights, and a better, more secure future for ourselves, our families, and future generations. CARA's purpose and goal is to educate and inform its membership, the public, and elected officials about issues affecting the wellbeing of California's senior's. Because RPEA and CARA do have common legislative goals, there is a collaboration to determine legislation of common importance to both RPEA and CARA.

The CARA Action team (CAT) is the heart of CARA's local efforts, similar in importance to the RPEA Chapter. Important information on key issues is shared with its members and a local strategy is developed.

The CARA Action Team's (CAT'S) have regular monthly meeting dates and locations. The CAT is the vehicle and CARA members are the drivers that determine the issues to be addressed. While the CAT meetings are primarily action orientated, they are also social. You are invited to join with the CARA CAT members in your local area to work towards resolving the important issues affecting seniors.

It is important to note that CARA does not endorse candidates, rather, it addresses issues important to the security of seniors. To further these goals, CARA organizes an annual Lobby Day that puts CARA members in a meeting with their federal and state legislators. Lobby Day provides constituents the opportunity to speak directly to their legislators and inform them of legislation and government programs that are important to seniors. By talking directly to their

legislators, they will have a better understanding of their representatives stand on issues important to seniors. This year's **Senior Lobby Day** will be **May 15, 2020** and will be held in each of California's Federal, State and Senate Districts. RPEA members are encouraged to take an active role.

An active collaboration between RPEA and CARA members would be beneficial to both organizations? First, it would increase the involvement of chapter members in local and state issues, thus strengthening RPEA's overall efforts. Second, it would increase the visibility of both organizations on issues, such as, Social Security, Medicare and public pensions. A third plus would be an increased focus on important local issues. I feel strongly that the combined efforts would enhance the goals of each organization.

Congress has recently been discussing changes to Medicare as a means to balance the budget due to the recent massive tax cuts. Some of the changes include raising the eligibility age, taxing Medicare benefits, and turning Medicare into a Voucher Program.

We must let our Congress persons, U.S. Senators, and the President know that these changes are unacceptable and that Medicare must be protected and expanded to cover everyone.

Please join with CARA to make a difference at the local, state and national level and stop the demise of Social Security and Medicare. You can make a major difference in your hometown, in California and in the nation.

2020 is going be a critical year for RPEA, for CARA and for all seniors. Your active participation is essential. If there is not a CAT organized in your area, please get one started. Call the CARA office at 877-223-6107 (toll free) to begin the process.

Bill Wallace, Director
Membership



Health Benefits Update



By Harvey Robinson, Director of Health Benefits

CalPERS Long-Term Care Class Action Lawsuit. Resolution of the settlement of this lawsuit is still pending in LA Superior Court. If settlement is not reached by June 2020 it will proceed to trial. Current information about the lawsuit, known as Sanchez vs CalPERS can be viewed at the website calpersclassactionlawsuit.com

Prospective CalPERS Health Benefit legislation or administrative action

- 1) Rural Health Care Subsidy. Due to many of our members residing in a rural area and therefore not having close access to providers, we will seek to reinstitute compensation for their travel.
- 2) Startup funding for CalPERS administered public agency vision care benefit. Several years ago RPEA sponsored a annuitant pay all vision care benefit for public agency annuitants. CalPERS declined to provide us the mechanism for reimbursable administrative funding for this benefit.
- 3) Our lobbyist Aaron Reed will assist us in both these matters,

As part of the Governors new budget, he will seek to lower prescription drug cost by making California the first state in the nation to create its own generic drug label and manufacture its own drugs.

On January 21 and 22, 2020 CalPERS will be hosting a Stakeholder Forum at CalPERS. I will be attending the breakout session on January 21 on health care drivers nationally and in California: What are they and how

they are changing, On January 22 I will be attending the breakout sessions on (1) The Road ahead: Pension and Health Benefit issues in 2020; and (2) Addressing key risks to the System. I will be reporting on both items in the next newsletter.

RPEA will not be endorsing a particular Presidential candidate or health care proposal until the Fall.

I will not be a candidate for reelection to the position of Director of Health Benefits in 2020. I have either been an employee of CalPERS since October 1972 or shortly thereafter retirement in September 2001, or a member of RPEA, having served two terms as your President and two terms as your Director of Health Benefits. It has been an honor to have served you.

