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<https://www.csuerfsa.org>

# CalPERS Election in September - CSU-ERFSA Withdraws Endorsement

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The September election of one CalPERS retiree for a seat on the CalPERS Board of Administration is heating up. Voting in the election began August 30, 2019 and will continue through the month of September. Ballots must be received by September 30, 2019.

The two candidates are JJ Jelincic and Henry Jones. Jones is the incumbent and is currently chair of the board. Jelincic sat on the board from 2009 to 2017 and was an employee of CalPERS at the time. Jelincic is retired from CalPERS itself, where he worked for 33 years as an investment officer. Jones is the retired chief financial officer for the \$7 billion Los Angeles Unified School District.

The Sacramento Bee reported in May and June that while on the CalPERS board, "Jelincic was censured by his colleagues three times. The first was in 2011 after the State Personnel Board found merit to a complaint that he had harassed three female CalPERS employees, making them uncomfortable with 'up and down' looks and commenting on their appearances. He was reprimanded again in 2014 for comments he made criticizing the appointment of a chief investment officer and then in 2017 over allegations he improperly leaked information to news outlets. Jelincic, who served on the board from 2010 until 2018, denied all the allegations, saying they were spurred by

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## Health Benefits Report: Open Enrollment Starts 9/9 By David Wagner, CSU-ERFSA Health Benefits Director

**Health Plan Open Enrollment.** Campuses have opened for Fall term, grandkids have finally returned to school, and the Labor Day weekend no doubt evoked fond memories of work life in the CSU. An equally important benchmark of September is the Open Enrollment period for CalPERS health plans. Open enrollment begins September 9, 2019 and closes

October 4, 2019. 2020 health premium rates are currently available on the CalPERS website. Information and health plan statements are posted on the web and also available from your mobile devices as of August 26. Remember, you will only receive a print copy of health plan information in the mail if you opted to continue to receive open enrollment material in this manner.

### Pocket Calendar Please Take Note:

For 2020 and later, the pocket calendar will be sent ONLY to those who have opted in - please notify the office at the email, phone, or address on page 2 if you would like to continue receiving the calendar.

A new feature has been added by CalPERS which allows you to search to see if your doctor is part of the 2020 health plan. While this is good news and a step in the right direction, those on Medicare need to curb their enthusiasm. Because of the timing of health plan negotiations with providers, not all Medicare plans may have the most current

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The *Reporter* welcomes submissions by members of CSU-ERFSA or other appropriate individuals of advertisements for academically oriented materials or services, to be printed at the discretion of the editor. To contact the editor, email

[tanagno@calstatela.edu](mailto:tanagno@calstatela.edu).

## From the President...

Dear Colleagues,

I hope you have had a great summer. As I am writing this, I cannot help but think about how fast time flies. Fifty years ago, as a senior in college, my classmates and I watched the first lunar landing and Armstrong and Aldrin's walking on the moon. As I begin writing this column, it is also the 50th anniversary of Woodstock. My girlfriend and I, like tens of thousands of others our age, traveled to Bethel to attend the music festival. It was what can best be described as a "zoo" and we lasted one day before returning to New York City to attend a more tranquil music concert in Central Park.

In my case, the Woodstock experience was of some value, as about a year later I appeared on the quiz show *To Tell the Truth* impersonating the director of the movie *Woodstock*, Michael Wadleigh. I am proud of the fact that I did a good job of impersonating him and got twice as many panelists' votes than he did. However, this did not change my career path, and I went on to get my Ph.D. in applied mathematics rather than pursue a career in show business.

Turning away from "memory lane" I can report that CSU-ERFSA has had a busy summer. Of note, *The Sacramento Bee* ran an article regarding J.J. Jelincic being reprimanded several years ago for harassing female employees while at CalPERS. While the CSU-ERFSA State Council endorsed him in the upcoming CalPERS election, we did so with many delegates being unaware of this behavior. At our meeting of the Executive Committee on August 15th, in light of this revelation, the Executive Committee voted to rescind this recommendation. While a number of members of the Executive Committee felt that Mr. Jelincic would do a good job as a director, the majority of the Committee felt that our endorsement could be construed as supporting his past behavior.

Also during the summer we received word that CFA has severed ties with both the NEA and CTA. For those of us who had been active in CFA leadership, this came as a bit of a shock. I have not heard of the reason for this split, but I am confident more details will be forthcoming (see the CFA column on page 10 of this issue). We also filled an opening on the Membership

Committee by appointing Diana Guerin (FU) to this committee. Diana has a ton of leadership experience both at the campus and system level, and she should be a great addition to the committee.

Speaking of membership, the Executive Committee formally voted on a resolution put forth by Membership Committee Chair Ed Aubert (ST) calling for a survey of membership activities going on at each campus. Membership is of crucial importance to our organization, and we plan to do much more in the upcoming year to build on our membership base.

To that end, CSU-ERFSA plans to allocate funds at the local level to help grow membership as well as identify activities that CSU-ERFSA and our chapters can support that would be of value to our members. Some possible activities include interest groups and activities focusing on: hobbies, travel (both local and non-local), book clubs, history, cooking/food (focusing on restaurant excursions and cooking classes), investing, sports (including sporting events, games such as pickleball, and local hiking), theater and movie excursions, general interest such as visits to factories to see how things are made, and politics. While some of these events may be chapter-based, others could be regional or even statewide. We plan on surveying our membership this fall to identify the most appealing of these activities and look forward to our members' participation in and possibly leadership of such events. If you have suggestions for other events we should be looking into, please email me at: [bpasternack@fullerton.edu](mailto:bpasternack@fullerton.edu).

We hope that by expanding on our existing activities, such as contributing to chapter finances, hosting membership events, monitoring CalPERS activities, assisting members who are having difficulties with health and retirement benefits, our grants program, and keeping our members apprised of important events through our website (<https://csuerfsa.org/>) and *The Reporter* (<https://bit.ly/30IXp7v>) that even more emeritus and retired faculty and staff will recognize the value of CSU-ERFSA and become full dues paying members.

