



NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 44, No. 9

Honoring Yesterday—Protecting Tomorrow September 2013

PRESIDENT'S MESSAGE

By Susan Mallett



This month I provide you with part two of our response to SDCERA's recommendations to substantially increase the health administrative fee for all retirees participating in any SDCERA health program and to begin charging that fee to retirees who have a RESDC dental premium deducted from their monthly pension. The SDCERA staff recommendation was presented on August 1st and RESDC's concerns

were heard by the Board of Retirement to the extent that they delayed a decision on the health administrative fees until their August 15th meeting.

The Board of Retirement's action taken on August 15th is provided upfront in this article for those members affected by the fee. Following considerable discussion, the Board, by a vote of five to one, approved the \$6.00 health administrative fee for all health program participants in 2014. I urge you to read the sequence of events leading up to this Board of Retirement meeting as I believe the issues raised by RESDC ultimately played an important part in bringing about greater transparency to the SDCERA health program budget process.

As you read in our August newsletter, we learned on June 20th of the recommended 135% increase in the health administrative fee during a rushed early afternoon SDCERA Health Benefits committee meeting that did not allow sufficient time to discuss this issue affecting the majority of retirees. Consequently, in mid-July we addressed our concerns in a letter to Chief Executive Officer Brian White and forwarded copies of that letter to members of the Board of Retirement. In summary, the letter posed the following questions:

How was the fee calculated and what health related services are included in the fee?

Is the forecasted health administrative cost limited to direct/actual costs or are they loaded with indirect overhead considered "standard business practice"?

Should retirees purchasing a RESDC sponsored dental plan be billed for an array of health services,

such as legal fees, health consultant costs and others that do not support their dental coverage?

On July 25th, we were able to meet with SDCERA staff to further discuss our concerns and did ascertain a few additional details related to the health administrative cost calculations. One important detail involved a substantial overrun of approximately \$227,000 in the 2013 health administrative budget, an amount to be added to the projected budget for 2014. The staff reiterated their recommendation to increase the health administrative fee, for 2014, and to include retirees who are enrolled in a RESDC dental plan in the total number of retirees and their spouses/dependents to be charged the fee.

At the Board of Retirement meeting, held August 1, 2013, I addressed the Board on behalf of all affected retirees. I summarized our understanding of the Board of Retirement's cautionary decision in 2011, to charge the cost of the SDCERA's health administrative program to retiree participants. I described our concern over the wild swings in the fee over the course of only three years, with the **(President's Message Continued on Page 4)**

UPDATE ON CALPERS LONG TERM CARE INSURANCE

By Denise Price, RESDC Executive Director

According to an article in the Los Angeles Times on August 7, 2013, a lawsuit has been filed against the California Public Employees' Retirement System (CalPERS) alleging it had intentionally misled more than 100,000 policyholders who purchased long-term care insurance from the pension fund.

The lawsuit alleges that CalPERS touted the financial strength of its program and said it had the experience to successfully manage it. But the agency pursued an improper investment strategy that left the program grossly underfunded and then failed to warn policyholders about these financial problems in a timely manner, according to the suit.

One of the named plaintiffs, Elma Sanchez, 88, purchased a long-term care policy from CalPERS around 1998 for \$179 a month, according to the lawsuit. In 2015, her monthly premium would reach \$793.75.

A spokesman for CalPERS said it disputes the allegations.

(Excerpts taken from August 7th Los Angeles Times news article.)

September Calendar of Events

5—(Thurs.) SDCERA Board of Retirement Meeting

2275 Rio Bonito Way, Suite 200, 8:30 a.m.

12—(Thurs.) RESDC Board of Directors Meeting

7860 Mission Center Ct., Suite 209, 9:30 a.m.

19—(Thurs.) SDCERA Board of Retirement Meeting

2275 Rio Bonito Way, Suite 200, 8:30 a.m.

HEALTH CARE REFORM IN CALIFORNIA

By Stan Coombs, Benefits Committee Chair

The National Affordable Care Act, “Obamacare,” was the subject of a June NETWORK article, and affects the entire U.S. population. What’s going on in the “Golden State?”

A June 2013 Kaiser Commission Report, entitled “California’s Health Care Environment and Health Reform Efforts” and issued under the auspices of The Henry J. Kaiser Family Foundation, is helpful.

We are the most populous of the 50 states with 37 million residents in 2011, and 7.3 million, 20% of the population, without health insurance. That’s more uninsured than any other state and 15% of the uninsured nationally, the Commission tells us.

