

CSU-ERFA Reporter

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

Looking for solutions

CalPERS studies proposals to control rising health plan costs

By Wilma Krebs

Legislative Committee chair

Health plan costs are expected to rise 10 percent to 12 percent a year for the rest of the decade, which could double premiums in five or six years.

CalPERS is considering new approaches to cost containment (while maintaining or improving the standards of care). Four main areas are risk management, provider accountability, disease management and consumer engagement.

Member input is sought and considered. Major areas are:



Krebs

Risk management and regional rating

Our PEMHCA plans are also open to public agencies, such as cities, counties and school districts.

Public agencies come and go. In lower cost areas, they may leave our system, looking for the best rates, and enter again when outside rates rise. This creates an unstable risk pool, adverse selection and increasing premiums in CalPERS health plans.

Adverse selection means that younger, healthier people flow into lower-cost plans, leaving older, sicker people concentrated in high-cost plans. CalPERS is considering regional rating, with higher premiums in the high cost areas of the state. Members and retirees in rural areas may not be able to afford the premiums.

This is a big departure in CalPERS' long-standing policy of statewide uniform rates.

Public agencies also want lower-cost plan options, perhaps with an opportunity to purchase supplementary benefit packages. Would this spread into our state and CSU member plans? Would members have to bear the additional cost of anything better than a bare bones plan?

Tiered hospital networks

Health plans are beginning to offer these, with

members paying lower co-payments if they use lower-cost hospitals. Members are concerned that we lack data about quality differences, which should be considered in making a choice. (To be effective, commercial plans outside of CalPERS would have to participate.)

The idea is to provide an incentive for hospitals to lower their costs. More transparency of costs is needed, both for the hospital and the parent corporation. Members, thus far, have not favored this option.

Physician Incentives

This approach provides rewards for those who adopt best practices for care, improving quality and lowering cost by keeping members healthier. However, those doctors with higher-risk patients may look worse and be disadvantaged. This may make them less willing to accept high-risk patients. Consumers also may need incentives to participate in disease prevention and management.

Please turn to page 4.



HE'S BACK — Executive Director Bob Kully was back on the job Sept. 1 after suffering a heart attack in January. See his report on choosing a retired CSU faculty representative to the Academic Senate on page 6.

Executive Committee**2001-2002****Robert Maurer** (Chico), president
Jerry Beamish (Stanislaus), vice president**Judson Grenier** (Dominguez Hills), secretary**Dominic Perello** (San Luis Obispo), treasurer**Emmett Long** (Fullerton), past president**Wilma Krebs** (Sacramento), member at large**Milton Dobkin** (Humboldt), member at large**Eleanor Price** (Dominguez Hills), member at large**Larry Ianni** (San Francisco), member at large**Howard Seemann** (Humboldt), Reporter editor**Robert D. Kully** (Los Angeles), executive director**Committee chairs****George Sicular** (San Jose), dispersed membership**Max Norton** (Stanislaus), foundation grant awards**Wilma Krebs** (Sacramento), legislative**Ronald A. Kroman** (Long Beach), membership**H. Dieter Renning** (Stanislaus), liaison to CFA**Don Moore** (Los Angeles), liaison to CSU Academic Senate**Sidney Albert** (Los Angeles), liaison to California Conference of AAUP**Howard L. Seemann** (Humboldt), publications**Kurt Bohnsack** (San Diego), retirement concerns**Administrative staff****Linda Zimmerman**, office manager

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From the president ...

CSU-ERFA — We're here to help you

Greetings to all California State University retired faculty members. In my report that follows and in other articles in this issue, I hope you will see the kind of activities that concern our association and its members.

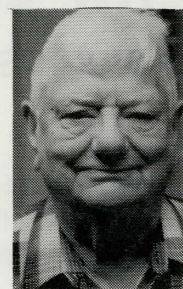
CSU-ERFA is the only organization that serves as an advocate for the interests of CSU retirees. It assists retired faculty to remain continuing and participating members of the academic community through teaching, research, publications and consultations. It gives grants to CSU-ERFA members to support professional activities such as academic research and creative projects. After you read this issue I hope you will decide to join us and will return the application form on page 3.