My best wishes to you and your family,

Barry

# We Need YOU For The CSU-ERFSA Grant Program

**Who?** All CSU-ERFSA members, whether faculty, staff, or administrators

**What?** \$ to support research and creative projects

## What kind?

- 1) Scholarly research on issues important to the retiree as a continuing member of an academic discipline or community
- 2) Research and scholarly projects that contribute to the quality of life of CSU retirees
- 3) Research and creative projects that contribute to a given academic discipline,
- 4) Research pertaining to the retirement concerns of faculty and staff in the CSU

Typically, one to four grant awards are made each year, and the grants range from a few hundred dollars to \$1,000 in value, though larger awards are possible. The total amount available for the 2019 grant cycle is \$7,000.

The deadline for the submission of proposals for the 2019 grant award cycle is October 31, 2019. Notification of awards: December 2019.

Grant applications and guidelines can be downloaded from the CSU-ERFSA Grant Awards Program (<https://bit.ly/2PfScgG>), by calling CSU-ERFSA at (818) 677-6522, or, by emailing your request to [csuerfsa@csun.edu](mailto:csuerfsa@csun.edu)

## Letter to the Editor

(Note: the following letter was sent to John Kilgour at CSU East Bay and forwarded.)

To the editor:

My name is Joan Genthe; my husband was Charles (Chuck) Genthe, a professor of English at Chico State for 33 years. After his passing in 2017, I continued membership in CSU-ERFSA in my name as I had found the newsletters informative. (My “re-upping” was also a nod to Bob Maurer who was a good friend of Chuck’s.)

Thank you for your piece, “Interpreting a ‘Living Will’ in the ER.” During Chuck’s final illness I discovered that there is much misunderstanding about living wills amongst the medical professionals, and, in some cases, pressure on the advocate to opt for DNR. I located the referenced articles on the internet—thank you—which give me some resources to follow up on this important discussion.

Joan Genthe

Response: The article on living wills is in the September 2018 *Reporter*, and it is a very short excerpt (I ran out of space - I had intended to run much more of the article) from something that appeared in Kaiser Health News - it's a news reporting service in the health area put out by Kaiser Family Foundation, not affiliated with Kaiser Health. We're glad you liked it. I think this is a perennial issue, judging from the frequent appearance of the issue in senior citizen columns.

--Editor

## CSU-ERFSA Notices

**New Email Address.** The email Address [csuerfsa@csun.edu](mailto:csuerfsa@csun.edu) is now the primary email address for CSU-ERFSA. Any email sent to the old address, [csuerfa@csun.edu](mailto:csuerfa@csun.edu), will be forwarded automatically.

**Change of Address** If you move, please notify the CSU-ERFSA office at the address on the masthead, page 2. Thank you.

# CalPERS Long-Term Care Insurance

By John G. Kilgour, CSU East Bay ERFA

Long-term care (LTC) insurance first appeared in the U.S. private sector in the 1980s. Scores of LTC insurers jumped into the market. Only about a dozen remain, and they are not doing well. By 2006, there were 307,000 policy holders nationwide with \$625 million in annual premiums. Per LIMRA, a worldwide research and consulting organization, those numbers had shrunk to 57,000 traditional policies and \$169 million by 2018.

In 1991, the California legislature authorized LTC insurance for public sector employees (CalPERS and CalSTRS members) on a not-for-profit and self-funded basis. In addition to the public employees, their family members could participate. The first policies were issued in 1995. Most participants chose options with lifetime benefits and/or inflation-protected benefits.

An important piece of background is the baby boom. The leading edge of the boomers hit age 50 in 1996. That's about when many people get interested in LTC insurance. By 2016, the leading edge was age 70 and LTC claims started to climb. An avalanche of claims will follow.

Both private sector LTC insurers and CalPERS did a bad job in the early years in pricing the new product and vetting potential policy holders. They:

- (1) Based their pricing on life-insurance and disability-insurance models under which the policy holder stops paying premiums once a claim was filed. LTC benefits can continue for many years.
- (2) Overestimated the number of policies that would lapse. Disability insurance had a lapse rate of 5% per year. For LTC insurance it turned out to be 0.7%.
- (3) Did not anticipate the long period of negative real interest rates that followed the Great Recession of 2008-09. Since most LTC assets are invested in bonds, that reduced earnings.
- (4) The LTC insurance actuaries underestimated how long beneficiaries would live and collect benefits. By the late 1990s, assisted-living facilities had proliferated. At the better ones, favored by LTC policy holders, staff members looked after their guests so well that they lived years longer than the actuaries had projected.

CalPERS sold policies that promised lifetime benefits in contrast to a capped maximum dollar amount or a fixed period of coverage. This encouraged policy holders to submit claims early rather than save them for when really needed. Premiums stopped once a claim was filed.

Initially, CalPERS exacerbated the LTC pricing problem by assuming that since it did not need to make a profit, it could set its rates 30% lower than its private-sector competitors.

As early as 1987, the U.S. General Accounting Office sounded the alarm about LTC policy pricing. LTC insurance was then a

new product and the providers lacked actuarial data upon which to base their decisions.

CalPERS had contracted with Towers Watson to perform the initial actuarial work upon which its pricing was based. Towers Watson assumed that invested funds would continue to earn 7% to 8% per year, based on past experience. However, following the Great Recession of 2008 – 2009 interest rates remained low. Since over 60% of plan assets were invested in fixed-income bonds, that reduced earnings on invested assets.

In 1996 CalPERS brought in Coopers & Lybrand for a review. Coopers warned that CalPERS had seriously underpriced its inflation-protected and/or lifetime-benefit policies and would need to increase premiums. Notwithstanding that warning, CalPERS continued to tell policy holders that its premiums were conservatively set and designed to remain level. Towers Watson subsequently paid CalPERS \$9,750,000 in damages.