The picture is complicated by a diverse state population, 60% identified as “other than white,” 27%, or 10 million, are immigrants and/or non-citizens, 24%, or 8.9 million, were living in poverty in 2011, and the unemployment rate in 2012 was 10%, third highest in the nation, dropping to 8.5% by mid-2013.

In 2011, 18% of nonelderly adults, 23% of African-Americans and 42% of Hispanics in California had no regular health provider, and 21% of African-Americans and 30% of Hispanics were in fair/poor health compared to 12% of Whites, we are told.

The revised 2013-14 California state budget was balanced by cuts to health care and education funding, a shifting of responsibility for a variety of services to local agencies, and a new tax and spending reduction initiative in 2012 that shifted children from healthy families to Medi-Cal, the state’s Medicaid program, and dual eligible beneficiaries from fee-for-service (think “expensive”) to managed care. This followed a decade of budget deficits.

California has a concentrated private insurance market and higher-than-average premiums, the Commission says. Not exactly news to most of us. Turns out that five insurance companies accounted for three-quarters of the business in California’s \$111 billion health insurance industry in 2011; Kaiser Permanente (34%), Anthem Blue Cross (15%), Health Net (10%), Blue Shield (9%) and United Health Care (8%).

In 2010, the federal government approved a five-year California demonstration program called “Bridge to Reform,” to help prepare for the expansion of Medi-Cal, under the Affordable Care Act. Eight billion dollars in federal matching money was provided to assist California’s low-

income uninsured adults, improve hospitals and transfer seniors and disabled to managed health care services.

By February 2013, 569,000 adults were newly enrolled in the Low Income Health Program and 240,000 had been moved to Medi-Cal managed care. About \$94 million, in other public and private grants, funded program outreach and enrollment to help the uninsured understand health care options available.

But the gorilla in California’s health reform is their response to Affordable Care Act-required “Health Benefit Exchanges,” designed to provide information, determine eligibility and enroll applicants.

California was the first state to create a health exchange, “Covered California,” in September 2010. It’s a public agency, run by a five-member board, holds open meetings, and maintains a website. Their web address is www.healthexchange.ca.gov.

Beginning in 2014, Covered California expects 13 insurers to participate in the California exchange insurance market and six insurers to offer shop plans for small businesses. An average of five insurance providers will serve each of 19 designated geographical regions.

Policies will be offered at four different levels; platinum plans providing 90% coverage, gold plans 80%, silver plans 70% and bronze plans 60%. All levels include ten required Essential Health Benefits, with annual out-of-pocket costs capped at \$6,350. Applicants with household incomes up to 138% of federal poverty levels (about \$15,856 for individuals and \$26,951 for families of three) may be subsidized.

Individual 2014 market rates, submitted by insurers, ranged from 2% above to 29% below 2013 average premiums for silver plans in California’s most populated areas. San Diego County rates were down about 12%.

The California Legislature has required a single, statewide application form be made available on paper and electronically, for all entities accepting and processing health reform applications, and simplified identification and coordination procedures.

About 4 million Californians are expected to remain uninsured after health care reform, according to the Commission, one quarter of which are expected to be undocumented immigrants and half, eligible but not enrolled due to affordability or immigration status. Sixty percent are expected to have limited English proficiency.

The remaining uninsured won’t be evenly distributed. Predictions have it that half of the reduction of uninsured will occur in Los Angeles County. Interestingly, the largest percentage reduction is expected in San Diego County!

San Diego County net retirement assets decreased \$314 million during June, reducing fiscal-year-to-date gains to \$543.7 million and total net assets to \$9.1 billion.