In the summer 2002 issue of the Reporter, Bob Kully, executive director, described the action of the CSU Academic Senate to amend its constitution relating to the distribution of Senate members. One of the amendments proposed that "one emerita/emeritus selected by the CSU Emeritus and Retired Faculty Association" would become a member of the Senate.

On April 20, 2002, the State Council, anticipating approval, authorized the Executive Committee to develop a selection process and, in case a retiree member could be seated before a selection process had been established, to select a person to fill the seat. Consequently the Executive Committee July 13, 2002, established an ad hoc committee of three CSU-ERFA members who had served on the Senate.

I appointed Dave Elliott, Judd

Grenier and Bob Kully. They were to prepare a selection

**Maurer**

procedure that would be presented for approval at a special Executive Committee meeting Oct. 25, 2002, just before the state council meeting.

I was also authorized to

name an interim member after consultation with the Executive Committee.

This opportunity arose when the trustees approved the Senate amendments at its summer meeting and, after consultation with the members of the Executive Committee, I asked Len Mathy to be the first retiree member of the CSU Academic Senate.

This was especially fitting since Len was on the first Academic Senate and served as its first chair. Len was seated at the Sept. 13, 2002, meeting of the Academic Senate. A delegation of CSU-ERFA members, including Kully, Ron Kroman, Don Moore (CSU-ERFA liaison to the Academic Senate) and I were there to witness what we thought was a historic occasion.

Meantime, the ad hoc committee prepared a selection procedure and presented it Oct. 25, 2002, to the Executive Committee called for that purpose. After considerable discussion and several changes it was approved by the Executive Committee and distributed to

Please turn to page 5.

Clip and send to CSU-ERFA

Membership Application

First name _____ MI _____ Last name _____

Address _____

City, state and ZIP _____

Area Code\Telephone No. _____ - _____

E-mail address _____ Department _____

Social Security number _____ - _____ - _____

Date retired _____ from the _____ campus

Please enroll me as a retired member of CSU-ERFA. I hereby authorize deductions by the Public Employees Retirement System for the payment of dues to the CSU-Emeritus and Retired Faculty Association. I further agree that CSU-ERFA act as my agent in payroll deduction agreements and transactions between myself, CSU-ERFA and the Public Employees Retirement System. This authorization will continue in effect until I submit a timely written notice of cancellation to the CSU-ERFA office. (Call the office at 818/718-7996 for instructions should you prefer to make direct payment of dues.)

Monthly retirement	Dues	Check one
\$1,000-\$1,599	\$3 per month	☐
\$1,600-\$2,299	\$4 per month	☐
\$2,300-\$2,999	\$5 per month	☐
\$3,000-\$3,599	\$6 per month	☐
Above \$3,600	\$7 per month	☐
Donor member	\$8 or more per month	☐

Signature _____

Date _____

Please mail the completed form to:

CSU Emeritus and Retired Faculty Association
The Retiree Center
18111 Nordhoff St.
Northridge, Calif. 91330-8339

First novel published

"Never Fade Away," a novel by William Hart, a retiree from Los Angeles, has been published by Fithian Press. This first novel is the story of a Vietnamese student and her Vietnam War veteran instructor who react when she fails her ESL course at a fictional California state college.

He retired in 2000 to pursue a writing career.

Consultant on 'Major Barbara'

Sidney P. Albert, Los Angeles, was a consultant for the production of Bernard Shaw's "Major Barbara" by the South Coast Rep this fall.

The production inaugurated the new Folino Theater Center in Costa Mesa.

Albert also had an article on Shaw published in August in the "Annual of Bernard Shaw Studies."

Subject of 'bio-critical' article

Gerald Haslam, English, of Sonoma, is the subject of a "bio-critical" article plus a 20-page autobiographical essay in the current edition of "Contemporary Authors," Gale Publishers.