CalPERS increased premiums in 2003, 2007, and 2010. In addition, starting in 2011 all LTC1 policies (bought 1995-02) with inflation protection and/or lifetime benefits were subjected to a 5% annual premium increase. In 2012, CalPERS announced the end of the annual 5% rate increase after 2014 and imposed a 36% rate increase for both 2015 and 2016 (for a cumulative 85% increase) on LTC1 and LTC2 (bought 2003-04) policies with inflation-protected premiums and/or lifetime benefits.

Targeted participants were encouraged to shift to less-costly options. It was hoped that the 85% cumulative increase would result in "shock lapse" in which participants would terminate their LTC policies and leave their contributions behind to pay benefits for those that remained.

CalPERS suspended the sale of new LTC policies in 2008 and announced that they would stay suspended until the program was on a sound footing. Sales resumed in 2014, designated LTC4.

More than a quarter (16,000) of the targeted CalPERS policy holders with inflation-protected lifetime-benefit options switched to less-costly policies. The remaining 41,000 were sent letters reminding them that their premiums were scheduled to increase by 5% in 2014 and by 85% spread over 2015 and 2016. However, "adverse selection" kicked in. Policy holders who were likely to need the LTC benefits in the near future continued to pay for them at the higher rates.

The cumulative effect of these measures was impressive. The valuation margin (assets – liabilities) went from -1.45% in 2017 to +1.20% in 2018. In 2018, the funded status (assets ÷ liabilities) was 101%. However, in 2009, there were 165,023 CalPERS LTC covered lives. By 2018, that number had dropped to 124,472 (-24.6%). The decline will likely continue in response to future premium increases. Recall the impending avalanche of potential claims.

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# Pre-/Post-Retirement Concerns: Let's Look Ahead

By Tom Donahue, SDSU, Chair, Pre-/Post-Retirement Concerns Committee

*Q. I keep hearing that Social Security funds have been compromised. What is the true story?*

A. Several current news stories report on the crisis in Social Security forthcoming in 2034. Those eager for a wide-open discussion of the present and future conditions of Social Security might follow the news stories on this topic on the internet. There you will see the treatment of a wide variety of issues, a number of which will challenge your peace of mind. Here is a sample.

As of November 18, 2018, the Social Security Administration was on record as holding nearly \$2.9 trillion in reserve funds. Yet as of 2034, perhaps one year later, those funds will be depleted, paid out to us citizens, and there will be a cut of 21% in the monthly allotment of the recipient at that time. The reduced allotments will be paid until 2090, when the reserves run out. Those planning for retirement near 2034 are thus forewarned, pending any other developments in Congress.

The only ways to postpone this are to increase the revenues coming in to Social Security or to decrease the funds going out as beneficiary payments. Nancy Altman, president of the organization Social Security Works, reports in *The Los Angeles Times* of August 14, 2019, that one possibility for Social Security to recover and thrive is the proposed Social Security 2100 Act. That legislation, co-sponsored at present by 211 Democrats, has these major provisions (quoting Ms. Altman):

1. "The wealthiest Americans, who currently stop paying into Social Security after their first \$132,000 in earnings, [will] again pay into the program once their earnings rise above \$400,000,"

and

2. "A gradual increase in the contribution rate, from the current 6.2% to 7.4% in 2043."

Presumably we may expect an extraordinarily partisan donnybrook over this.

The Social Security Administration itself claims that there are three reasons for the approaching funding crisis: increased longevity among present recipients, an unexpected dip in the number of young people entering the work force, and a decline in the American birthrate, which will right itself in the work force after 2035.

The Social Security Administration reports that the \$2.9 trillion in the total repository has been invested in bonds. But starting in the mid-1980s there was a surplus in accumulated Social Security funds, and the Bush administration borrowed from that surplus (originally the sum was about \$708 billion) to pay for the war in Iraq, to support tax cuts for the well-to-do, and to begin the bailouts before, during, and after 2008.

According to the website Motley Fool ("How Much Money Has Congress Taken From Social Security?" by Sean Williams, Feb. 4, 2019), the borrowing, during which sums are shifted from one place to another, has been continuing ever since, with all reserves likely to be moved elsewhere by 2034. The government is paying interest on the borrowed money, which as it accumulates between 2018 and 2027 will add up to a total figure of \$804 billion. In general, other reports on the internet hem and haw around the topic, but these assert that before 2034 the entire \$2.9 trillion trust will have been borrowed to meet federal needs. Those raising the alarm about this (the same Sean Williams, for instance, in the issue of *The Motley Fool* for June 30, 2019: "3 Hard to Believe but 100% True Facts About Social Security") also make the claim that whatever sums are involved, the federal government will make it all good when it has to.

Thus wherever you look there are declarations that the money collected will be restored because it is supported by the fully guaranteed promise and power of the United States government and its economy. We are to assume that this means what it has always meant, but – we must face facts – to meet these obligations at the outset there will have to be the usual conflict in Congress as it raises the debt ceiling by enormous amounts. It is obvious even after those deliberations that the

government will have to meet some portion of future Social Security funding with additional borrowed money, or with money shuffled around from some other place in the budget.

Irritated as we may be at the way these funds were handled and at the undermining of the spirit and the intent of the Social Security program that this represents, when we look more broadly, there are other serious problems that have not been sufficiently addressed, and these invite second, third, and fourth thoughts. There are continuing indications that in times ahead, Social Security will be less helpful to future recipients than it was to us. Social Security payouts depend on the size of one's wages, and there is no sign that future wages will rise in an increasing proportion, and thus both working people and retirees will continue to fall behind.

In addition to that, sharply marked wage and class gaps are likely to persist. Specifically, after the population of working citizens has reached an appropriate size, we may wonder what the nature of work will be in the mid-twenty-first century. It appears at present that the most remunerative occupations for members of the middle class will be based on STEM education: that is, future work will have large components involving the design and maintaining of robots in manufacturing, and there will be a need for the writing and development of software for extremely sophisticated purposes. But what proportion of the population will be able to do these things? What will people with other aptitudes do instead? Will earners of lower wages receive enough in Social Security to support the same needs that are being met now? Or will substantial gaps in earned income compromise the usefulness of the program? In short, will Social Security mean the same thing to the general population that it does at present?

