

## FROM THE PRESIDENT'S DESK



by Bob Doll

### Things Have to Change

On Monday, March 23<sup>rd</sup>, I had the opportunity to testify in support of legislation returning the State's retirement to a Defined Benefit pension plan. You'll remember that this topic is RPEA's top priority. House Bill 30 was up for consideration by the House Labor and Commerce committee. It's still there.

There were about 30 people testifying, in person or by telephone. All but two supported the bill; policemen, teachers, school staff, union officials, and Gary Miller and me for RPEA. We spoke about the need to attract and retain competent and enthusiastic employees in order to perform the missions that have been assigned to Alaska's local and state governments. I emphasized the goals Alaskans sought when we became a state and government's need for people who have the credentials necessary to help us achieve those goals today and in the fu-

### Thank You, Freda!

On March 31, 2009, the State of Alaska will lose a great asset. Freda Miller, after many years of serving retirees through the Division of Retirement and Benefits, will be retiring herself. We at RPEA will miss her kind and thoughtful manner and her exemplary skill at being a liaison between the State and its retirees. She was always willing to tackle the tough questions from our members and return the answers quickly. Congratulations, Freda!

ture.

There were few questions from the committee to any of the witnesses, which suggests that minds were made up beforehand and that the hearing was only a formality. No surprise there. In fact, on the previous Friday, the originator of the bill, Rep Cathy Munoz (R, 4<sup>th</sup> Dist.), had been "roughed up" by other majority members on the same committee as she appeared in support of her bill. It surprised me that her caucus colleagues did not offer any deference to one of their own members. So the prospects for the bill were not good before Monday's hearing and appear even lower now.

There seems no doubt that we have to accumulate and present better evidence in support of a DB system. We also have to keep up the pressure for legislative action as well as for support from the governor.

The next regular session will take place in an election year. We'll be on hand to evaluate candidate positions in regard to issues like a return to DB. And we'll make sure you know so that you can cast an informed ballot.

### Alaska's Public Pension Funds

by Sam Trivette, Vice Chair,  
Alaska Retirement Management Board

As one of the two designated PERS members on the ARM Board, I get questions from public employees and retirees about the status of the pension and health care funds. The questions are understandably more frequent in these horrible financial times, so in this article I'm going to present some brief highlights regarding the funds. All of this information comes from the Department of Revenue or the Department of Administration.

In spite of 2008 being the worst financial period since the depression of the 1930's, the trust funds have continued to grow over time. For example, PERS financial reports reflect assets of about \$8.2 billion at the end of Calendar Year 2004. At the end of Calendar

Year 2008, PERS had about \$10.8 billion in assets (numbers rounded.)

These numbers include an annual rate of return in CY-08 of -22.2% for the PERS Defined Benefit Plan. As horrible as these returns are, the aggregate annual rate of return in CY-08 for the participant-directed Defined Contribution Retirement Plan (Tier IV) was -35.46%. There are many reasons for this. Certainly higher investment and management fees for DCRP participants contribute as well as the inability of DCRP members to participate in some of the more long-term investments such as farmland, institutional real estate, private equity, and specialized energy funds.

Another way to gauge the quality of a fund is to see how it measures in comparison to other public pension funds. The ARM Board has tended to be in the top 25% of all public pension funds in recent years and, along with three other public pension funds, has been nominated for a prestigious "Best Large Public Pension Fund for 2008". Much of this is attributable to the dedication of the Department of Revenue staff, to our investment managers and consultants, and the attitude of ARM Board trustees that underperforming managers are replaced.

### Executive Board Elections

The Statewide Nominating Committee is "looking for a few good volunteers" to run for election to the Executive Board. One half of the Board's positions come up for election every other year. This year the open positions are Vice President, Treasurer, Director of Communications and Director of Legislative Affairs. Board members are committed to the betterment of retirees and find the work fulfilling. If you would like to participate contact the RPEA office at 274-1703 or send us an email at [rpea@alaska.net](mailto:rpea@alaska.net).





## Southeast Chapter Report

by Gary Miller

In the mid 1980s, I was a delegate at an Alaska Public Employees Association convention (APEA). One of our guest speakers was from a firm that helps other companies implement wellness programs. Medical costs were rising then as they are now and the companies wanted to keep costs down. The firm explained how the potential cost savings of wellness programs are very substantial. For over 20 years it has been my passion to reduce healthcare costs through healthier employees.

Recently the State has been working with active employees to live healthier lifestyles. This has been very encouraging news for me because both the employees and the State of Alaska win.

For the last few months RPEA has been gathering information on ways to reduce healthcare costs. It was a topic at our January, February and March executive board meetings. This work involves our Executive Board, the Medical Committee and the Legislative Committee. Our progress has been slow but is moving forward. We hope to have enough information to share with our members soon.

## Northern Chapter Report

by Charlie Gallagher

Nominations for the Northern Region Officers are open until April and should be submitted to Mary Zalar at [zalar@alaska.net](mailto:zalar@alaska.net). We have everything in place for a new Northern Region President, Vice-Chair, and Treasurer. There are no management problems and RPEA is a place where one can lead in a functional structure. Our Committee spots are filled too!

Freda Miller from Retirement and Benefits could not make it to our February meeting due to Alaska Airlines' (unannounced) canceling of the Fairbanks leg of her trip. She graciously agreed to speak with us at our March 18<sup>th</sup> meeting. I must give credit to our RPEA Executive outreach and the positive responses by the Division and Administration, especially Director Shier, for providing these opportunities to keep us informed.

We have put the answers to our recent questions and Freda Miller's responses together on the RPEA website.