In addition to some essays, he also wrote an article in the Sierra Club magazine. In May he was keynote speaker for "Images of the San Joaquin Valley: A Conference on Its History and Literature" at Bakersfield in May.

LTC premium increase to face vote

The CalPERS Board will vote Nov. 20 on a premium increase for the PERS LTC plans

The annual actuarial evaluation as of June 30, 2002, showed a projected long-run deficit of about 11 percent of the present value of future premiums. Most of this was due to last year's downturn in the stock market.

In addition there has been a reduction in the assumed earnings rate (long-run) from 8 percent to 7.5 percent, a lower lapse rate and a lower mortality rate.

CalPERS staff and consultants recommend that premiums be increased an average of about 11 percent, with adjustments for the type of LTC plan, such as comprehensive or nursing home only, and with or without inflation protection. The consultant recommendation was an increase in premiums ranging from 6 percent to 30 percent.

The higher percentage increases occur at younger age rates, because of lower lapse rates for a longer period of time, with inflation protection having a compounding effect.

Nursing-home-only policies have higher percentage increases because the claims are more costly than in other plans. Comprehensive Partnership plans will have low percentage increases.

Important deadlines coming up

- Nominations for retiree member on Academic Senate due in CSU-ERFA office by March 14, 2003. See page 7.
- Applications for CSU-ERFA grants for research and creative projects is Jan. 31, 2003. Grants range from \$500 to \$1,500. Recipients must be

CSU-ERFA members. ✓

Welcome to these new members

CSU-ERFA welcomes the following new members:

Chico: Larry A. Burleson, Leo Kirchhoff, Homer C. Metcalf

Dominguez Hills: Nancy C. Hollander, Judith M. Jackson, Frances J. Steiner

Fresno: James Aldredge

Fullerton: Daniel Brown, Jean R. Hall, Joseph Landon, C. Michael Stuart

Hayward: Herbert Graw, Donald P. McKillop, William Rosenthal, Douglas Sprague, Warner Wilkerson

Long Beach: Edward Borowiec

Los Angeles: Neil A. Cohen, Janet Fisher-Hoult

Northridge: James Allen, Eve H. Caram, Michael F. Dunn, Bonnie Faherty

Pomona: Shiori Sakamoto, Ruby Trow, Sara C. Weber

Sacramento: Earl E. Kymala

San Diego: Paochin Chu, James C. Dietz, Mary Jane Moore, James Rickard, Richard Schulte, Herbert B. Shore

San Francisco: Roger Crawford, Richard DeLeon, John B. Lewis, Ruth Mahaney, Susan E. Tapper

San Jose: Marcia Holstrom

San Luis Obispo: Reginald Gooden

Sonoma: Rolfe C. Erickson, Elizabeth Herron, Vivian Pirchner, Stephen Watrous

Stanislaus: Samuel A. Oppenheim ✓

From here ...

Briefs

... and there

More from President Maurer...

Continued from page 2.

the council the next day. An article describing the selection process for 2003-2006 appears on pages 6 and 7 in this issue.

Meanwhile, the Executive Committee, by e-mail ballots, chose Milt Dobkin and Eleanor Price as members of the selection committee. Results were announced Nov. 6. The state council Oct. 26 chose Kurt Bohnstock (San Diego) and June Pollak (Fullerton) as the other two members.

I have researched the minutes of past council meetings and identified amendments to our by-laws that were never made part of the published version. After review by the office they will become part of the "CSU-ERFA By-laws" and are available on request.

Note that this action only includes those amendments that were approved by the council and does not introduce new material.

As I looked back through the minutes I couldn't help noticing the many times there was an item saying that the CSU-ERFA Foundation committee was waiting for one approval or another. At the council meeting I announced that we had received the final approval.

The incorporation of the CSU-ERFA Charitable Foundation was endorsed by the Secretary of State's office last October, the State Franchise Tax Board declared it exempt from state franchise or income tax in February, it was assigned an IRS ID number in August and on Oct. 3 it was determined to be exempt from federal income tax under section and the donors may deduct contributions to it.