Those with queries for this column should address them to:  
donahue\_thomas@ymail.com

# ASCSU Report: Ethnic Studies?

By Barry Pasternack, Emeriti Academic Senator

While the ASCSU does not have meetings over the summer months, the executive committee stays active making appointments and representing the body at the Board of Trustees and other meetings. One issue that has carried over from the spring is the status of AB 1460 CSU Graduation Requirement: Ethnic Studies (Weber). As of this writing, the bill is with the Senate Appropriations Committee and will have to be approved by the full Senate prior to going to the Governor for signing.

AB 1460 would mandate that every CSU undergraduate student take at least one three-unit course in ethnic studies in order to graduate. While many members of the ASCSU are supportive of this idea in concept, we have concerns that the legislature should not be dictating curriculum

requirements to the CSU and the impact this requirement would have on other general education courses. Another issue is whether such a course should more appropriately be taken in high school.

The Academic Senate is sponsoring a leadership retreat on August 28th and CSU-ERFSA was invited to attend. The focus of the retreat is on how diversity, equity and inclusion shape an education to produce an informed citizenry. As I will be out of the country on that date, I have asked Immediate Past President Blischke to attend on CSU-ERFSA's behalf. I appreciate Bill's willingness to do so and look forward to his report.

The next meeting of the ASCSU will be September 18-20, 2019.

# Campus Affiliate Volunteer Activities

By Bill Blischke, CSUDH, and Barbara Sinclair, CSULA

In the June, 2019 issue of The Reporter, Bill's final "From the President" article suggested the creation of a CSU-ERFSA Volunteer Coordinating Committee.

According to our bylaws, permanent committees cannot be developed by the executive committee without approval by the State Council. The executive committee had a preliminary discussion of the issue at our August 15th video conferencing meeting. It was agreed to ask affiliates again for examples of such activities by their members and to bring the matter up for discussion at the next Spring State Council.

The CSU-ERFSA central office conducted a survey in 2017 to find out in which types of volunteer activities our campus groups and members are engaged. The result was an extensive and impressive list of 23 different ones. (If you go to our organization's website you can view the list.) Since it was an open-ended question, some of the responses were overlapping and duplica-

tive. Barbara and I would like to consolidate the list and survey our campuses to find out which campuses are doing which types or if there are new activities not on the list.

**Our goal is to collect and disseminate information regarding volunteer activities**

Our goal is to collect and disseminate information regarding volunteer activities. If the committee is created, it would simply facilitate volunteering without

pressuring campuses or affiliate members to get involved.

Please feel free to email Barbara ([bsinq@msn.com](mailto:bsinq@msn.com)) or Bill ([wblischke@csudh.edu](mailto:wblischke@csudh.edu)) and copy our Executive Director Harold Goldwhite ([hgolwh@calstatela.edu](mailto:hgolwh@calstatela.edu)) if you have ideas or concerns regarding the creation of this committee.

## CSU-ERFSA New Members

**Bakersfield** – Joseph Fiedler  
Cliona Murphy  
Jorge R. Talamantes

**East Bay** – Colleen M. Heller

**Fresno** – Betty Garcia  
Nalini Jeyapalan  
Maria G. Ortiz

**Fullerton** – Barbara C. Glaeser  
Joan S. Melton  
James R. Taulli  
Beverly L. Young

**Long Beach** - Margaret Merryfield  
(Lifetime)

**Sacramento** – Elaine J. O'Brien

**San Francisco** – Pam Hunt (Lifetime)  
Chin S. Wong

**San Jose** – John B. Estill  
Fred E. Foldvary

**Sonoma** – Johanna Filp-Hanke

**Stanislaus** – Annhenrie Campbell

## CalPERS Long-Term Care Program

(Continued from page 4)

A lawsuit, initially filed by Elma Sanchez and Holly Wedding on behalf of other similarly situated policy holders, has been wending its way through the courts since 2013. It was subsequently granted class-action status. The plaintiffs seek more than \$1.2 billion in damages for breach of contract. On June 10, 2019, Judge William F. Highberger of the California Superior Court (Los Angeles County) issues a "[Draft] Proposed Statement of Decision" in regard to Holly Wedding, et. al (Sanchez had died). The court agreed with plaintiffs' interpretation of the language in the Evidence of Coverage document. It urged the parties to negotiate a settlement before the scheduled jury trial date of October 30, 2019. Stay tuned in. More to come.

# Legislative Report: The End of the Session

By Alan Wade, CSU Sacramento, CSU-ERFSA Legislative Director

The legislature returned on August 12 from their summer recess and will be engaged in a flurry of activity until the 2019 session ends on September 13. Bills that have passed their house of origin may be debated and voted up or down until that date. If they don't make it to the floor for debate during the remainder of this session, they become two-year bills and will be considered during the second session starting in January. Some have already passed both houses and been signed into law. Among these are some big-ticket items, including the police use-of-deadly force proposal vigorously debated and frequently amended.

Bills of direct concern to us as retirees await final action. Most of these are of modest impact, nothing like, for example, the PEPRA revisions to pension law of several sessions ago.

AB797 (Grayson, D-Concord) would attempt to expand the definition of mandatory reporters of financial elder abuse. It becomes a two year bill.

SB 228 (Jackson, D-Santa Barbara) would require the governor to appoint a thirteen member Aging Task Force to aid in preparation and coordination of California's resources for the anticipated onslaught of huge increases in the aging population.

(As Jerry Brown reminded us, we are living too long.) This bill will be considered by the Senate Appropriations Committee in late August.

SB 512 (Pan, D-Sacramento) aims at creating a California Long Term Services and Support Benefits Board ("LTTS Board"). It would create a separate fund in the state treasury to help finance long term care needs for certain classes of people in need.