I understand you will not be traveling to mainland China soon. Practice every day preventable actions:

- Wash your hands often with soap and water for at least 20 seconds. If soap and water are not available, use an alcohol based hand sanitizer.
- Avoid touching your eyes, mouth and nose with unwashed hands.
- Avoid close contact with those who are sick.
- Stay home when you are sick.
- Cover your cough or sneeze with a tissue, then throw the tissue in the trash.
- Clean and disinfect frequently touched objects or surfaces.
- People experiencing worsening flu symptoms should seek medical attention.



CalPERS Board Meeting And Stakeholder Forum

CalPERS Board Education Seminar

We've had our first exposure to the new CalPERS meeting schedule in the form of a back-to-back, all-day Board Education Meeting and Stakeholder Meeting in late January. This meeting was held on-site, a departure from past practice in January, and it did not focus on investment and health care issues to the degree that has in the past. The seminar covered issues related to cybersecurity, actuarial information, fiduciary duty, health care issues, and harassment issues.

Security of the computer system is an increasing concern considering all of the cities and other public agencies that have paid ransom to hackers to regain access to their data and regain their ability to serve their citizens. The presentation included a list of questions every department needs to ask itself about its security practices to minimize these very disruptive and costly breaches.

Actuarial information included some interesting news regarding normal cost (monthly employer-employee contributions) which has become a burden to some cities and other public agencies. This cost should begin to decline in 2024 and fall to more normal levels seen before the 2008/9 financial crisis and subsequent discount rate cuts. This is the result of cost savings introduced by the reform act of 2012 (PEPRA); the retiree benefit structure is reduced by PEPRA. Risk mitigation is potentially going to be invoked in 2021 by virtue of CalPERS investment returns exceeding 9%. This process could result in a lower discount rate (return on investment [ROI]) and possible higher costs to employers and employee if several years of high ROI is experienced; PEPRA does not permit employer contribution holidays. Unfunded liability costs to employers would increase as well.

Health Care concerns were comprehensively covered and the overall consensus is that medical care utilization is slightly declining while costs are rising at an unrealistic rate. This is driven by three factors: 1) high profits in insurance providers, 2) consolidation of hospitals in many areas that causes a reduction in competition, and 3) copay and deductible costs in many plans that discourage visits to health care providers/facilities. CalPERS promises a stronger negotiating position in future contract talks with medical providers based on this data developed and reported by the CalPERS health care team.

Fiduciary Duty was covered by Ashley Dunning, Attorney, Nossaman LLP, gave the Board a detailed duties of Directors.

Stakeholder Forum

The new Annual Stakeholders Meeting was a three-part, very informative session that covered investments, health care, and administrative issues. Most of the session on administration dealt with the recently discovered problem of annuitants working more than 960 hours in CalPERS public agencies while retired. This can result in some very significant consequences for retirees who violate this restriction. There are several hundred

CalPERS retirees involved in this debacle; some of them face serious payback requirements and reinstatement as employees. This can reset their retirement status and could result in some "classic retirees" becoming PEPRA employees and subject to the reduced PEPRA benefits. There are minimal negative consequences for employers in this scenario. Legislation has been proposed to ease the penalties for employees and increase the employer role in preventing this situation from occurring at all. Right now, though, many retirees are facing the daunting task of resolving this unfortunate circumstance and will have to pay significant sums to resolve their problem. If you have received a letter from CalPERS regarding this problem, you must contact CalPERS to determine how to remedy your situation.

In the investment seminar, Ben Meng, Chief Investment Officer (CIO), stated that a reduction in outside investment placement firms is underway and more in-house management of investments is the new policy. He also indicated that private equity (PE) remains an important component of the investment program and co-investing is the focus in PE. Some type of CalPERS general partner (GP) plan has been in the works for some time but Mr. Meng has not yet settled on a formula for this new approach to PE. He also indicated that direct private debt lending to corporations is a consideration as an alternate investment instrument. Finally, Ann Simpson, the Environmental, Social and Governmental (ESG) expert in the investment unit, spoke about efforts to redirect energy companies in which CalPERS is invested to non-fossil fuel energy products. This is part of CalPERS' climate change policy that is designed to use whatever influence CalPERS may have on these corporate boards to adopt more climate friendly products and practices.

