

CalPERS staff recommendations

Ideas on meeting rising costs of health care

By Wilma Krebs

Legislative Committee chair

Faced with rising costs and potential loss of public agency and school members (who make up about 40 percent of our health plan membership) — because they cannot afford our rising premiums — PERS staff has recommended the following actions:

ONE. Abandon our statewide risk pool and uniform statewide rates, and go to regional pricing, with lower premiums for public agencies and schools in Southern California and higher premiums for those in the north. The rationale is that health costs are lower than state average in the south, higher in the north.

(Your representative, with the support of other retiree representatives, has reached agreement with CalPERS staff to ask the board to insert intent language into board regulations or legislation.)

TWO. Offer a lower-cost PPO plan for public agencies only (this would be a cheaper version

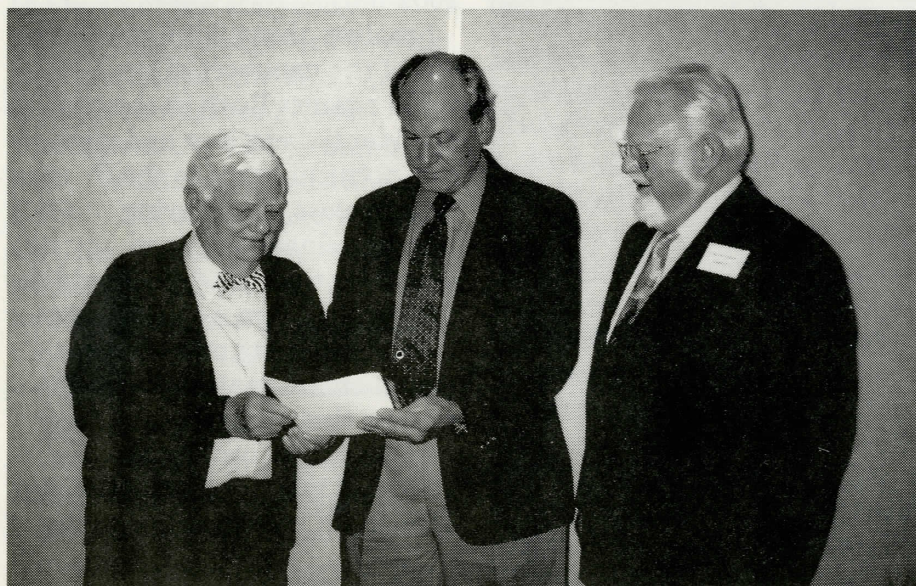
of PERS Choice). Your representatives in Sacramento are concerned that these two measures will affect the outcome of the 100/90 formula which is used to calculate the employer contribution for state retirees. In 2003 the employer contribution is \$288 a month for the retiree, plus 90 percent of this for the dependent spouse. Substantial erosion would be very hard on many retirees.

THREE. Tiered hospital networks, ranked by cost and quality (factors and weights unknown). Members choosing a higher-cost hospital would pay more, likely in co-payments or in larger annual deductibles. We have objected to this in the past because it may restrict choice for older, sicker or lower-income members. Another alternative is to evaluate hospitals in the same way and move to an exclusive list of hospitals which PERS believes has the best combination of quality and cost level.

FOUR. Pay for performance. Health plans and/

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CalPERS faces three main issues, Diehr tells State Council



George Diehr, new CalPERS board member and management science professor at San Marcos (center), explains disparities in state hospital costs to Robert Maurer, left, CSU-ERFA president, and Milt Dobkin, head of ERFA's health care committee, at April 19 council meeting. *Photo by Judd Grenier.*

CalPERS faces three main issues: condition of the pension fund, the Westly suit and health care, George Diehr, new member of the CalPERS Board of Administration, told the CSU-ERFA State Council April 19.

Diehr is professor of management science at CSU San Marcos. He specializes in financial analysis of institutions of higher education. He has served on the CFA contract bargaining team.

Diehr reported that regarding the fund, its performance remains in the upper half of funds nationally (real estate is doing well), and Diehr has seen no threat to its solvency. The Westly suit, instituted

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Executive Committee

2002-2003

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Max Norton (Stanislaus), foundation grant awards

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Sidney Albert (Los Angeles), liaison to California Conference of AAUP

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From the president ...

Maurer bids CSU-ERFA adieu ... briefly

By Bob Maurer

CSU-ERFA president

Adieu, adieu, kind friends, adieu...

I am foregoing my usual report of the April 19 council meeting. All the things I might have said about the new retiree member of the Academic Senate or the talk by George

Diehr, the new CalPERS Board member, are said elsewhere in this issue of the Reporter.

All I have left to say is how much I have enjoyed the last six years as your president and how glad I am that the six years are over.