Another step in the 20-plus year effort to eliminate the Windfall Elimination Provision from the Social Security Act is promulgated by SJR 3 (Wilk, R-Santa Clarita). This time the effort seems to have more bipartisan support in Congress. We aren't holding our breath for its passage at the federal level, but the effort does seem to pick up more support every year.

These and a few other bills are supported by RPEA. We need to join with them, even though none of them are huge in their anticipated short-term impact.

On the CalPERS front, there have been some significant developments. The state is required by statute to contribute \$6.8 billion to strengthen CalPERS' funded status. This year, both houses of the legislature added a \$3 billion supplemental pay-

ment to the governor's budget. Those opposed argued, correctly, that additional money to bolster the pension fund simply means that much less for meeting other needs of the state. The alternative is better investment decisions from CalPERS and/or better luck with the current volatile overall economic environment.

State retiree health care is fully funded in the amount of \$2.2 billion at the 100/90 level to which we have become accustomed. The formula will be less generous in the future for those entering state service after July 1 of this year, at 80/80. Sue Holl and I represented CSU-ERFSA at the August 19 SCORE meeting ("State-wide Coalition of Public Employees"). The meeting, as usual, was scheduled immediately after the completion of the CalPERS board's investment committee. Those who attended offered valuable discussion of the decisions made at the morning session.

The CalPERS board is considering a proposal for a significant cutback in the number of standing committee meetings each year. This proposal is sharply opposed by SCORE, on the grounds that its implementation would amount to additional loss of transparency and public accountability.

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## Health Benefits Report:

(Continued from page 1)

information available to CalPERS. If continuity of care with a physician is an important factor in your choice of health plans and you have concerns that the doctor or hospital may not be affiliated with the health plan in 2020, I recommend that you contact the customer service office of the health plan to verify if your doctor is under contract for 2020.

**Mental Health Care Briefing.** CalPERS staff periodically inform stakeholders and the board on important health issues with public policy consequences. At the August stakeholder engagement meeting attendees were briefed on the challenges and issues associated with health care responses to mental illness. The board received a similar presentation on August 20. CalPERS reiterated its commitment to ensure high-quality care, increase member and stakeholder engagement, and advance its partnership with Smart Care California. Health plans' commitment to provide appropriate and timely services were reviewed, and several innovative programs were highlighted. If you are

interested in more information, the PowerPoint presentation is online with the August CalPERS Board packet.

**New Health Plan Director.** CalPERS recently announced Donald Moulds as the new chief health director. He leads the health policy and benefits operations and is the key administrator for this very important function. Now for the rest of the story. He may also be the first person to hold this job who has a CalPERS and CSU retiree as a family member. Donald's mother, Betty Moulds, is emerita faculty in government from Sacramento State. Betty was department chair of government, very active in professional associations, and served in several administrative positions when Don Gerth was president at Sacramento State.

**Long-Term Care Litigation.** The class action lawsuit against CalPERS and its long-term care insurance program continues. The judge has been ruling on motions in preparation for a trial. Other than acknowledging that there is litigation, CalPERS has not responded to questions on the case when asked in stakeholder meetings. CSU-ERFSA will continue to post news articles to its webpage on the progress of litigation.

## The 47% Who Pay No Taxes: Who Are They? Hint: "It's Like Pogo"

Recent research has identified the 47% who pay no federal taxes. Actually the figure is now 44% according to the Tax Policy Center, joint project of the Urban Institute and Brookings Institution in Washington, D.C.

They are definitely not who you think they are. In 2016 Mitt Romney portrayed them as parasites who lived off government and contributed little to society: "All right, there are 47 percent who are with him (Pres. Obama), who are dependent upon government, who believe that they are victims, who believe the government has a responsibility to care for them, who believe that they are entitled to health care, to food, to housing, to you-name-it. That that's an entitlement. And the government should give it to them. And they will vote for this president no matter what."

However, the Romney depiction was inaccurate. Don Fullerton of the University of Illinois at Urbana-Champaign and

Nirupania Rao of the University of Michigan found in their research that:

- The likelihood of not paying federal income tax closely correlated with age – both very young and very old people were far less likely to pay federal income tax than those of working age. Only 11% of those in their working years of age 25 to 55 did not pay tax, but 80% of those over 75 did not pay income tax.
- Relatively few people are persistent non-payers. Of those of prime working age who don't pay tax, nearly a third will do so for just one year. 60% will pay federal income tax within three years.

Tax Policy Center researchers have found that nearly half of those paying no federal income tax are retirees living on Social Security benefits.

For more information see the Tax Policy Center's article at this link: <https://tpc.io/2ZnM1uR>.

## CalPERS Dependency Verification Process - Be Ye Warned!

A member of the CSU-ERFSA executive committee went through the Dependency Verification process at CalPERS recently and was told that his marriage certificate was not acceptable, and his wife would be dropped from the CalPERS health program.

Although he was married 51 years, his marriage certificate did not have a stamped seal from the state of Ohio on it.

Since your editor passed through the process some years ago on the basis of a two inch high and 8.5 inches wide piece of paper signed by the minister (that could easily have been forged, although it wasn't), this is a warning for everyone slated to go through the process over the next two years – **you need an official marriage certificate from the state where you were married with a seal on it.**

Your editor ordered one from the

Washington DC Superior Court during the last review, but he never had to send it in. He is ready for CalPERS this time. Are you?

You can find the official site for getting a wedding certificate with a state seal on it from the Centers for Disease Control and Prevention, which has a site listing the state vital records offices. It's here: <https://www.cdc.gov/nchs/w2w/index.htm>.

If you haven't been through this second round of dependency verification, your time is coming up during the next two years. CalPERS has a schedule and what is needed in terms of paperwork for different kinds of dependents at this location: <https://cutt.ly/ZwdASr0>

If you cannot find your marriage certificate, another alternative is to check with your campus HR department. They may have a copy on file.