In the Health Care Seminar, we heard about the cost drivers in health care and the disturbing trend by patients to lower levels of usage of the health care in general. It's quite likely that copays, deductibles, and high premiums themselves are responsible for less utilization of the health care system. Hospitals in many rural and some urban areas have consolidated to the point where no competition exists so prices can rise more readily. One bright spot is the expansion of Medicare benefits within advantage plans that identifies some important shortcomings in the current system and could greatly benefit many seniors.

In my opinion, this was a good start for the new CalPERS meeting schedule but the rest of the year has to play out before we can determine if CalPERS members are better-served by fewer CalPERS Board and Committee meetings. These January meetings were inconsistent with past January meetings in that they were not presented the usual manner of formal Board or Committee meetings. The real test will be the February Board meeting and committee meetings that precede it.

CalPERS Pay Days

Pay Days

Benefits are paid at the beginning of the month for the previous month's benefits. For tax reasons, your December retirement check is always dated the first day of the new year. The State Controller's Office issues checks and determines mailing dates. If you have direct deposit, contact your financial institution to see when funds are placed in your account.

2020 Pay Dates

Benefit Month	Southern California/Out of State Mail Date	Northern California Mailing Date	Direct Deposit Date
January	January 28	January 29	January 31
February	February 25	February 26	February 28
March	March 27	March 30	April 1
April	April 28	April 29	May 1
May	May 28	May 28	June 1
June	June 26	June 29	July 1
July	July 28	July 29	July 31
August	August 27	August 28	September 1
September	September 28	September 29	October 1
October	October 28	October 28	October 30
November	November 25	November 25	December 1
December	December 29	December 30	January 4, 2021

The State Controller's Office distinguishes Northern and Southern California using ZIP codes:

- Southern California is between 90000 through 93599
- Northern California is between 93600 through 96199

Message from the Editor



By Lorenzo Rios, Director of Public Relations

As we enter a new year and a new decade, we face an uncertain future in regard to our pensions and health benefits from different directions as retired and future retirees are being attacked and facing the blame for being the cause for some agencies hardships in paying their share to CalPERS yet, this was all done in good faith, employees paid their share of their pension.

We have to make sure we fight to stop any kind of legislation that threatens our pensions and health benefits and to lobby against any changes that will reduce our benefits.

The RPEA is our watchdog in Sacramento but all members must do our part by communicating to our legislators when we see our benefits are threatened.

Remember, an association is as strong as its members and a well-informed membership serves to strengthen an association.

Chapter Photos



Some of Chapter 044 members celebrating Henry Jones' election at their holiday luncheon.

Sitting: Albert Jones (front row), Wanda Malone, Shirley Wofford, Martha Newman, Alice Alexander, Yvonne Smith, Tammie Paine (Ambia Rep), back row: Henry Jones & BobSeigler.

*Installation of Officers, Chapter 026
Mary Jo Watkins, Sharon Leech, Xavier Baldwin, Bonnie Holcomb, Joel Embeck and Ellie Knapp*



Chapter 014 Holiday party with Pam Vincent & Hollywood performing.

Chapter Photos



Chapter 064 President, Daniel Heredia, with Lorne Merkosky, member of Chapter 040



Chapter 007 enjoying holiday entertainment at their holiday meeting.



Remember:

- *We sell See's Candy Certificates all year long.*
- *Each certificate represents the equivalent of a 1 lb. box of See's Candy.*
- *As an RPEA member, you may order:*

By mail: Send a note explaining your order, along with your check for the number of certificates you want to: RPEA, 300 T Street, Sacramento, CA, 95811

By phone: Use your **Visa** or **Mastercard**. Just call the Headquarters Office at 800-443-7732 to place your order

Online: Use your Visa or Mastercard in the RPEA Store at www.rpea.com

Current Price (as of February 1, 2018): \$18.25 each by mail

Legislative Update



By Aaron Read and Pat Moran of Aaron Read & Associates

2020 PROPOSED CALIFORNIA STATE BUDGET

Governor Newsom released a record-high \$222.2 billion (\$153 Billion General Fund) California budget that aims to tackle some of California's biggest issues that have plagued the state; homelessness, wildfires and healthcare costs. While the budget is far from cautious, it does seek limited growth in long-term commitments and urges legislators to limit their requests for more spending due to the fact that both the state and national economies will grow slower in the immediate future (whether they heed his advice is another issue, but it doesn't hurt to ask).