WELCOME NEW MEMBERS

Laurel Adam	Health & Human Services	Joselito A. Lopez	Health & Human Services
Dorothy C. Alexander	Probation	Rafael Lopez	Health & Human Services
Thomas Alexander	Probation	Antonia R. Lozano	
Debbie Allen-Prescott	Family Court Services	Charlotte Lyon	Superior Court
Rebecca E. Alvarez	Public Defender	Marilyn A. Marshall	Agriculture Weights/Measures
Delia Anda	Health & Human Services	Juan Antonio Martinez	Sheriff
Katherine S. Anderson	Health & Human Services	Winston F. McColl	Purchasing & Contracts
Evelita Aquino	Health & Human Services	Casey D. McGehee	Assessor Recorder/Cnty Clerk
Socorro Azar-Aziz		Regina J. McInerney	Assessor Recorder
Cynthia J. Baker	Health & Human Services	Bernadette C. Medina	Juvenile Court
Rosie Lee Bankhead	Health & Human Services	Claudia Millerbragg	Social Services
Valerie A. Bickel	Sheriff	Eileen M. Mills	Health & Human Services
Kathryn J. Black	Probation	Jack E. Morgan	General Services
Jeronimo Blanco	Health & Human Services	Van Chieu Ngo	Health & Human Services
Karsten S. Boone	Public Defender	Rosaura Olea	Library
Maureen E. Brewer	Health & Human Services	Carol Olshefski	Health & Human Services
Pamela Brown-McGill	Superior Court	Isabel Favila O'Neil	Health & Human Services
Ofelia Burris	District Attorney	Carolyn Owens	Child Protective Services
Kevin Carr	Public Works	Elizabeth Palmer	Sheriff
Leighton Chung	Sheriff	Marcella C. Perez	Human Resources
Betty Cooper	SDCERA	Rosalina L. Perez	Health & Human Services
Marlene M. Coyne	District Attorney	Freddiemae Picket	Traffic A & B Court
Dann Crawford	Health & Human Services	John G. Pieri	Child Protective Services
Barbara J. Crozier	Sheriff	Leonard W. Pollard	County Counsel
Mario Dasilva	Health & Human Services	Mary Porath	Sheriff
Patricia A. Duefield	Child Welfare	Edith R. Porter	
Andrea Duncan	District Attorney	Edmundo P. Ramos	Health & Human Services
Diane Eldridge	Auditor & Controller	Vittorio Roberti	Sheriff
Catalina Espinoza	Health & Human Services	Diane Ron	Assessor/Recorder
Virginia Ferreras	Superior Court Civil Dept.	Peggy Rose	
Marty Fink	Sheriff	George A. Savage	Public Works
Maria L. Galvan	Health & Human Services	Patricia M. Scott	Family Business
Gloria Garza	Building Department Planning	Benjamin J. Seltzer	Probation
Frank M. Guerra	Auditor & Controller	Shahla A. Sepah	Health & Human Services
Jeneva L. Hackney	Air Pollution Control	Deborah A. Smith	Child Support
Frederick L. Harp	General Services	David Snyder	Health & Human Services
Janice Graham Heather	Chief Administrative Offices	Laura S. Spiegel	Health & Human Services
Maria Hewett	Air Pollution Control	Abel Sumayao	Health & Human Services
Maria Hewitt-Santalo	Health & Human Services	Stephen B. Thorne	Superior Court
Lane Hicks	Auditor & Controller	Mark Thygesen	Sheriff
Sandra M. Hinesly	Health & Human Services	Mary J. Timmerman	
Rwanda N. Jackson	Health & Human Resources	James L. Tumlin	Environmental Health
Dorothy Janse	Environmental Health	Cristina Vera-Rodriguez	Public Health
Suzanne C. Klatt	Superior Court	Rodolfo Villalobos	Health & Human Services
Christine Koger	Superior Court	Harlie Jean Waggener	Probation
William B. Kolender	Sheriff	Pauline Watkins	District Attorney
Thomas F. La Madrid	Public Works	Scott R. Watson	Public Works
Sharon Levitt Jassy	Air Pollution Control	Myra Jean Westmoreland	Aging & Independence
Mark S. Lewis	Public Works	Cynthia Windsor	District Attorney
Fidel A. Lopez	Custodian	Gail K. Wright	Planning & Land Use



President's Message (Cont'd from Page 1)

following remarks to the Board:

"Naturally, we were taken aback by the projected health program cost for 2014 of approximately \$897,000 as recommended by SDCERA staff at the June 20th Health Benefits committee meeting. Last week we learned that nearly 25% of this projected budget is the result of an overrun in expenses for this year, 2013.

We believe a formal procedure for the annual projection of health administrative costs should be developed and approved so all members are aware of the cost components included, of the analytical methodology used, and there is continuity in the process from year to year.

We believe that SDCERA staff made their best efforts to estimate administrative costs, but have very little detail as to how the number was actually developed, and without an established plan there is no way to judge accuracy or fairness.

In conclusion, should retirees in our retirement system be treated like customers in the business sense, having indirect overhead costs added to actual health administrative costs or should they be treated with loyalty and concern for their interests as members and beneficiaries?"