## Knee Replacement Statistics

A Kaiser Health News story about knee replacement problems contained the following figures about knee replacements (your editor had one in November 2018 and became very conscious of these kinds of figures):

- Knee replacement rates doubled in the US from 1999 to 2008, with 3.5 million procedures expected by 2030.
- Doctors are increasingly concerned that the procedure is overused and the benefits oversold. Research indicates that up to 1/3 of those who have knees replaced continue to experience chronic pain, and that about 20% are dissatisfied with the results.
- A 2014 study in *Arthritis & Rheumatology* found that approximately 1/3 of the patients who undergo a knee replacement may not be appropriate candidates for the procedure because their symptoms are not severe enough.

• Although Americans are aging and getting heavier, those factors alone don't explain the explosive growth in knee replacement. The increase may be fueled by a higher rate of injuries among younger patients and doctors' greater willingness to operate on younger people, such as those in their 50s and early 60s, said an orthopedic surgeon in Bedford, Ind. That shift has occurred because new implants can last longer — perhaps 20 years — before wearing out.

• Younger patients are, the more likely they are to "outlive" their knee implants and require a second surgery. Such "revision" procedures are more difficult to perform for many reasons, including the presence of scar tissue from the original surgery.

• Among patients younger than 60, about 35% of men need a revision surgery, along with 20% of women, according to a November article in *Lancet*.

From "Up to a Third of Knee Replacements Pack Pain and Regret," by Liz Szabo, December 25, 2018, Kaiser Health News.



## Legislative Report: The End of the Session

(Continued from page 7)

SCORE's routine opportunity to meet with CalPERS outreach staff was helpful. I raised some of the issues presented by several CSU-ERFSA members concerning what seems to be occasional overzealous application of the dependent's verification process. Those with concerns are strongly advised to make a personal visit to a local CalPERS office for in-person help. Verification of marriage status has been a source of difficulty especially for some long-term marriages where the proper documentation may be hard to come by. The rules allow for supplemental proof through the provision of tax documents and/or monthly bills or bank accounts showing the names of both spouses.

The latest unfavorable publicity concerning current Board candidate J.J. Jelincik was discussed. J.J. is a well-known former investment officer, who retired from CalPERS. He is currently running for the retiree position on the Board, having served two previous terms as an at-large representative. He was known as a colorful and controversial CalPERS board member, who was outspoken and often ruffled feathers. While in state employment, he appeared before an administrative law judge in 2011 because of charges of sexual misconduct brought by several

young women. Disciplinary action was taken. Since then, the charges were seldom mentioned. There has been a recent revival of the old charges, clearly designed to affect his chances for election to another board term.

He received unanimous support in the SCORE meeting discussion. We did not mention the withdrawal of CSU-ERFSA's endorsement – nor did anyone of the other organizations seem to be aware of our action. It is clear that SCORE member organizations believe that the re-hashing of old transgressions is overcome by the conviction that his election will serve our best interests in the future.

This promises to be my last column as CSU-ERFSA's legislative director. I have offered my resignation to President Barry Pasternack, and he has accepted my decision pending appointment of a successor. I will continue to serve to the best of my failing energy level until that time. Thanks to all for your support over the years, and to our editor, Ted Anagnoson, for his patience and sound judgment.

*Ed. Note:* We will miss your reports, Alan, and your wisdom and political insight. Thank you for serving for a decade as CSU-ERFSA's Legislative Director.

## CalPERS Election in September - No Endorsement

(Continued from page 1)

personal enmities.”

Stories about the harassment allegations appeared in May and June in *The Sacramento Bee*, after the State Council endorsement. In the wake of the stories, the CSU-ERFSA executive committee at its August meeting withdrew its endorsement of JJ Jelincic, instead making no endorsement. The executive committee released this statement about its withdrawal:

“At the meeting of the CSU-ERFSA Executive Committee on Thursday, August 15, 2019, the Committee, acting on behalf of the CSU-ERFSA State Council, voted to withdraw its endorsement of J. J. Jelincic Jr. for election to the CalPERS Board of Administration. The Executive

Committee took this action in response to issues that have recently come to light regarding Mr. Jelincic's harassment of female members of CalPERS staff in 2011, and the resulting reprimand that he received. Details of this were recently published by *The Sacramento Bee*, and were not known by all members of the CSU-ERFSA State Council at the time the endorsement was made.”

The statement continued: “While some members of the Executive Committee felt that Mr. Jelincic would be a good representative for issues of concern to retired CalPERS members, the majority of the committee felt that endorsing him for election would send the message that CSU-ERFSA was condoning his past behavior. The behavior for which Mr. Jelincic was reprimanded was antithetical to the values of CSU-ERFSA. The withdrawal of our

## In Memoriam

**Chico** – Douglas Alexander

**Dominguez Hills** – Faye W. Arnold  
Linda Pomerantz Zhang

**East Bay** – Darril Hudson

**Fullerton** – Helen L. Hayner  
Charles A. Frazee  
George L. Friend

**Long Beach** – Irvin T. Lathrop  
Paul G. Petersen

**Los Angeles** – Herbert Goldberg  
Stephanie Edwards-Evans  
Rosemarie Marshall

**Northridge** – Elaine P. Hannah  
Raul Ruiz  
John M. Schulte

**Pomona** – Jack B. Frost

**Sacramento** – Frank R. LaPen  
Phyllis A. Lauritzen

**San Bernardino** – Elliott Barkan

**San Diego** – Janet B. Esser  
H.W. Ross

**San Francisco** – Ruth E. Aaron  
John W. Kinch  
Joseph M. Messina

**San Jose** – Theodore Bogdanos  
Hans P. Guth  
David E. Schwarz

**Sonoma** – James C. Stewart

**Stanislaus** – Ervin H. Schwarcz

endorsement from Mr. Jelincic should not be construed as an endorsement of his opponent. CSU-ERFSA now makes no endorsement in the contest between Mr. Jelincic and Mr. Jones for the open retiree seat on the CalPERS Board.”

Approximately 600,000 retired members of CalPERS will receive ballots in early September. All retirees are urged to vote for one candidate or the other, as CalPERS election turnout is notoriously low, sometimes as low as 6% of the eligible voters.

