



# REPORTER

A publication of the California State University Emeritus and Retired Faculty Association

## COUNCIL TO MEET DECEMBER 3 IN SAN FRANCISCO

ERFA President Jack Byrom announces that Dr. Leonard Mathy will speak at the San Francisco December 3 meeting on the problems ERFA faces in helping CSU retirees obtain consideration from established organizations such as the Trustees, the Chancellor's office, the CSU Academic Senate, and other relevant groups. Dr. Mathy, now retired FERPer from California State University Los Angeles, has many years of experience in working with these various groups with whom ERFA must now work in its battle to help CSU retirees gain appropriate "rights." He was the first president of the CSU Academic Senate, a former dean (of letters, arts, and sciences) at CSU Los Angeles, a long term member of the CSU Academic Senate from CSU Los Angeles, and now the ERFA liaison to the CSU Academic Senate. President Byrom, who has heard this presentation, reports, "Len really understands the problems the emeritus faculty face in working with these several CSU groups, and he has some excellent advice on how ERFA should approach these problems. Every CSU emeritus faculty should hear Len on this subject."

President Byrom encourages all ERFA members to attend the conference on December 3. It will be held at the Marines' Memorial Club, 609 Sutter Street, San Francisco, CA 94102, beginning at 10:00 AM and ending around 3:30 PM. Luncheon of Chicken Cordon Bleu, Potatoes, Mixed Vegetables, and Apple Pie will be served at a cost of \$14.00 (a unit price that also covers the cost of the meeting room). (All members planning on attending this meeting are asked to call or write the ERFA office for reservations.) Unfortunately, the Club has already fully booked its hotel rooms for December 2 and 3, but on page 4 of this issue of the *ERFA Reporter* is a list of moderately priced San Francisco hotels that are close to the Club.

At this ERFA Council meeting the representatives will consider how best to eliminate the unreasonable surtax that the new Medicare program will cost PERS' retirees and how ERFA can articulate most effectively with local CSU campus emeritus groups.

## PETROSINO WARNING

Jake Petrosino, elected member of the PERS' Board of Administration, spoke to the ERFA October 1 Los Angeles Council Meeting at Days Inn Hotel and warned that PERS' retirees must keep constantly alert to the threats that face the state retirement fund. He advised that as the various state employers who, along with the State make up the "employer" membership of the PERS' fund, find

## PRESIDENT'S MESSAGE

In this *ERFA Reporter* is a petition to request the President and Congress to amend the Medicare Catastrophic Protection Act of 1988. Please read it carefully, sign it, encourage other citizens of all ages to sign it, and send it to the ERFA office. In addition, please write the President, Senator Cranston, the newly elected US Senator, and your Congressional representative. Californians should also write their state legislative representatives. Let them know how you feel about this unfair new tax.

This law has two main faults; it does not provide nursing home care and it unfairly taxes the middle class elderly. Most who write ERFA about the problems they face describe nursing home care costs at an average of \$22,000 per year as a dreadful burden.

Retirees must insist that Congress and the President develop a comprehensive health care program for young and old (40 million Americans have no health insurance). The new program should provide complete coverage for all Americans. The costs must be spread across the whole population.

But of immediate concern is the enormous financial burden the new program will cost ERFA retirees, who will receive almost no benefits that are not already included in their present PERS' medical coverage. So all ERFA retirees are asked to sign the petition and send it to ERFA before December 15. To lead the battle to amend this new Act, ERFA will require new funds for secretarial services, Xeroxing, printing, and postage. Present members are urged to contribute to help out. Those who are not members are asked to join and help ERFA help them.

--Jack Byrom, President

tax dollars increasingly difficult to obtain, they will use every method they can to diminish their share of the contribution and to withdraw any funds they can claim are "surplus." Petrosino believes the fund is presently sound and adequate, despite a six billion loss in the stock crash of October 1987; however, he expressed distress that the fund now has invested about forty-two per cent of its assets in stock; he would prefer to see no more than thirty-three percent of the fund invested in stock. He assured the Council that he would continue to work to keep the fund secure. Additionally, he disappointed the Council by advising that he doubted that the PERS' Board would manage to secure sufficient votes to provide retirees with any funds to help reduce the impact of the surtax imposed by the new Medicare Act; he estimated that employer savings at no more than two or three per cent.