I added that in the event overhead costs were included, SDCERA should develop a formal Overhead Plan for transparency, accuracy, and continuity for members. It was also suggested that SDCERA provide all retirees with a complete explanation of the circumstances necessitating the health administrative fee, and the reason for the wild swings that have occurred in the rate.

At the August 15th Board of Retirement meeting, SDCERA staff presented a more thorough report that included the requested detail as to how the health budget is calculated and a financial explanation for the substantial swing in the health administrative fee of a short three year period, i.e. \$4.12 to \$2.55 to a proposed \$6.00. I addressed the Board to reiterate our position that RESDC dental participants should not be assessed this fee. I noted that 38% of the proposed 2014 health program budget, the professional health consultant and legal services, do not apply to nor benefit retirees with the RESDC dental coverage. Board Chair Skip Murphy and Board Alternate member Tim Hancock asked SDCERA about the feasibility of a two tiered fee to better reflect the services provided. A motion to approve this option did not receive a second and was therefore not considered. Ultimately, the decision was made to approve the \$6.00 health administrative fee for 2014 with a vote of five to one.

In the end, I believe RESDC's concerns were heard as SDCERA staff responded with a written calculation procedure for the annual health program budget and the resulting health administrative fee. This is a positive step toward better accuracy and accountability. Additionally and for the first time, they presented an itemized list of expenses and projected costs for the health program for 2012, 2013 and for the proposed 2014 budget. Clearly the health program budget for 2014 is affected by the overrun of \$227,000 due to an inadequate budget for 2013. It is anticipated that the budget for 2015 will result in a health administrative fee in the \$4.00 range.



At the Board of Retirement meeting, held on August 1, 2013, RESDC President Susan Mallett, addressed the Board on behalf of all San Diego County retirees.

2013 RESDC ELECTION

*By George Lejeck,
Election Committee Chair*

The Retired Employees of San Diego County, Inc. (RESDC) will not have an election in September 2013. Susan Mallett, Incumbent President, placed her name in nomination and was unopposed. Merrilyn Carpenter, Incumbent Second Vice-President, ran unopposed for her current position. Three Directors, Chris Hinshaw, Joe McGuire, and George Shoemaker, ran unopposed. John McTighe submitted his name for nomination for Director and was elected by the Board to fill the open seat left by outgoing Director, George Lejeck.

RESDC Bylaws state that when only one candidate for a vacant position is nominated, the nominated candidate will be considered elected by the Board. The Board ratified the election of these individuals in August.



HEALTH FAIR PICNIC LEFTOVERS

For those who wonder what happens with the Health Fair Picnic leftover food, some remaining food items are donated to San Diego Safe Harbor, Inc., a nonprofit program providing transitional housing for the homeless.

Out of concern that the barbecue lunch is enjoyed by all attendees, including seconds if desired, all picnic lunches will be served for consumption at the picnic only.

SEPTEMBER IS ATRIAL FIBRILLATION MONTH

Dear Members:

Have you recently experienced unexplained skipped heartbeats, a racing of the heart or shortness of breath? If so, you might consider checking in with your doctor. September is Atrial Fibrillation Month and its purpose is to call attention to heart-health.

Atrial fibrillation (AF or Afib) is the most common irregular heartbeat and is characterized by heart palpitations, dizziness, and shortness of breath.

Since these symptoms are often subtle, many do not realize they have the disease. And those that have it don't realize how damaging it is. While atrial fibrillation may not sound serious, it can actually be quite risky and potentially even life threatening.

This progressive and debilitating disease can lead to stroke, heart failure, and Alzheimer's disease, and can double your risk of death. Afib takes a physical toll, an emotional toll, and a financial toll on those who are living with it—not just the patient, but the family too.

If you have recently experienced unexplained skipped heartbeats, a speeding up or racing of the heart or shortness of breath, you might consider starting September with a doctor's check-up.

The quicker Afib is diagnosed, the quicker disease management can begin. For more information about Afib, visit StopAfib.org.

Wishing you happiness and health,

Denise Price
Executive Director

P.S. Don't forget to mark your calendars for our Health Fair Picnic on Oct 9th! In addition to food and fun, free health screenings will be available to all attendees.



Protect your valuables and keep them safe. Important papers, such as birth certificates, insurance papers and loan documents, as well as special family heirlooms can be hard to replace, or even irreplaceable. To have peace of mind, keep them secure in a Safe Deposit Box at San Diego County Credit Union. Safe Deposit Boxes are available to rent at most SDCCU® branch locations and come in various sizes.