The governor identified the state surplus at \$5.6 billion, lower than the \$7 billion projected in November by the state Legislative Analyst's Office (LAO). The governor said that was largely because his budget does not assume revenues from a managed care organization tax that is still awaiting signoff from the Trump Administration.

Governor Newsom, as his predecessor did and as he did last year, continues to grow the state's reserve. His plan calls for the state to have more than \$21 billion in various reserve accounts that it could access in a recession to fund social services, schools and other government programs.

The budget rolled out at the start of his second year as governor and contains 3.5 percent more spending than enacted in the current fiscal year, which ends June 30. It proposes an array of actions that include:

- \$1.4 billion on tackling the state's homelessness crisis, including \$700 million in one-time money for a fund devoted to moving people off the streets and into housing and a \$695 million boost to Medi-Cal to address the health needs of "chronically unsheltered populations."
- Puts hundreds of millions of dollars toward fending off deadly fires that have made

evacuations and power shutoffs a new way of life for Californians. The funding would go toward new fire-tracking technology, hardening homes in at-risk areas, reducing vegetation that's prone to spark flames and hiring more firefighters.

- The governor goes further on climate change as well, including \$1 billion in his budget for a Climate Catalyst Fund that will offer low-interest lending for environmentally friendly projects focused on recycling and sustainable agriculture projects. More than \$12 billion in the budget focuses on climate change, including a \$4.75 billion climate resilience bond.
- A somewhat more controversial proposal in the budget is a plan to lower prescription costs by making California the first state in the nation to create its own generic drug label and manufacture its own drugs. Other big health proposals include a proposal for a new vaping tax "to address the rapidly increasing youth use of" of vaping pens. The tax is estimated to raise tens of millions of dollars.
- The governor is also building on what he calls his "parents agenda," creating a Department of Early Childhood Development and expanding eligibility for paid family leave.

State Health Care Benefits

The state is projected to spend approximately \$6.1 billion on healthcare benefits in 2020-21 for more than 850,000 state employees, retirees, and their family members. This includes \$2.4 billion for retiree healthcare benefits for 2020-21, which has grown by 75 percent compared to what the state paid in 2010-11 (\$1.4 billion).

Through the collective bargaining process, the state's 21 employee bargaining units and related excluded and exempt employees now prefund retiree health benefits. As a result, more than \$2 billion is currently

Legislative Update



set aside in the prefunding trust fund to pay for future retiree health benefits, which has an estimated \$85.6 billion unfunded liability to be paid down by 2046. By the end of 2019-20, the trust fund balance will approach \$2.6 billion in assets.

The Budget includes three proposals to reduce drug costs for taxpayers, employers, and consumers:

- **Medi-Cal Best Price**—Current law authorizes the Department of Health Care Services to negotiate state supplemental rebates based, in part, on the best prices that manufacturers provide to other purchasers within the United States. The Budget proposes to expand the Department's authority to consider the best prices offered by manufacturers internationally when conducting negotiations for state supplemental rebates.
- **Rebates for Non-Medi-Cal Drug Purchases**—Currently, the Department of Health Care Services receives federally mandated rebates and state-negotiated supplemental rebates from drug manufacturers for drugs purchased on behalf of Medi-Cal enrollees only. The Budget proposes to leverage the purchasing power of the Medi-Cal program to negotiate supplemental rebates on behalf of targeted populations outside the Medi-Cal program.
- **Increasing the State's Purchasing Program**—The Department of General Services will continue expanding partnerships with local pharmaceutical purchasers to solicit participation in, and troubleshoot barriers to, the state's pharmaceutical purchasing program.