MEMBERSHIP FORM ENCLOSED

JOIN TODAY

## ERFA STATEMENT TO ELDER COMMITTEE

The Honorable Dave Elder and Members of the Committee:

My name is Jim Ryan and I represent the California State University Emeritus and Retired Faculty Association. All of our members are covered by Public Employees' Retirement System Health Care plans.

We favor catastrophic health care benefits for Medicare retirees, but we have come to believe that the Medicare Catastrophic Coverage Act of 1988 is not a true catastrophic health plan. It should be rescinded and new discussions initiated.

We agree with the concept that more affluent Medicare recipients can afford to pay higher Medicare Supplemental premiums than very poor recipients. However, we recognize that the Medicare catastrophic coverage premiums are actually a fifteen per cent income tax surcharge directed primarily at middle class retirees because of the premium caps imposed in the act and the small gaps that exist between income groups.

With an income cap of \$50,000 for individuals, a single person with a total annual income of \$50,000 will pay the same \$800 tax as the richest person in America. In fact, those making \$40,000 a year will pay very little less than \$800 (\$720). The \$800 tax is predicted to increase to approximately \$1,050 in 1993 and to approximately \$3,500 by 2005.

With an income cap of \$90,000 for married couples, a married couple with a total annual income of \$90,000 will pay the same \$1,696 as the richest couple in America. In fact, those making \$70,000 a year will pay a little less than \$1,696 (\$1356). The \$1,696 tax is predicted to increase to \$2,100 in 1993 and to approximately \$8,000 by 2005.

We believe that the requirement that all costs of the Medicare Catastrophic Act be financed entirely by current beneficiaries is an obvious violation of the fundamental principles underlying Social Security in which the costs of legislative program benefitting all workers are spread over both present and future beneficiaries. We feel betrayed that a change in the rules has been imposed on us after we have made our retirement decisions and have retired on a fixed income.

Our members, as Public Employees' Retirement System (PERS) retirees, will receive few new or expanded benefits from this Medicare Catastrophic Coverage that are not already provided by PERS' care. The stated catastrophic benefits provide little in the way of new services and fail to provide for long-term nursing home or home health care, which constitute our most serious concerns.

I have heard several witnesses state that we should consider the Catastrophic Coverage Act as insurance and the income tax surcharge that we will pay as premiums. For PERS' retirees it is not insurance. We will be paying the premiums with no possibilities or expectations of receiving any new or improved benefits for our money.

Another matter of concern to us now is the fact that we accepted improved health benefits at various times in lieu of salary increases. We should have taken the money because we are now losing the health benefits.

## CFA BACKS ERFA ON MEDICARE ACT AMENDMENT

Dr. Milton Dobkin, CSU FERPer of Humboldt and ERFA liaison to CFA, announces that the CFA has passed unanimously a resolution to ask the Congress to amend the Catastrophic Medicare Act. The CFA resolution, based on the ERFA statement included in this issue of the *ERFA Reporter*, was prepared by the CFA Retired Faculty Committee composed of Dobkin, Ruth Gormly (CSU Los Angeles and also an ERFA member), and Bill Tidwell of San Jose. The CFA resolution also urges its affiliates--AAUP, NEA, CSEA, and SEIU--to pass a similar resolution.

**ACRONYMS** -- Several readers have complained that they do not recognize some acronyms used in the *ERFA Reporter*. To clarify them, the following list is presented, albeit it probably overdoes the need: ACSUP--Association of California State University Professors; AAUP--American Association of University Professors; CFA--California Faculty Association; CSEA--California State Employees' Asssocation; IDDA--Investment Dividend Disbursement Account; RPEA--Retired Public Employees' Association; SEIU--Service Employees' International Union.

Estimates provided by Kaiser and Blue Shield indicate that the cost savings under this Act for our employers and for PERS would amount to less than five per cent of the premiums we will pay for catastrophic coverage.

Although the PERS' witness apparently is not sure what pay back of additional benefits will accrue for PERS' retirees, a member of the PERS' Board of Administration told our association officers at an October board meeting that PERS will provided no cash rebates or expanded benefits to our retirees when the Medicare Catastrophic Act is implemented.

