



## RETIRED PUBLIC EMPLOYEES ASSOCIATION Chico Chapter 077

### December 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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**Best Wishes for a Happy Holiday Season and a Merry Christmas from the Chapter 077 Board members!**

It was voted to cancel our annual Christmas party in view of the challenging circumstances with COVID-19. We want to keep our members safe and are making every effort to do so. We will miss enjoying the camaraderie at our annual festive holiday gathering at the Elks, and we will not be having a social gathering or Zoom membership meeting on December 3. We are looking forward to Zooming with you again on Thursday, January 7, when we have our first general membership meeting in 2021.

#### UPCOMING MEETING ANNOUNCEMENT

**THURSDAY, JANUARY 7, 2021 – 11:30 AM  
SPEAKER: Robert Bernstein  
Butte County Public Health Officer**

Dr. Bernstein will discuss how the Butte County Public Health Department is preparing to incorporate any possible new federal guidelines for COVID-19 management, as well as the projected distribution of an eventual vaccine. Plan to join us for this Zoom presentation!

Check out YouTube URL: <https://youtube/YNHgX50j73g>

#### MESSAGE FROM ROGER KLAVES

ASSISTANT AREA II DIRECTOR (Written November 1, 2020)

Howdy displaced Paradise 074 Lunch-Bunchers! Our chapter is still suspended at this time. Rebuilding continues in Paradise. Over a thousand building permits have so far been requested. This week a new Tractor Supply store opened in Paradise in the old Kmart store at Wagstaff and Clark. There may be some price hikes in three PERS healthcare plans next year: PERSCare, Anthem HMO, and Blue Shield Access+. There may be a price jump in a PPO plan as well. PERS is considering a wage increase for the next new CIO, the thinking being that the more money he or she makes, the better job they will do. The job comes with a lot of public scrutiny as you can imagine. A Contra Costa County retiree is fighting for full retirement pay after being convicted of felony embezzlement from his employer. He says the California Rule should prevent this. Personally, I would think a felony California Penal Code conviction would preclude that, especially since it is reported the theft went on for a dozen years or better. If any of you would like to participate in a Chico Chapter 077 Zoom meeting, please let me know. Have a good Thanksgiving, wherever you may be!

#### LEGISLATIVE REPORT – By Mary Kowta

As this is written, the election is over, and President-Elect Biden is still waiting for the preliminaries to holding office such as funding and critical information-sharing. President Trump has yet to concede. He is busy with legal challenges, plans for 2024, and golf, of course. In case you are curious, it is reported that the Biden campaign spent about \$14.85 per vote received, and the Trump campaign spent a bit over \$11.00 per vote received. (Naked Capitalism, Yahoo Finance 11/12/20). Politic\$ is co\$tl\$y busin\$e\$\$!

How are we Butte County voters doing? Despite the pandemic, we mailed in our ballots or went to the polling places. The ballot propositions caused irritation and consternation among many voters. This is supposed to be direct democracy by voter ballot, but it has become diluted by special interest spending such as Uber and Lyft (\$200 million plus) to overturn legislation which would make independent contractors regular employees with benefits.

## LEGISLATIVE REPORT (continued)

The day after the election, in which Prop 22 was successful, the market valuation of Uber and Lyft shot up \$13 Billion. (Nathan Gardels, *SacBee* 11/11/20). Do you suppose that the gig drivers will get any share of that? Prop 22 was the only measure on the ballot that Butte County voters approved with more than a 50% vote. Nathan Gardels makes a good case for changes to the initiative ballot process by having a Citizen Review Board, under the Office of the Secretary of State, write cogent summaries of the measures that voters can trust amidst all the media hype.

As for our lawmakers, the Democrats are celebrating election results which, if finalized, will place two more Democrats in the State Senate, giving them 32 of the 40 seats. It would be the largest majority since the 1880s. Our Assemblyman James Gallagher (R) has kept his seat. The legislative session is scheduled to begin January 4.