## CFA Report: CFA, CTA, and NEA

By Leni Cook, CSUDH, Liaison to CFA

After many years of affiliation beginning in 1988, CFA initiated disaffiliation proceedings with the California Teachers Association (CTA) and the National Education Association (NEA), ending formal ties with each organization. Initially CFA sought a renewal agreement with CTA as had been done in the past, but CFA was unable to reach a successor agreement. At the same time, NEA sought a bylaw change that would make it nearly impossible for any union to disaffiliate for any reason. Under these circumstances, CFA felt the need to disaffiliate, effective June 13, 2019.

Although there is now no formal affiliation with either organization, CFA members will continue to receive the ancillary membership benefits that were once provided through CTA and NEA.

In a letter to all members, CFA President Charles Toombs assured that “Our formal disaffiliation does not diminish our commitment and support for public K-12 teachers in California and nationwide, and we will continue to fight side by side with our union siblings, including CTA and NEA, for educational justice.”

In other CFA news, representatives from the board of directors and other interested members have been speaking out at the summer CalPERS Board meetings to demand divestment in the private prison companies CoreCivic and GEO Group. These companies operate the largest family detention centers in the U.S. Along with other national public pension plans, CalSTRS has already ended its investments in CoreCivic and GEO Group over both companies’ continued human rights abuses.

## CSU-ERFSA Foundation Receives 11th Challenge Grant

By Mark Shapiro, CSU Fullerton

The CSU-ERFA Charitable Foundation recently received its eleventh \$500 challenge grant from a CSU-ERFSA member. The donor will match all individual donations received by the foundation through December 30, 2019 up to a total of \$500.

The CSU-ERFA Charitable Foundation (<https://tinyurl.com/erfa-foundation>) is a 501(c)(3) organization that provides competitive grants to CSU-ERFSA members to support their research and scholarly activities. Donations in any amount from both CSU-ERFSA members and the general public are welcomed. Donations to the foundation generally are deductible from state and federal income taxes. The CSU-ERFA Foundation has received a Platinum rating for transparency for 2018 from GuideStar.

You may donate by sending a check made out to the CSU-ERFA Charitable Foundation at 18111 Nordhoff Street, Northridge, CA 91330-8339. Or you may donate by credit card, debit card, or

PayPal by going to our PayPal page at <https://tinyurl.com/erfsa-donate>.

CSU-ERFSA members also have the option of setting up a regular monthly donation to the foundation from their CalPERS pension warrant. Please contact the CSU-ERFSA office to set up a monthly donation.

### CSU-ERFSA Help Wanted

CSU-ERFSA’s webmaster, Mark Shapiro, is looking for a CSU-ERFSA member to serve as assistant webmaster. Our website, [csuerfsa.org](http://csuerfsa.org), uses the Joomla content management system, is hosted on GoDaddy servers, and is backed-up by GoDaddy every 24 hours. No coding is required, but some familiarity with the Joomla content management system will be necessary. Online tutorials in Joomla are available. Contact [mshapiro@fullerton.edu](mailto:mshapiro@fullerton.edu) if interested.

## Help the CSU-ERFSA Foundation: Amazon “Smile”

Do you shop on Amazon.com? If you do, you can help the CSU-ERFA Charitable Foundation with your purchases at no extra cost to you through the Amazon Smile Program. For every eligible purchase that you make, Amazon will donate 0.5% of the purchase price to our foundation, thereby helping to support our grant awards program.

The process is easy. To enroll just go to <https://smile.amazon.com> and choose Csuefa Charitable Foundation (Amazon’s capitalization) as your designated charity. Then whenever you want to purchase something on Amazon, start your shopping at <https://smile.amazon.com>.

AmazonSmile is a website operated by Amazon with the same products (including books and e-books), prices, and shopping features as the regular Amazon.com website. The only difference is that when you shop on AmazonSmile, the AmazonSmile foundation donates 0.5% of the purchase price of eligible products to the charity you have selected, in this case the CSU-ERFA Charitable Foundation.

## In Case You Missed It – “The Largest Weed Market in the World”

Yes, it’s California. Now scheduled to sell a record \$3.1 billion in licensed cannabis sales in 2019, up from about \$2.5 billion in 2018. The state should receive about \$300 million from taxes. The even bigger news is the even bigger black market for marijuana, which continues to do well – about \$8.7 billion in illegal cannabis sales in 2019. The state feels that over time, people will tend toward the legal market.

One reason for the continuing black market is that many California cities have refused to allow legal sales of cannabis. The retailers that have managed to open shops have survived the state’s tough licensing, testing, and packaging regulations and should be poised to take advantage of the growing market over time. At least that is the attitude of informed observers.

# Shopping Abroad for Medication? What You Need to Know

By Bernard J. Wolfson

The following story appeared recently in California HealthLine,  
<https://californiahealthline.org>

In its effort to temper the sky-high prices Americans pay for many vital medications, the Trump administration last month unveiled a plan that would legalize the importation of selected prescription drugs from countries where they sell for far less. But the plan addresses imports only at the wholesale level; it is silent about the transactions by millions of Americans who already buy their medications outside the United States.

Americans routinely skirt federal law by crossing into Canada and Mexico or tapping online pharmacies abroad to buy prescription medications at a fraction of the price they would pay at home. In some cases, they do it out of desperation. It's the only way they can afford the drugs they need to stay healthy — or alive. And they do it despite warnings from the Food and Drug Administration, echoed by the pharmaceutical industry, about the risk of contaminated or counterfeit products.

For people with diabetes, the inability to pay U.S. prices for insulin can be a matter of life and death, which is why so many families look to Canada or Mexico to meet their needs. Robin Cressman, who was diagnosed with Type 1 diabetes in 2012 and has become a vocal advocate for lower drug prices, says that even with insurance she was paying \$7,000 a year out-of-pocket for the two insulin drugs she needs: Lantus and Humalog. At one point, her credit card debt hit \$30,000, says Cressman, 34, of Thousand Oaks, Calif.