In the spring of 2020, the Administration will propose two additional initiatives in this area:

- **Golden State Drug Pricing Schedule**—The Administration will propose to establish a single market for drug pricing within the state. This proposal would enable all purchasers—Medi-Cal, California Public Employees' Retirement System, Covered California, private insurers, self-insured employers, and others—to combine their purchasing power. Drug manufacturers would have to bid to sell their drugs—at a uniform price—in the California market. California would invoke a most-favored-nation clause in the manufacturer price bid, which would require manufacturers to offer prices at or below the price offered to any other state, nation, or global purchaser if they wish to sell their products in California.
- **Generic Contracting Program**—The Administration will negotiate partnerships to establish the state's own generic drug label. The state would contract with one or more generic drug manufacturers to manufacture certain generic drugs on behalf of the state and participating entities. This proposal will increase competition in the generic market, resulting in lower generic drug prices for all purchasers.

As we dive deeper into the budget details, we will have more to report, until then, until then here are some highlights.

RPEA Legislative Update



By Randall Cheek, Director of Legislation

As we head into a new year and yes, a new decade, I want to take time to warn you once again about what some

healthcare. I do not believe such initiatives can make the 2020 ballot but could make the next election in 2022 when the voter turnout may be lower and thus easier to pass.

AND if you wish to contact your state legislature on an issue the best way is to send them a personal letter. Do not send a form letter many of these could make the round file. I do not recommend e-mailing them either as the likely hood of them reading it along with hundreds of other emails is slim. You may wish to call your legislator. You will reach a secretary but do express

say is "fake news" and mis-information. The U.S. intelligence community has alerted all Americans that the Russians with the approval of their leader Putin, plans to hack our information systems I.e. internet and social media. Already we have seen phony pictures of certain people and doctored videos. BEWARE. You can check some information you may believe to be incorrect by going to the SNOPEs web site and Media Matters web sites. These two sites are independent of politics.

The Russians are not the only ones sending out mis-information those with certain agendas have already sent out false information regarding some California propositions on the ballot. We will see much more of this as the November 3 general election draws closer. If you have any questions on the validity of some information please contact RPEA. We will do our best to give you the correct and unbiased information.

Both U.S. Congress and the California legislature is back in session. Congress will be tackling many issues including Social Security. RPEA will update you when we get more information on this issue. In the meantime the governor and the legislature along with many cities' mayors are focusing on the major homeless issue in California. This includes many seniors who are struggling to find affordable housing. Here again RPEA will be monitoring this legislation. However there are other issues we are dealing with such as retired annuitant payback, vision care and PERS healthcare. RPEA will be working on these issues as well and plan to sponsor legislation.

Another warning, beware of people trying to get you to sign petitions for initiatives to be put on the ballot. Many of these folks are paid for each signature and will tell you anything to get you to sign their sheets. Remember you could be signing away your pensions and

your view and they will pass the information along to the chief of staff or other staff person handing that issue. To find out who your legislator is you can go the either the assembly.CA.Gov website or the senate.CA.Gov website and find the link that asks Find My Representative. If you write your United States congress person or senator, California legislator senate or assembly, begin with Honorable and their name. To write to a congress person:

Name
U.S. House of Representatives
Washington, D.C. 20515

U.S. Senator:

Name
United States Senate
Washington D.C. 20510

California Assembly:

Name
State Capitol
Sacramento, CA 95814

State Senator:

Name
State Capitol
P.O. Box 94248
Sacramento, CA 94248-0001

Absentee ballots should be mailed soon. Primary election day is March 3. You can mail your absentee or take it in to the nearest library. Vote.





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January RPEA Board Meeting



The RPEA Board Listens to Pat Moran of Aaron Reed and & Associates during the first open session of the January Meeting



Director of Health Benefits, Harvey Robinson speaks during the RPEA January Board Meeting



Former CalPERS Board member J.J. Jelincic, addresses the Board during the January Meeting.

January RPEA Board Meeting



Pat Moran of Aaron Reed & Associates explains the ins and outs of the coming legislative session in Sacramento.



Vice President, Rosemary Knox, Chapter 043 Secretary, Loran Vetter, and Director of Membership, William Wallace.