### CalPERS Notes:

The fund investors went shopping and picked up shares of NIO (Chinese electric vehicles), Nikola (electric semi trucks, recently received an order for 2500 garbage trucks!), Tesla (US electric vehicles). They also increased holdings of Zoom (online meeting site).

Speaking of CalPERS, as we know, agencies and municipalities throughout the state are struggling with employee pension payments. Chico is no exception. There are financial offerings called Pension Obligation Bonds, and Chico and other places are looking into this type of investment. This is complicated and, like most investments, risky.

In closing, I wish all our RPEA members and families a safe and healthy holiday season. I must see if I have a small roasting pan because we will not be cooking a 20-lb Mr. Turkey this time. Our families will Zoom in for visits; and when they say "Bye", there will be no beds to remake or piles of damp towels. We will miss that!

### HEALTH BENEFITS REPORT – By Al Raitt

After having participated in both the November 12 CalPERS-sponsored Stakeholders and the November 13 RPEA Health Benefits Committee meetings, it seems worthwhile to share with you what CalPERS staff is conveying about its current focus regarding medical insurance program planning generally. This is primarily about what CalPERS is labeling "risk mitigation" as applied to health insurance programs in general. Since the fundamentals of this topic have been discussed in recent Chapter 077 newsletters, the basics won't be reviewed here, but updates are appropriate as the process that CalPERS is going through unfolds and increased awareness is therefore possible.

The "risk mitigation strategy" is being developed to address the problem that three of the CalPERS-sponsored health insurance programs currently exhibit: that the payments these companies are making to cover the costs of services provided are greater than the income received from premiums collected. If this pattern of costs exceeding revenue were to continue over the next several years, then these programs will be determined by CalPERS to have entered what they are labeling as a "death spiral" and would become financially unsustainable unless considerable increases in premiums were implemented. CalPERS would like to avoid this scenario by making a "value" determination for each program based on how far above an 80% baseline annual premium payment income level the expenses are. Those programs having an expense level only slightly above 80% of income would be considered of greater value than those programs that have expenses which are further above that level. Risk mitigation would allow CalPERS to use any "premium surpluses" of higher value programs to subsidize lower valued programs, thereby reducing premium cost increases of the lower value programs. They would also eliminate one or two of the lower valued programs, and members would be given the opportunity to switch to one of the higher valued programs. It's not clear yet which programs would be eliminated and which would be offered as alternatives, and it is anticipated that this approach would not be implemented until January of 2022.

What is clear is that the premium costs would increase for the remaining programs, but it is simply too early in the process to know how much of an increase this would be. Offsetting any of these increases would be a decrease in the number of "risk pools" by requiring the programs to accept the same percentages of "well" and "sicker" lives and thereby narrow the differences between companies in costs and premiums.

The discussion during the RPEA Health Benefits meeting turned to beginning to more strongly consider non-CalPERS sponsored health insurance programs (such as those offered by AARP and AMBIA, for example) as viable alternatives in the event that the CalPERS sponsored programs had premium cost increases that would be deemed unacceptable for RPEA members. Part of the complexity in trying to find programs that are of greatest benefit to retirees is that the employer contribution to cover the cost of premiums varies considerably depending on whether one is a state, county, municipal or district retiree; and while state retirees have a somewhat uniform employer contribution, there is wide variation between counties, cities, and various districts depending on the employee contracts that were negotiated with the employer and the employee associations or unions.

Be that as it may, please know that the RPEA Health Benefits Committee along with the full RPEA Board will be looking at alternatives. This is another reason for you to continue your support of this organization. In the meantime, here is wishing each of you a wonderful (although probably somewhat pandemically-ameliorated) holiday season!

### ZOOM BOARD MEETING

JOIN THE RPEA BOARD FOR ITS ZOOM MEETING  
WEDNESDAY, DECEMBER 30 – 9:00 A.M.

Contact Al Raitt ([aeraitt@msn.com](mailto:aeraitt@msn.com)) for the link  
if you're interested in joining the meeting.