



**RETIRED PUBLIC EMPLOYEES ASSOCIATION  
Chico Chapter 077**

**OCTOBER 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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**JOIN YOUR CHAPTER 077 MEMBERS  
FOR A ZOOM MEMBERSHIP MEETING!**



**THURSDAY, OCTOBER 1 – 11:30 A.M.**

**SPEAKERS: Carol Burr and Carolyn Dusenbury  
League of Women Voters of Butte County  
Team Leaders**

**TOPIC: “Pros/Cons on Ballot Propositions”**

This has always been a popular program that provides information to help us decide how to vote!

You will receive a postcard from RPEA Headquarters with the information below:

**How to join the virtual meeting (You can join from a computer, iPad, or Tablet!):**

**Option 1:** Connect online – [www.zoom.us](http://www.zoom.us)  
Click on “Join a Meeting” in the upper right  
Enter ID: 325 908 2109

**Option 2:**  
Phone, dial +1-669-900-6833  
Enter Meeting ID: 325 908 2109  
Then just wait to be connected!

Pro Tip: Being on a tablet or computer is better than a phone because you can see the presentation and people’s faces.

Lance Brogden, RPEA/AMBIA Liaison, is hosting our Zoom meetings until we can safely attend in-person meetings. Hopefully, there will be lots of participants at our October 1 meeting!

Members with questions about issues prompting the recent letter from RPEA Statewide President Rosemary Knox requesting the resignation of CalPERS Board Chair Henry Jones are welcome to contact Area II Director Abe Bailly.  
[abailly@csuchico.edu](mailto:abailly@csuchico.edu) - (530) 680-7883

**MESSAGE FROM ROGER KLAVES  
ASSISTANT AREA II DIRECTOR (Written 9-1-2020)**

Howdy displaced Paradise 074 Lunch-Bunchers! Our chapter is still suspended. Building activity in town seems to be increasing, but there is so much more to be done. Some of us will be getting a letter from the town stating that weeds on our properties need to be cut down. It's a possible 100 dollar fine if this isn't done by the second inspection. I will note, as you probably know, that the CalPERS Chief Investment Officer got himself in some hot water which forced his retirement. In a nutshell, Yu Ben Meng approved a billion dollar PERS private equity investment, and Mr. Meng had a personal \$100,000 investment in the company. He had previously failed to note this ownership or conflict of interest in PERS documents. Presently, our retirement fund has about 410 Billion dollars in various accounts. You recently got the bi-monthly PERS newsletter so you know as much as I do as to what's going on.

**LEGISLATIVE REPORT – By Mary Kowta**

The legislature’s two-year session ended on Aug. 31 in a certain amount of chaos. The pandemic had caused interruptions that shortened the work time for the lawmakers and the final months were marked by frustration and short tempers exhibited by legislators of both parties. On the final day Speaker Rendon refused to allow a member with a newborn baby to vote remotely so she and baby came to Sacramento to cast her vote, risking the virus, and giving the media the opportunity to bash Rendon.

## LEGISLATIVE REPORT (Continued)

As the session ended, the two parties were arguing and making accusations that the opposite party was slowing down the vote etc. At this time, the forests of California were probably already smoldering, but the lawmakers had failed to vote on several bills to alleviate wildfire. Governor Newsom, however, did manage to sign AB 3088, the COVID-19 Eviction Relief bill which provides California renters with 5 more months of relief from eviction threats. They must pay up starting March '21 or before.

Today, Sept 14, the Governor is now faced with a major wildfire disaster. He, along with the scientific community, sees this as a result of the changing climate, not a failure of the State to "clean up" California's forests, as Pres. Trump so often says, ignoring the fact that 60 per cent of the forests are on Federal land. Meanwhile, we grieve for the lives lost, the communities reduced to ashes, and the stark landscape of charred trees. Even the dangerous air we breathe, if we venture outside, reminds us of the human suffering not so far away.

A word about CalPERS – DISFUNCTIONAL! The CIO, Ben Meng, is out. His resignation (or termination) came as ethics violations surfaced. It appears that Marcie Frost, CEO, and at least some of the Board members knew about the transgressions earlier. Frost, herself, is under fire for other actions and incompetency. Henry Jones, Board President, apparently was indifferent to his basic responsibilities. Two important retiree groups, RPEA and CSU-ERFSA have submitted letters demanding or strongly suggesting leadership change. This shakes one's confidence in the leaders of the country's largest pension fund. My sources: letter of Rosemary Knox, RPEA President, *Sac Bee* 9/6, Naked Capitalism Online blog.

The latest on the California Rule: *Sac Bee* (9/11/20). As noted earlier, the State Supreme Court recently ruled that certain kinds of extra pay could not be figured into pension calculations. Those workers and retirees are covered by the County pension systems regulated by a different fund, not CalPERS.

### ELECTION DAY - NOVEMBER 3

When you receive your ballot in the mail, return it promptly! It is a good idea to go online and read up on the ballot initiatives ahead of time. You can see where the monetary support is coming from! Our next member meeting will highlight those ballot measures.

### HEALTH BENEFITS REPORT – By Al Raitt

At the September 10, 2020, virtual stakeholders meeting originating from the CalPERS main office building in Sacramento, an item of particular interest to retirees was presented: extending the contract with OptumRx, our pharmacy benefit manager (PBM).

At the outset it should be noted that trying to unravel the process by which "medication costs" are determined is

extremely difficult. Part of the difficulty is the very convoluted process of medication discovery, manufacture and distribution, each with its own set of costs, and another part has been the reluctance of pharmaceutical manufacturers, wholesalers, retail pharmacies, and PBM's to disclose the details about how they determine "final costs." They are provided secrecy by Federal Legislation which the pharmaceutical industry has over the years paid large sums to lobbyists to craft and support.

Because of concerns regarding a decreased ability of the PBM to provide medications to policy holders during the pandemic, CalPERS has decided that this was not a good time to begin negotiations for a new PBM and to, instead, extend its contract with OptumRx one year beyond its original December 30, 2021 termination date. This has always been an option written into the current contract; however, in addition to the new termination date of December 30, 2022, this will become an "acquisition-based pricing" contract.

This means OptumRx will provide information which will allow CalPERS to become aware of the "acquisition" costs to the PBM for acquiring the medications from the wholesalers. This should increase transparency and increase the probability that "price guarantees" can be offered to retirees. CalPERS also hopes to become aware of the "rebates" that pharmaceutical wholesalers provide to PBM's which then allows CalPERS to see how copays are developed for the three main categories: very expensive, lesser expensive, and generics (tiers I, II, and III, respectively).

CalPERS' staff anticipates that the increased transparency will allow them to become more aware of how "actual costs" are established. CalPERS will have the authority to approve any medication formulary changes.

In an attempt to deal with how PBM's in the past have been unreliable and not fully forthcoming regarding the development of prices charged to programs such as CalPERS, they also plan to use the "average wholesale price" list as part of the contract monitoring process. This list is published nationally, and entities such as CalPERS can look up these prices to see if the costs being charged by the PBM match those on the list. The intent is to get as much information as possible over several years during which CalPERS can compare "average wholesale prices" to what CalPERS is being charged. This is a notable undertaking; and if successful, could be of considerable financial benefit to retirees.

Lastly, remember that the CalPERS Open Enrollment period this year will start on September 21 and will end on October 16. You can do things such as change plans, add eligible dependents, remove dependents, cancel existing CalPERS health coverage, and "do nothing" and keep your current plan. Visit the "myCalPERS.ca.gov" site to see descriptions of your particular plan and make comparisons with other plan coverage and costs if you're interested.