We urge this Committee to petition the Congress to amend the Medicare Catastrophic Act of 1988 to

1. Distribute the taxes imposed in this Act more equitably among the retirees in the middle and high income groups. The annual income cap on payments should be raised above \$50,000 and \$90,000 respectively with more realistic gaps between groups at the higher levels;
2. Distribute the cost of the benefits more proportionally among current and future Medicare beneficiaries;
3. Add provisions to protect Medicare beneficiaries against the impoverishing costs of long-term nursing home and home health care so the Act could honestly be called a catastrophic coverage program;
4. Protect Medicare retirees from the predicted rapid acceleration of catastrophic coverage costs that would jeopardize the financial security of our retirees.

We urge this Committee to insist that PERS' employers and the PERS' Board comply in good faith with the "maintenance of effort" provisions of the Act and rebate the value of duplicated health benefits to their employees and retirees in the form of cash

*(This statement was presented by Jim Ryan; both he and Wilma Krebs prepared the statement.)*

(All ERFA members are urged to sign this petition, obtain signatures of other eligible voters, and send the signed copy to ERFA for forwarding to their representatives in Congress and the Legislature.)

### ERFA PETITION TO CONGRESS TO AMEND MEDICARE ACT

This measure would memorialize the President and Members of Congress to amend House Resolution 2470, the Medicare Catastrophic Protection Act of 1988, and to distribute the costs of the act's benefits proportionately and fairly among current and future Medicare beneficiaries.

WHEREAS, Congress has passed and President Reagan has signed House Resolution 2470, the Medicare Catastrophic Protection Act of 1988, in order to protect the nation's 32.4 million Medicare beneficiaries against catastrophic hospital and medical costs; and

WHEREAS, the act was so designed to benefit the less than one per cent of the Medicare beneficiaries who are hospitalized annually for longer than sixty days and the seven per cent of beneficiaries who pay more than \$1,370 annually in out-of-pocket expenses under Medicare, Part B, Physicians' Services; and

WHEREAS, the act added partial coverage for prescription drugs, which will benefit only seventeen per cent of Medicare beneficiaries; and

WHEREAS, all Medicare beneficiaries, beginning in 1989, will pay an additional four dollars a month Medicare, Part B, premium for catastrophic coverage; and

WHEREAS, an estimated forty-four per cent of Medicare beneficiaries, or 14,300,000 individuals, will pay an additional catastrophic surtax of \$22.50 on each \$150 of federal tax liability; and,

WHEREAS, this fifteen per cent surtax could amount to as much as \$800 per annum for a single person and \$1600 for a couple, rising to a twenty-eight per cent surtax by 1993; and

WHEREAS, the California State University Emeritus and Retired Faculty Association finds growing dissatisfaction with the financing provisions of the act among the state's four million senior citizens, now

BE IT, THEREFORE, RESOLVED, that the California State University Emeritus and Retired Faculty Association requests the California Legislature to memorialize the President and Congress to take immediate action to amend the Medicare Catastrophic Protection Act; and be it further

RESOLVED, That the amendment to the act distribute the costs of the act's new benefits proportionately and fairly among current and future Medicare beneficiaries as has been previously the practice with both Medicare and Social Security; and be it further

RESOLVED, That the amendment include provisions to protect Medicare beneficiaries, current and future, against the impoverishing costs of long-term care; and be it further

RESOLVED, That the President of the California State University Emeritus and Retired Faculty Association transmit copies of this resolution to all members of the California Legislature; to the President of the United States; to the Members of Congress; to all member organizations of the California Seniors Coalition; and to all members of the California State University Emeritus and Retired Faculty Association.

By our signatures below, we declare our support for this petition.

NAME

ADDRESS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(If known, please attach name of legislators and representatives.)

## ERFA REPRESENTED AT ASSEMBLY COMMITTEE MEDICARE HEARING

On October 20, 1988, at the Long Beach Senior Center, the Assembly Committee on Public Employees' Retirement and Social Security held an interim hearing on the impact of the Medicare Catastrophic Coverage Act of 1988 on state employees and PERS members. This Committee, headed by Assemblyman Dave Elder, heard witnesses admit during their presentations that the Medicare Catastrophic Coverage Act of 1988 is not really a catastrophic health care program, does not provide a major expansion of health care, includes substantial out-of-pocket payments by retirees, imposes restrictions that limit its utilization to a small minority of beneficiaries, and lacks benefits for long-term nursing and home health care.