We understand Rep. Don Young has now signed up to support the WEP/GPO

Social Security reform bill as he did last year. We thank him very much. We also thank you for encouraging this.

I also want to thank Bob Grove for being our Northern Region Legislative Committee Representative.

We intend to have a picnic for our May meeting; however that is still in limbo. If you have any suggestions please contact me [c\\_gallagher@alaska.net](mailto:c_gallagher@alaska.net) or 479-2664.

## Medicare Savings Programs

What if you become eligible for Medicare but can't afford the monthly premiums, never mind the cost of doctor's visits. Are there any programs that can help?

Yes. **Medicare Savings Programs (MSPs)**, also known as Medicare Buy-In programs or Medicare Premium Payment Programs, help pay your Medicare costs (premiums, deductibles, co-insurances) if you have limited finances. To qualify, you must meet income and asset guidelines in your state. If you have limited income and assets, but your income or assets are too high to qualify for Medicaid, you may qualify for one of the MSPs. If you enroll in an MSP you will also automatically get **Extra Help**, the federal program that helps pay most of the costs of a Medicare prescription drug (Part D) plan.

The financial guidelines vary from state to state. States use different rules to count your income and assets to determine if you meet these guidelines. Some states may not count assets at all. Even if your income or assets are above the guidelines, you may still qualify because some of your income and assets may not be counted. If you are enrolling in Medicare after you were first eligible and face a penalty charge, an MSP will pick up this cost for you.

To find out more about how MSPs work, visit **Medicare Interactive** at [http://www.medicareinteractive.org/page2.php?topic=counselor&page=script&slide\\_id=454](http://www.medicareinteractive.org/page2.php?topic=counselor&page=script&slide_id=454).

You can also see the income and asset guidelines for MSPs in your state at [http://www.medicareinteractive.org/uploadedDocuments/mi\\_extra/msp\\_chart.html](http://www.medicareinteractive.org/uploadedDocuments/mi_extra/msp_chart.html).

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### RPEA Executive Board

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### Important Phone Numbers

#### Premera Blue Cross:

**Anchorage:** 258-5065

**Seattle,** (877) 762-9597

#### Retirement & Benefits:

**Juneau,** 465-4460 or (800) 821-2251

#### Meeting Schedule

**Southeast Chapter:** Second Thursday each month, 11:30 a.m., in the Aurora Room at the airport

**Southcentral Chapter:** Second Thursday each month, 11:30 a.m., Anchorage Senior Activity Center

**Northern Chapter:** Third Wednesday each month, 12:30 p.m., Princess Hotel

**RPEA Executive Board:** Third Tuesday each month, 10:00 a.m., Anchorage APEA/AFT Field Office (via teleconference) 274-1720

Check out our website at <http://rpea.apea-aft.org>

RPEA NEWS is published in-house. Contact the editors through the RPEA Office.

## Do You Have Questions? Do You Want Answers?

We want to hear from you. If you have particular questions (or comments) on senior issues that need an answer and could be shared



in this newsletter, let us know. We will do all we can to get the answer and will publish it in the RPEA NEWS so all our members can be informed. Call the office at 274-1703 or send an email to us at [rpea@alaska.net](mailto:rpea@alaska.net)





# RPEA NEWS

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### Protecting and Enhancing Your Retirement Years

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#### Alaska Care Third Party Administrator Contract

By Sam Trivette, Medical Information Director

The State of Alaska has issued an intent to award the retiree health care administration contract to Wells Fargo. Although the current contractor, Premera, was one of the four bidders, it appears we will soon have a new firm overseeing the administration of our retiree health care plan as a Third Party Administrator. I do say "appears" as the three non-chosen firms do have a 15 day period in which to protest the intent to award. Those of you who were members when Premera was selected about three years ago will recall there was a very contentious appeal period after numerous mistakes were found to be made in the administrative process.

In Wells Fargo's proposal, they state their intent, if selected, is to begin the transition process quickly and make it as seamless as possible. I have requested a copy of an exhibit attached to their proposal showing the Wells Fargo time lines and transition plan. I have also requested a copy of the State's transition plan and

timelines. As of this writing, I have not received any information.

RPEA knows administration of the retiree health benefits is a major concern of our members. Changes of third party administrators in the past have always brought about significant issues. At RPEA's Medical Committee meeting on March 11<sup>th</sup>, we began compiling a list of issues that we will be forwarding to the State and to the selected third party administrator, asking that they be addressed. This process is likely to be intensified by the announced retirement of Freda Miller, who has overseen health care issues in Retirement and Benefits for a number of years. Freda has been especially responsive to member questions, and has attended several RPEA Chapter meetings in recent years. All retirees and the State will sorely miss Freda. We wish her well in retirement.

Since we expect much will be happening between now and the next edition of RPEA NEWS on this topic, we will post information on RPEA's web site as important information becomes available. In the mean time, if you think of questions regarding the con-

tract transition which you think need attention, please send them to me or the RPEA office.

*NOTE: Since this article was written, we have learned two bidders have formally protested the bid award to Wells Fargo. Since the State has 15 days to respond to the protests, we will not know the outcome before this newsletter is printed and mailed. Check RPEA's web site for updated information.*

#### Attention Alaska Snowbirds!

Do you head south for the winter for sun and fun? Are you recently returning to Alaska? Give RPEA your addresses and the month you will get there and we will automatically keep your address current in our database. This will ensure that you get the RPEA NEWS and other important information for retirees in a timely manner. Email the office at [rpea@alaska.net](mailto:rpea@alaska.net) or call (907) 274-1703 or (800) 478-9992 and we will make sure you are kept informed.

