



RETIRED PUBLIC EMPLOYEES ASSOCIATION Chico Chapter 077

MARCH 2019 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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MEETING ANNOUNCEMENT

THURSDAY, MARCH 7, 2019 - 11:15 A. M.

Manzanita Place (Chico Elks Lodge)

1705 Manzanita Avenue, Chico - (Lunch cost: \$16)

MENU

Salad Bar; Corned Beef and Cabbage;
Herbed Potatoes; and Fresh Rolls

SPEAKER: Michelle Curran



PROGRAM: READING PALS PROGRAM

Reading Pals is a local literacy campaign started by community members who recognize the importance of

reading and the implications that illiteracy will have on our community if the problem is not addressed. 60% of Chico's elementary age children do not read at grade level. Within 4 months of reading 1-hr a week with a committed volunteer, a student gains 1 full year of literacy skills in Reading Pals and it changes the trajectory of their future!

MEMBERSHIP REPORT – By Judy Winter

Judy Winter here . . . your new, but not improved, Membership Chair! I have some BIG shoes to fill because Margaret Ballinger did a stellar job. I am attempting to familiarize myself with the duties of this office and would appreciate your help and suggestions.

At the February membership meeting one of our members invited prospective members to attend. I have contacted these three and hope that they will become members and attend our monthly meetings. We are ready to welcome those newly-retired or past retirees who are eligible to become members. If you know of anyone, please let me know; and I will contact them.

“We miss you when we don’t see you at our meetings.” Margaret used to say this, and it’s true. Each member is important to the success of our Chapter and RPEA as a whole! Please encourage those who do not attend regularly to join us, as able. All of our programs are thoughtfully planned and presented for your information and enjoyment, reports keep you up-to-date on important issues, the food is fresh and tasty, and we are a friendly group!

HEALTH BENEFITS REPORT – Al Raitt

The topic for this month's article is "*Reference Pricing*" as it relates to the cost of medications. An update about this program was provided during the CalPERS Stakeholders meeting held at the Sacramento CalPERS headquarters office on February 14, 2019. This is a complex issue about which far more could be shared than is possible in our newsletter article. However, it has the potential for considerable impact on the way in which CalPERS staff negotiate the price of pharmaceuticals beginning a year or two from now. Therefore, it behooves all of us to have at least a passing acquaintance with this topic. CalPERS staff will be presenting to the Full CalPERS Board in February or March of this year their recommendations for phase one implementation of this program in 2020 and phase two in 2021.

Reference Pricing is also known as "*Competitive Pricing*" because the product is sold just below the price of competitor's product. This is an approach to "pricing" medications that has been used in Europe for the past 20-30 years, but has only been tried in a few places in the U.S. One of these is the UMASS Clinical Pharmacy Services team which has provided prescription drug management support and services that have helped payers, including MassHealth (MAMedicaid) operate clinically effective and cost-efficient pharmacy programs. In their work with MassHealth alone, UMASS supported more than 1.3 million members and \$1.9 billion in spending. The UMASS team includes: Clinical Pharmacists, Physician Advisors and Rebate & Systems Analysts.

In 2017 total prescription drug costs for all CalPERS Basic Plans were \$1.25 billion, an increase from \$1.01 billion in 2013. CalPERS has also worked with UC Berkeley and OptumRx, both of which have experience in *Reference Pricing* drugs. To date, three drug classes were recommended for *Reference Pricing*: Inhaled Corticosteroids, Contraceptives, and Thyroid agents. Later this year, CalPERS staff plan to send Requests for Information to all parties who have indicated an interest in participating in this project. This will be followed by a Solicitation for Bids being sent in April or May, a presentation to the CalPERS Full Board in Aug. or Sept., and an implementation launch

beginning in January, 2020. The Board will also be asked to increase the number of drug classes from the original 3. In addition to decreasing the number of "Health Regions" in the State (from 5 to 3, as was discussed in the Feb. newsletter) CalPERS hopes to influence the development of health plan premiums and coverage. We will undoubtedly, then, be hearing more about *Reference Pricing*, so stay tuned!

LEGISLATIVE REPORT – By Mary Kowta

Our 120 legislators have been hard at work it seems. Over 1000 bills are in their various stages; for some, it will be a two-year trip to nowhere. Others may be expeditiously guided to the Governor's desk at the end of the first year of this session. It is a matter of committees, more committees, new language, rewrites and, of course, politics.

Here are four Assembly Bills of current interest:

AB 33 - Divestiture of State retirement systems from investment in privately operated prison companies

AB 42 and AB 43 - Disaster relief for Butte County, Camp Fire

AB 472 - Altered regulations for retirees who resume State employment

At our luncheon earlier this month, I mentioned Dan Walters' article in the *Sacramento Bee*: "Could California's Pension System Be Underwater?" Walters cited Federal Reserve data that indicate that the unfunded liabilities of many funds are much greater than realized, and that CalPERS would not be an exception. CalPERS set out to correct Mr. Walters, as one who "loosely throws around government actuarial speak." CalPERS claims that they are actually ahead of the Fed in their own accounting of projecting the unfunded liabilities; and, therefore, the State pension fund is not in dire shape. Lest we get tied up in "actuarial speak", we will keep an eye out for further pronouncements from both parties!