Speaker--representing an insurance company, the Health Care Financing Administration, PERS, AARP, H & R Block, and the Los Angeles County Employee Retirement System--pointed out that PERS' retirees will find little in the Act that is not already

### SAN FRANCISCO HOTELS FOR DECEMBER 3 CONFERENCE

One of our members has developed a list of moderately priced San Francisco hotels that are within walking distance of the Marines' Memorial Club, where ERFA will hold its December membership meeting: (All hotels are in area code 415 and ZIP code 94109.)

**All Seasons**, 417 Stockton, 869-8737; **Bellevue**, 505 Geary, 474-3600; **Beresford Manor**, 860 Sutter, 673-3330; **Beresford**, 635 Sutter, 673-9900; **Canterbury**, 750 Sutter, 474-6464; **Carlton**, 1075 Sutter, 673-0242; **Cartwright**, 524 Sutter, 421-2865; **Chancellor**, 433 Powell, 362-2004; **Commodore**, 825 Sutter, 923-6800; **Geary**, 610 Geary, 673-9221; **Grant**, 735 Grant, 421-7540; **Handlery Motor Inn/Hotel Stewart**, 351 Geary, 781-7800; **Huntington**, 1075 California, 474-5400; **Inn at Union Square**, 440 Post, 397-3510; **Kinsington Park**, 450 Post, 788-6400; **Mayflower**, 975 Bush, 673-7010; **Pierre**, 540 Jones, 673-9122; **Union Plaza**, 432 Geary, 776-7585. (Check with the 800 operator; many of these hotels may have 800 numbers.)

covered by their present PERS health coverage and that they will become significant net losers, since PERS is exempt from the "maintenance of effort" provision in the Act that requires employers to provide the value of duplicated benefits to their employees and retirees in the form of cash or additional benefits.

According to the Health Care Financing Administration, retirees have received only a one-page document from the Agency to date. However, the Agency is preparing a nineteen-page document for distribution in an effort to answer the criticism that retirees have not received sufficient information about the Act.

The most verbal, enthusiastic advocate of the Act was the AARP representative, who supported the AARP stand that the Act would provide all Medicare beneficiaries with long overdue relief against acute catastrophic health care costs; he predicted that twenty per cent of the elderly and disabled would use these new benefits each year. (This prediction was the highest of any given at the Hearing.) The AARP defense relied chiefly on anecdotal accounts of the worst case scenarios involving individuals who had no supplemental Medicare coverage.

Because most present seemed opposed to the Act, several speakers favoring it admonished those present to think of it as insurance and pointed out that Medicare recipients had to cover the costs of the program because of the financial restraints of the Gramm-Rudman-Hollings Act.

Those opposed to the Act presented resolutions and recommendations urging the California Legislature to petition the Congress to amend the act (1) to provide a more equitable system of funding that would be more in conformity with prior Social Security policy, (2) to guarantee greater protection against projected large increases in the already high taxes levied against participants, and (3) to make changes in the Act that would truly provide catastrophic health care. The preferred recommendation was that the Act be rescinded and the entire problem be reconsidered. (This story prepared with the assistance of Jim Ryan. The ERFA presentation appears on p. 2 of this issue of the ERFA Reporter.)

The CSU ERFA Reporter is a publication of the California State University Emeritus and Retired Faculty Association. President: Jack Byrom (818)886-7050. Office Manager: Ann Oliver (818)886-1196. Editor: Fred McMahon, (213)540-1111, 1400 South Catalina 309, Redondo Beach, CA 90277. All Rights Reserved.

### THE ERFA REPORTER

A PUBLICATION OF THE CSU EMERITUS AND  
RETIRED FACULTY ASSOCIATION

9010 Reseda Blvd., Suite 224  
Northridge, CA 91324

NOVEMBER 1988

NON-PROFIT ORG.  
U S POSTAGE  
PAID  
NORTHRIDGE, CA  
PERMIT NO. 180

### ADDRESS CORRECTION REQUESTED

HAVE YOU MOVED? If so, please  
complete and return to ERFA:

Name \_\_\_\_\_

Address \_\_\_\_\_