This means that the work of many people over the years has resulted in the creation of our own foundation. As soon as the foundation board of directors establishes its policies for operation it will transfer funds that are now in the CSU Foundation and will be able to receive donations from members and others for support of academic research and creative projects serving the public interest.

I hope to have a full report on the foundation in the winter issue of the Reporter.

The Executive Committee will meet Feb. 15, 2003, at the Crowne Plaza LAX. The spring meeting of the State Council will be held April 19, 2003, at the Crowne Plaza LAX. ✓

More about ...

CalPERS looks at medical costs

Continued from page 1.

Consumer Engagement

This includes a number of strategies for motivating members to become active consumers, make better choices about lifestyle, choice of providers, treatments and preventive care, considering both benefit and cost.

1. Tiered product network: What if I chose the low-cost plan and developed an expensive medical condition? Will I be permitted to change to a higher option at next open enrollment? Are there any safeguards to protect the vulnerable?

2. Providing member decision tools: Use the Internet, classes, coaching by your physician. Sometimes groups can't get doctors to do it.

3. Controls for advanced medical technology: Should there be lifetime or high-cost procedure limits? California risk pool for member claims that exceed a high annual amount, e.g. \$10 million.

4. Medical savings accounts. Once your account (say \$1,500) is used up, and you have paid the annual deductible (say \$800), a high deductible plan kicks in. It forces you to consider costs.

This is hard on older, sicker members. CalPERS proposes a pilot program. Members would have to manage their own account.

5. Incentives: Lower or no co-pays when the member participates in disease management or prevention programs. ✓

In memoriam

The following CSU-ERFA members have died since the last issue of the Reporter:

Chico: Frederick Whipple

Dominguez Hills: Joseph McCloskey

Fresno: Daniel J. Ewy

Fullerton: Julian F. Foster

Hayward: Glen L. Glasow, William L. Thomas

Long Beach: Alfred Sheets

Los Angeles: Mary W. Huber, Mildred G.

Massey, John Tomaske

Northridge: Ralph Evans, Jane T. Gowan, Sheldon Harris, Mary R. Price

Sacramento: Clarence Johnson, Sanford Stone, Mary Lee Theobald

San Diego: Roy J. Howard

San Jose: Robin Brooks, Ernest L. Inwood

Sonoma: Paul V. Juhl

Stanislaus: Elizabeth Papageorge ✓

Senate selection process OKed by Executive panel; Mathy (Los Angeles) named interim retiree member

By Robert D. Kully

CSU-ERFA executive director

• Please see selection procedures on opposite page.

CSU-ERFA's Executive Committee Oct. 25 approved procedures for the selection of the retired faculty member to serve on the CSU Academic Senate.

CSU-ERFA has for many years urged the Academic Senate to add a faculty retiree to advise the Senate and the CSU Chancellor's staff about issues of concern to faculty retirees and advance the interests of retired faculty. In addition, having a retired faculty member on the Senate further validates the CSU Trustees' policy that retired faculty shall be "deemed to be continuing members of the academic community."

Also, a retired faculty member on the Senate can ensure that one of the purposes of CSU-ERFA as set forth in its Constitution, to assist the CSU and its campuses "through continuing support, counsel, and service in the interests of present and future students," can be achieved.

The CSU faculty in a system-wide referendum approved overwhelmingly an amendment to the CSU Academic Senate's Constitution that added an emerita/emeritus member. The Senate had approved the amendment at its May 3 meeting and the CSU Board of Trustees approved the amendment July 16-17. The amendment further provides that the CSU Emeritus and Retired Faculty Association select the retiree senator.

The CSU-ERFA State Council

at its April 20 meeting charged the Executive Committee to develop procedures for selection of the retiree member of the Senate and select a faculty retiree to serve as interim appointee to the Senate during the 2002-2003 year only while a selection process is developed.