Area III Assistant Director, David Soares speaks to the board during the second open session of the January RPEA Board Meeting



CalPERS Board Member, Jason Perez, addresses the RPEA Board speaks while Director of Legislation, Randall Cheek, Area IX Assistant Area Director, Lucy Lopez, and Area I Director Susan Tamboury listen.



Retired Public Employees' Association of California (RPEA)
300 T Street, Sacramento, CA 95811-6912
Toll Free: (800) 443-7732 Phone: (916) 441-7732 Fax: (916) 441-7413
Website: www.rpea.com

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ROSTER OF 2018/2020 VOLUNTEER BOARD OF DIRECTORS

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NAME	TITLE	HOME ADDRESS	PHONE	FAX	E-MAIL ADDRESS
Al Darby 8AM – 9PM	President	8968 Panamint Court Elk Grove, CA 95624	925 788 6068	NONE	rpeahq@rpea.com
Rosemary Knox ANYTIME	Vice President	2215 Ladymuir Court San Jose, CA 95131	408 926 6664	NONE	rpeahq@rpea.com
Marie Reed 8AM – 7PM	Secretary/Treasurer	6796 Pocket Road Sacramento, CA 95831	916 428 2090	NONE	rpeahq@rpea.com
Ted Rose 9AM – 5PM	Immediate Past President	2894 San Minete Dr. Livermore, CA 94550	925 292 9017	NONE	rpeahq@rpea.com
Harvey Robinson ANY TIME	Dir. Health Benefits	1277 Ridgeway Dr. Sacramento, CA 95822	916 202 4871	NONE	rpeahq@rpea.com
Bill Wallace ANY TIME	Dir. of Membership	4219 Linwood Dr. San Jose, CA 95124	408 265 0795 (H) 408 218 7494 (C)	NONE	rpeahq@rpea.com
Lorenzo Rios ANY TIME	Dir. Public Relations	1302 N. Alameda Ave. Azusa, CA 91702	626 825 1422	NONE	rpeahq@rpea.com
Randall Cheek ANY TIME	Dir. Legislation	5201 Adelaide Way Carmichael, CA 95608	916 541 8988 (H)	NONE	rpeahq@rpea.com
Susan Tamboury 8AM – 9PM	Area Director I	1145 Santa Ana Dr. Santa Rosa, CA 95404	707 573-1566	NONE	rpeahq@rpea.com
Abe Bailly 9AM – 9PM	Area Director II	1073 San Ramon Dr. Chico, CA 95973	530 680 7883	NONE	rpeahq@rpea.com
Bob Van Effen ANY TIME	Area Director III	4401 Clovewood Lane Pleasanton, CA 94588	925 846-6563	NONE	rpeahq@rpea.com
Al Fillon 8AM – 5PM (M-F)	Area Director IV	2300 El Portal Dr., Unit 43 Bakersfield, CA 93309	661 619-6181	NONE	rpeahq@rpea.com
Ellen Knapp ANYTIME	Area Director V	28319 N. Azurite Pl. Valencia, CA 91354	661 607 2072 (C)	NONE	rpeahq@rpea.com
Susan Nelson 1PM-5PM (M/TH/F)	Area Director VI	P.O. Box 113 Forest Falls, CA 92339	909 794-2017 (H)	909 794-2017	rpeahq@rpea.com
Ken Brown 8AM – 5PM	Area Director VII	3687 Wamego Rd. Placerville, CA 95667	530 240-5160	NONE	rpeahq@rpea.com
Kathleen Collins ANY TIME	Area Director VIII	11865 Susan Ave. Downey, CA 90241	562-884-8891	NONE	rpeahq@rpea.com
Larry Sullivan ANYTIME	Area Director IX	1602 Sunset Gardens Rd. Albuquerque, NM 87105	505 242 4981	SAME (CALL FIRST)	rpeahq@rpea.com

HEADQUARTERS OFFICE STAFF

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Corey Saeteurn	Systems Administrator	Sacramento, CA 95811	916 441 7732		corey@rpea.com
Sean Decker	Asst. Systems Admin	8:00AM – 4:00PM			sean@rpea.com
Teena Stone	Mem. Svcs. Secretary				teenastone@rpea.com