RETIRED PUBLIC EMPLOYEES ASSOCIATION

Chico Chapter 077

JULY 2020 NEWSLETTER

Mission Statement:
We are active and retired California public employees working together to maintain and improve the quality of the lives of our members by protecting and improving our earned retirement, medical, and other benefits.
RPEA represents the rank and file retired public employees.

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UPDATE ON MEMBERSHIP MEETINGS

Our Chapter 077 always goes “dark” during the months of July and August and resumes membership meetings in September. The board has decided to accept the offer of AMBIA (Association Member Benefits Insurance Advisors) via Lance Brogden to host Zoom board meetings, and the possibility was discussed to also have Zoom membership meetings and perhaps include July and/or August. It was decided to try out the AMBIA-hosted board meeting before including the entire membership. Al Raitt set up an inaugural Zoom board meeting the end of April, and the board has held a few Zoom meetings since then. There will be a trial run with an AMBIA-hosted board meeting on June 24 before Zooming with all of our members. Stay tuned regarding the possibility of an August 6 Zoom membership meeting! We’re hoping that circumstances will allow us to hold an in-person membership luncheon meeting on September 3 at the Elks and will keep you posted via the newsletter and the rpeachapter77.com website. This has been a difficult time for everyone; and hopefully, all of you are staying healthy and safe while being sheltered-in-place. We hope you enjoy a wonderful summer despite the cancellation of many trips and anticipated fun summer outings during the Coronavirus pandemic!

LEGISLATIVE REPORT – By Mary Kowta

Our lawmakers have had an unusually challenging session. They are trying to find ways to stretch available funds to meet the needs of Californians, many of whom are faced with the dire circumstances of lost jobs, inadequate or unavailable housing, increased health care costs, and the Covid-19 anxiety that we all share . . . the $54 billion deficit. According to California law, the legislators were required to submit a budget June 15 or risk losing their pay. So, of course, they submitted a budget, although they knew it was not complete. They have sought to avoid the cuts termed "draconian", by those opposing some of the Governor's plans, and to preserve funds for those who need it most, for education , health care, and safety net for those in need. This will be a fiscal balancing act! It is reported that the Governor and the legislators are making progress and have protected funds for child care and at-home care to keep seniors out of nursing homes.

RISKY BUSINESS

It has been reported that CalPERS plans to increase growth by leveraging up to 20% of our pension fund. A Seeking Alpha podcast (June 17) says *Bad Idea*! This goes against the best practices for financial stability. There is a clever online discussion of financial leveraging; you may want to Google it!

Mary

HEALTH BENEFITS REPORT – By Al Raitt

At the May 27, 2020 Retire Roundtable virtual meeting originating from the CalPERS offices in Sacramento, staff provided updates about three topics considered of primary interest to retirees: (1) OptumRx; (2) a COVID-19 update; and (3) the "MyCalPERS" website.

As you may recall, OptumRx is the pharmacy benefits manager (PBM) for the CalPERS-sponsored health insurance programs. The five-year contract with Optum ends on December 31, 2021, and CalPERS has already sent requests for proposals (RFP's) to a number (CalPERS does not typically reveal the specific number at the beginning of this process) of potential candidates, and negotiations have already begun. Previous PBM's have included Caremark and Medco. In addition, Kaiser and Blue Shield operate their own PBM's. Of particular interest to CalPERS is language in the RFP response that addresses transparency and the availability of medications. Transparency will be important when it comes to processes such as congressional inquiries and the pricing of medications. There are often questions about rebates from PBM's to the wholesalers and how the PBM's determine the charges to CalPERS.

Availability of medications is important to support a process that insures that people taking medications will have a reliable and continuous source. This is determined by factors such as medication formulary management (providing medications for the largest number of conditions), reference pricing (having the cost of medications "referenced" to the lowest amount charged by other programs), and "specialty" medications (those medications that do not as yet have a generic equivalent and are used for particularly specific conditions). In the near future there may also be the option of purchasing medications from a "State-sponsored" manufacturer if the Governor's proposal to start such a program comes to fruition (this may be a good topic for a future newsletter article).

Dr. Julia Meyers provided the COVID-19 update. As of the May 27 Roundtable meeting there were over 100,000 deaths in the US and over 4,000 in California (approximately half of which were in the Los Angeles area). 80 tests sites have been established in the State so that a site is no longer than an hour's drive from their home. The goal is the capacity to do 50,000 to 80,000 tests per day with the hope of reaching a time when the "positivity rate" (percentage of total tests) is no greater than 8 percent. Epidemiologists believe that this is the rate at which the pandemic will be considered "controlled." Contact tracing, much like that which has been done for decades for conditions such as tuberculosis, is increasing. CalPERS is working with the CDC and the California Department of Public Health when making recommendations to health plans regarding proper protocols. For example, all testing offered through health plans must be FDA approved, and any follow up tests must be allowed at no cost.

Relative to the PBM negotiations, the supply chain has been interrupted by the Coronavirus pandemic as manufacturers around the world have had to decrease production leading to a shortage of some medications. CalPERS is actively working on this issue with OptumRx.

Lastly, CalPERS is encouraging retirees to use the MyCalPERS website to make any changes in health insurance choices during the Open Enrollment period (Sept. 21 - Oct. 15) including plan selection, scope of coverage, premium costs, comparison of plans, dependent eligibility, and power of attorney.

(On a personal note, since the last newsletter both my wife and I celebrated our 80th birthdays, and a friend remarked: *"I thought it was going to take longer to get this old.")* Who knew?

Al

EDITOR'S NOTE: ***Happy 80th Birthday***, Al and Sue!
You both wear your years well!!