To see a list of the branches that have Safe Deposit Boxes, visit sdccu.com and search safe deposit or call us at (877) 732-2848.

IN MEMORIAM

Zenaida C. Alota	Sheriff
Robert J. Becker	Sheriff
Craig M. Bell	Sheriff
Thomas G. Beth	Sheriff
Thomas A. Caldwell	Probation
Steve C. Campbell	Sheriff
Teri T. Campbell	Municipal Court
Joyce M. Cole	Sheriff
Audrey J. Cornish	Health & Human Services
Betty J. Daun	
William A. Deucher	District Attorney
Merlin G. Douglas	University Hospital
Melbarene Flynn	Surviving Spouse
Nancy P. Fox	Health & Human Services
Ann Gant	County Clerk
Helen Goldberg	Surviving Spouse
Earl E. Guida	Transportation
Ernest Halcon	District Attorney
Jeanette K. Hall	Health & Human Services
Isabelle Haney	Surviving Spouse
Walter Hansen	Health & Human Services
Norma Lopez	Social Services
Serna Lucia*	Health & Human Services
Harriet Masuen	Surviving Spouse
Lorraine McCoy	Health & Human Services
David E. McDonald	Surviving Spouse
Dorothy McGowan	Treasurer/Tax Collector
Nancy Pawka	Surviving Spouse
Anne G. Peterson	Surviving Spouse
Leroy E. Price	Medical Institutions
Anita Y. Quan	Municipal Court
Charlie L. Russell	Health & Human Services
Margaret L. Sceppe	Municipal Court
Wilbur P. Secor	Transportation
Joann H. Smith	Surviving Spouse
Patricia A. Uppenkamp	Health & Human Services
Kathleen L. Wehr	District Attorney
Ida White	Surviving Spouse
Marjorie C. Whitehead	Surviving Spouse

*Active

**Gone from our sight, but never our memories.
Gone from our touch, but never our hearts.**

The surviving spouse of a member is eligible for RESDC membership. For enrollment assistance, call 866-688-9229.

MEMBER PRIVACY

Any retiree or surviving spouse who does not want his/her death notice published in the "In Memoriam" section of this newsletter may notify the RESDC office and your privacy will be maintained.



Office Hours: 9 a.m. to 2 p.m. Tuesday, Wednesday, Thursday, and Friday.
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NETWORK is the official monthly newsletter of the Retired Employees of San Diego County, Inc. (RESDC), a private non-profit organization.

Business and Inquiries: Business matters and address changes may be recorded on the office voice mail at any time, call (866) 688-9229. Please spell your last name so the correct member record can be located.

The information printed in the NETWORK is believed to be from reliable sources. However, no responsibility is assumed by the NETWORK for inaccuracies contained herein.

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 San Diego, CA 92108-1329

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ANNUAL HEALTH FAIR PICNIC

Sponsored by: Ameritas Dental, CIGNA Dental, Health Net, Kaiser Permanente, Pacific Group Agencies, Inc., San Diego County Credit Union, And United HealthCare Services



Date: Wednesday, October 9, 2013, 10 am - 2 pm
Location: Admiral Baker Field. Driving directions will appear in the October issue of the NETWORK.

All members, spouses and/or guests are requested to pay \$5.00 each. The member's picnic fee will be refunded/returned at the registration desk upon checking in, thus making the member attending the picnic **free of charge**.

The menu will be barbecued beef, barbecued beans, coleslaw, rolls and butter, soda pop, water and dessert. **Lunch is served until 12:30 p.m.**

To make reservations for the picnic, please complete the form below, indicating the names of those attending and include payment for each attendee. Make your check payable to RESDC, enclose it with reservation form and mail to RESDC, 7860 Mission Center Court, Suite 209, San Diego, CA 92108-1329. Reservation forms and payment must be received in the RESDC office by **Friday, October 4**. Badge and raffle ticket packets should be picked up at the registration table at the picnic. They will not be mailed.

CUT HERE

CUT HERE

HEALTH FAIR/PICNIC RESERVATION FORM

We need your reservation in advance to know how much food to order and to prepare envelopes with name tag(s) and raffle ticket(s). Charge for members, spouses and/or guests is \$5.00 each. **Members' fee will be returned if he/she attends.**

Member Name(s) _____ Telephone _____

Name of Spouse or Guest(s) _____

Member, Spouse or Guests(s) at \$5.00 each _____ Total Enclosed _____

E-mail Address _____ Department and Year Retired _____