On July 13 the CSU-ERFA Executive Committee approved a motion that it appoint an ad hoc committee to develop procedures for soliciting nominations, reviewing the candidates and selecting the retiree. Also, the Executive Committee approved President Robert Maurer's recommendation that Leonard Mathy (Los Angeles) serve as the interim retiree member.

Mathy's appointment had popular support. CSU State Council greeted the announcement with enthusiasm, and the Academic Senate welcomed him with a standing ovation.

Mathy is well known as a faculty leader with considerable experience in academic governance. He was a member of the committee that wrote the CSU Senate's Constitution and was elected the Senate's first chair.

He also served as the first chair of the CSU, Los Angeles Academic Senate.

To fulfill the charge from the State Council to develop selection procedures, President Maurer appointed an ad hoc committee (Judson Grenier (Dominguez Hills), David Elliott (San Jose) and Robert Kully (Los Angeles). Kully, executive director of CSU-ERFA, served as chair.)

The Executive Committee

discussed and approved as amended the ad hoc committee's report. The report, titled "Procedures for Selection of the Retiree Member of the CSU Academic Senate," was distributed to the State Council at its meeting the next day.

Of major importance are the requirements and process for nominations, deadlines and make-up of the Selection Committee. Please note: All CSU faculty retirees are eligible to be nominated and, if selected, to serve as the retiree senator. ✓

Legislative update

Most of the bills that had significant cost died in committee in this tough budget year.

However, a number of important bills affecting retirees were signed by the governor.

AB 1908 (Cohn) — deletes requirement that enrollees must pay full cost of CalPERS LTC insurance and thus opens door for employer contributions.

AB 1996 (Thomson and Nation) — UC is to provide analysis of the cost and other effects of proposed bills which would mandate new benefits to be provided by health plans.

AB 2179 (Cohn) — DMHC to provide standards for timely HMO care by 2004.

AB 2549 (Nation) — CSU part-time faculty (6 WTU or more) to get CalPERS membership, if provided for in an MOU or authorized by CSU Trustees.

AJR 27 (Oropeza) — memorializes Congress to transition Social HMOs (like SCAN in Long Beach) into a permanent Medicare option. Would provide for long-term care.

SB 1278 (Speier) — renews and enhances law that allows purchase of Medicare drugs for same price as the state pays for Medi-Cal drugs.

SB 1315 (Sher) — provides for a

Please turn to page 7.

Procedure for selection of the CSU retiree on the CSU Academic Senate

NOMINATIONS

All CSU faculty retirees are eligible to be selected and to serve as the CSU faculty retiree on the CSU Academic Senate.

Nominations must be submitted to the California State University Emeritus and Retired Faculty Association (CSU-ERFA) office by March 14, 2003. Nominations, including self-nominations, must be made by CSU faculty retirees and should include the following:

1. A statement from the nominee that he/she is a CSU faculty retiree, will serve the three-year term as the retiree member on the CSU Academic Senate if selected, and is aware that he/she will be

More about ...

Medical costs in rural areas

Continued from page 8.

voiced by some members of its Constituent Work Group on Health Care (Wilma Krebs, Milt Dobkin and retiree reps from other organizations), relating to the need for CalPERS' planning for programs serving rural retirees.

The need for CalPERS to encourage and assist (as noted in the LAO report of August) in the development of community-based comprehensive services where HMOs regard areas as "unprofitable" has been stressed.

In the short term (2003) the single major HMO operating in the largest part of the state, Blue Shield, appears to have improved the situation in Santa Cruz and San Luis Obispo counties by concluding agreements with more providers.

A cautionary note to urban members: Kaiser and other regional HMOs appear to be moving toward restricting eligibility for their services to persons residing ever closer to their facilities. More and more people may find themselves "rural" residents on a de facto basis. ✓

Continued from page 6.

central pooling agency to buy drugs for state agencies at discount prices. (CalPERS has the option to join).

SB 1464(Soto) — Minimum employer contribution to a CalPERS PEMHCA health plan raised to \$97 a month. (Some agencies were paying \$16 a month.)