While on an outing in Tijuana, Mexico, last year, she popped into a few pharmacies to see if they stocked her medications. With little fanfare, she says, she was able to buy both drugs over the counter for less than 10% of what they cost her north of the border. "I left Tijuana that day absolutely trembling because I could not believe how easy it was for me to get my insulin," she says, "but also how little money it cost and how badly I was being extorted in the U.S."

If you are planning to cross the border for your medications, or get them through an online pharmacy abroad, here are two things you should know. First: It is technically illegal. Second: It is unlikely you will be prosecuted.

Despite the official prohibition, FDA guidelines allow federal agents to refrain from enforcement "when the quantity and purpose are clearly for personal use, and the product does not present an unreasonable risk to the user." Personal use generally means no more than a 90-day supply. You should think twice before bringing in quantities larger than that because if authorities suspect you have commercial intentions, you could land in legal jeopardy — and lose the drugs.

People familiar with the practice say you generally can pass through customs without much hassle if you have no more than three months' worth of a medication, you declare it to customs agents and you show them a doctor's prescription or a personal note attesting it is for personal use, along with contact information for your physician. Even in the worst-case scenario, an unsympathetic agent might confiscate the drugs — but not arrest you.

Ordering drugs online from foreign pharmacies also tends to go largely unchallenged. Legally, the FDA can refuse entry of the package at an international mail facility. "That does happen from time to time," but not often, says Levitt. It is more common for shipments that do get through to be detained for several days pending FDA inspection. So, if you need to take your medication every day, be sure to build in a sufficient margin for potential delays. A far bigger risk if you're shopping abroad for medications is that you might not get what you paid for — and it might not be safe. "There's a lot of junk in the pharmaceutical world," says Dr. Ken Croen, a primary care physician at the Scarsdale Medical Group in Westchester County, N.Y., who advises many of his patients on how to buy drugs safely in Canada.

And there are plenty of rogue operators, especially in the world of online pharma-

cies. You will need to do a little vetting. Before doing business with an online pharmacy, confirm it is licensed in its country of origin and that the country has strong pharmacy regulations, says Dr. Aaron S. Kesselheim, a professor of medicine at Brigham & Women's Hospital and Harvard Medical School. Countries with well-regulated pharmacies include Canada, New Zealand, Australia, much of Western Europe and Turkey.

Also, check to make sure the pharmacy posts an address and phone number on its website. Experts advise against using online pharmacies that don't require a doctor's prescription: They are more likely to cut other corners, as well.

A couple of websites do the vetting for you, using these and other criteria. The Canadian International Pharmacy Association runs a site ([cipa.com](http://cipa.com)) that allows you to compare drug prices among dozens of pharmacies whose legitimacy it has certified. Its customers "tend to be people who live in the U.S., are on fixed income or low income and can't afford the medications where they live," says Tim Smith, the association's general manager. To buy through one of CIPA's certified pharmacies, you must have a valid prescription and submit a medical profile to help guard against adverse drug interactions. The site also maintains a list of "rogue" online pharmacies.

[PharmacyChecker.com](http://PharmacyChecker.com) offers a similar service, linking customers to a broader range of online pharmacies abroad and in the U.S. Levitt, its president, notes that it is possible to buy many medications affordably in the U.S. He and others suggest you take the time to comparison shop in the U.S. because prices can vary significantly from pharmacy to pharmacy.

Santa Monica, Calif.-based GoodRx (<http://www.goodrx.com>) tracks prescription drug prices at over 70,000 pharmacies across the U.S. and offers coupons. Levitt also recommends asking your doctor if there is a viable therapeutic alternative or a lower-cost generic drug. Recent research from PharmacyChecker shows that 88% of the most commonly prescribed generic drugs can be purchased more cheaply in the U.S. than from Canadian pharmacies. "Many times there is no reason to go international," Levitt says. "The drug will actually be cheaper here."

See <https://cutt.ly/awdPCmb> for the full story.

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**California State University  
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**Personal & Professional**

**Romey Sabalius (SJSU)** was re-appointed as Faculty Trustee by Governor Gavin Newsom in early August 2019. He will receive a second two-year term in the position.

**Deborah Hammond (Sonoma)** is the editor of *Education for an Engaged Citizenry: The Hutchins School of Liberal Studies* (June 24, 2019, Amazon, \$12.99 paper or \$4.99 on Kindle). This collection of reflections from faculty and alumni of the Hutchins School of Liberal Studies at SSU celebrates 50 years of a unique and transformative approach to undergraduate education.

Named in honor of Robert Maynard Hutchins, a leading advocate of reform and innovation in higher education, the Hutchins School provides a compelling model of the kind of integrative and interactive teaching and learning that is essential for the preservation of democratic culture. In his 1988 book, 'How to Get an Ivy League Education at a State University,' Martin Lemko writes, "Hutchins is not only one of the more enduring, but one of

the best interdisciplinary undergraduate programs in the country."

Several chapters offer the perspectives of the founding faculty and the history of the school, and the second generation of faculty offer their perspectives as well. Other chapters deal with the Hutchins hybrid/online degree completion program, and the final few chapters are from alumni, speaking about their experiences and what they learned. **Hammond** herself is the author of the introduction, "On Education and Democracy."

**CSU-ERFSA  
Calendar of Events**

**August 30 - September 30 - Vote for the CalPERS Board retiree candidate of your choice. CSU-ERFSA makes no recommendation in this election.**

**October 5, 2019 - CSU-ERFSA State Council meets at San Jose State University's Martin Luther King, Jr. Library, 10 a.m. to 3 p.m.**

**October 31, 2019 - Deadline for the 2019 CSU-ERFSA grant competition.**

**January 30, 2020 - CSU-ERFSA Executive Committee meets through video conferencing.**

**CSU-ERFSA Affiliate  
Activities**

Humboldt State University will begin its fall programs with a reception at the Plaza View Room of the Arcata Plaza Grill on Tuesday August 27th. President Tom Jackson will make a few remarks and meet members.

The reception is partially funded by CSU-ERFSA.