SB 1802 became SB 1836 (Soto) — provides flexibility to CalPERS to restructure health insurance program, to better manage health plan costs, to reduce adverse selection through risk management, to obtain enrollee-specific data to identify utilization trends, to provide employer incentives to offer disease management programs, and to PERS for consumer incentives. ✓

invited to prepare reports for CSU-ERFA on issues of special interest and major concern to the CSU Senate and the CSU system. If such reports are prepared, they may appear in one or more issues of the CSU-ERFA Reporter.

2. A brief summary of the nominee's resume, including the nominee's educational background, academic or administrative service or both at a CSU campus(es) or at the CSU administrative office, and experience in academic governance whether at a CSU campus or at the system-wide level or both.

3. A statement from the nominator or the nominee describing why the nominee would be an appropriate choice as the person to serve as the faculty retiree on the CSU Academic Senate.

4. The nominee should provide at least three references at the time of nomination. The nominator or nominee is free to send any other material, which he/she believes would be of value to the committee making the selection.

SELECTION COMMITTEE

1. The Selection Committee shall have five members:

- The President of CSU-ERFA or his/her designee
- Two members of the CSU-ERFA Executive Committee selected by the Executive Committee
- Two members of the CSU-ERFA State Council selected by the State Council.

The CSU-ERFA's Executive Director will serve as staff to the Selection Committee

2. The Selection Committee will submit its selection to the Executive Committee by April 18, 2003. The decision of the Executive Committee will be reported to the CSU-ERFA State Council.

3. After the State Council has been informed of the selection, the CSU-ERFA president will inform the person selected, the CSU Academic Senate Chair, and the Chair of the CSU Board of Trustees.

ALTERNATES AND REPLACEMENTS:

1. If the retiree member of the CSU Academic Senate is not able to attend a meeting of the Senate, the CSU-ERFA president will appoint an alternate for that meeting.

2. If the retiree member is not able to complete his/her term of office, the CSU-ERFA Executive Committee will appoint a replacement who will serve the rest of the term. ✓

Struggle continues on health care for retirees in rural areas

By Milt Dobkin

Member at large

While battles over the need for affordable health care for retirees in rural locations have not been won, skirmish lines are moving forward and the struggle continues.

On the legislative front, bills carried by Sen. Wesley Chesbro, D-Arcata, intended to assist retirees (and some active employees), were not adopted. Those included:

- SB 1669, intended to require the extension of HMO service plans by vendors operating in urban areas, was amended to implement anticipated recommendations in

the then forthcoming Legislative Analyst's Office (LAO) report and made it through the Senate but did not get a hearing in the Assembly.

- SB 1668, an attempt to increase payments via the Rural Health Equity program was not heard by the Senate Appropriations Committee because the costs were viewed as prohibitive.

- SB 1917, an attempt to secure the governor's request to Medicare to change reimbursement schedules within California to assist struggling care providers so that plan services would find rural areas more attractive, was amended to

address penalties for inadequate notice of bankruptcies. Even so, it did not survive the legislative process.

In another attempt to assist rural areas, Sen. Dennis Cardoza, D-Merced, carried a bill which would change state law to specifically allow HMOs to serve members who live far from plan physicians and hospitals. While the bill passed the Senate, there is already resistance to it from HMOs which makes passage next session in the Assembly unlikely.

Meanwhile, CalPERS is starting to notice the concerns

Please turn to page 7.

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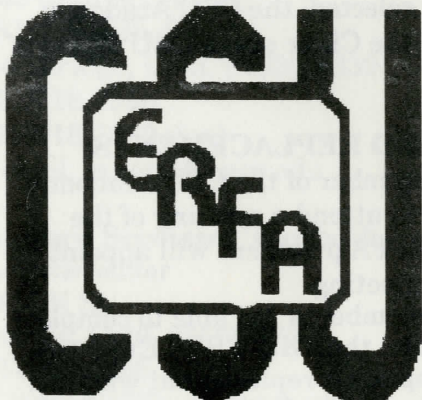
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