Your new officers will have matters well in hand and the State Council will still be there to make sure they keep them that way.

I will eschew all of the "without whose help ..." speeches because everyone associated with the work of CSU-ERFA knows who the "whose" are now and who they will be in the future.

I am pleased that we have younger (Max Norton says anyone under the age of 70 is "young"!) members on the council and I hope we can soon place them in positions of some responsibility.

The current political and financial picture does not bode well for the active faculty members who hope for better working conditions or for the retirees who hope for better



Maurer

benefits. CSU-ERFA will need to assist newly retired faculty remain continuing and participating members of the academic community if they so desire and to serve as an advocate for general welfare of retired faculty members.

This will take the efforts of all members of CSU-ERFA, "young" and "old," and in my new office of past president I hope to be of help to the officers and members who continue in these efforts. ✓

To the editor:

In future issues of the Reporter, please do the CFA a favor by not publicizing instances of self-destructive behavior by the organization.

I refer to the CFA's absurd accusation that President Bush has denied university professors and students "the exercise of First Amendment rights and academic freedom on university campuses" (Reporter, Winter 2002-03).

I realize that a high percentage of the members of the CFA voted against Bush in the past presidential election and wish him political harm in the future. Nonetheless, considering the "stormy [financial] weather ahead for the CFA," you could do the organization a huge service by not repeating preposterous statements it makes that may worsen this condition.

Perhaps you could warn the CFA that when it finds itself in a deep fiscal hole to stop digging.

Patrick Groff

Professor of Education

Emeritus

San Diego State University ✓

Los Angeles emeriti celebrate their 25th year

One of the first in state; several ceremonies were scheduled

The Emeriti Association of CSU Los Angeles is celebrating its 25th anniversary this year.

Founded in 1978, the CSULA Emeriti Association was among the first such formal associations in the CSU system, and sponsored the establishment of the systemwide Emeritus and Retired Faculty Association (CSU-ERFA).

The CSULA Emeriti Association was founded to enhance the status and rights of retired faculty and to assist faculty in their transitions to retirement.

The association supports the goals of the university and encourages members to continue making scholarly contributions and when appropriate to share their unique perspectives on a variety of university issues. It has endowed fellowships for outstanding students in a variety of disciplines.

The establishment of the campus association and the birth of the statewide association were historic events that stimulated the development of other such associations throughout the CSU. Founder of both the campus association and CSU-ERFA was Sidney P. Albert, CSULA professor emeritus of philosophy. Albert was named honorary member of the State Council of CSU-ERFA in 1997

and remains active in that organization.

The fledgling campus association evolved in the course of Albert's two-year campaign to reform university emeritus policy. This change included an amendment to the campus' faculty constitution that added a voting emeritus member to the university's Academic Senate.

From here ...

Briefs

... and there

In 1989, the CSU Trustees affirmed that emeriti faculty are "continuing members of the academic community." These early efforts were responsible for creating today's climate in which retired CSU faculty members continue to help shape university policy.

Albert, a leading Shaw scholar, spoke at the April 15 inaugural Emeritus Lecture of the University's Faculty Colloquia series on "The Drama of Nutrition: Major Barbara and the Bacchae."

Established as an annual event, the Emeritus Lecture is one of several functions scheduled to honor the Emeriti Association throughout this anniversary year. Events began Feb. 18, when the CSULA Academic Senate recognized the contributions of CSULA emeriti and conveyed special acknowledgements from CSU Chancellor Charles Reed.

Following the meeting, the campus community attended a reception featuring a piano selection by emeritus music professor Milton Stern and an exhibition by emeriti professors and artists Charles Borman, Walter Askin and Roy Walden.

Other 25th anniversary events included recognition of CSULA emeriti during the annual Honors Convocation April 25. ✓

Book on Jefferson

Former Chico library faculty member Esther Franklin has had published a novel, "The Others at Monticello," which centers on relationships between Thomas Jefferson and the Hemings family at Monticello.

While Sally Hemings is in the story, her brother John and her children also are important to the plot as well as are two of Jefferson's granddaughters. It covers the years 1809-1822,

Franklin spent more than 10 years in research and writing of the book. ✓

Former president dies

CSU-ERFA extends its condolences to the family of Jack Byrom on his death May 9.

Jack was a former president and the first executive director of this association. The growth of CSU-ERFA and stability of the organization is in large measure due to his hard work and determination.

Jack's friends and colleagues are invited to attend a memorial service on Saturday, May 31, at 1 p.m. at the University Club on the California State University Northridge campus.

An expanded obituary will be printed in the next issue of the Reporter. ✓

Thank you, Jim

Our thanks to Jim Van Eimeren, emeritus graphic design professor from Long Beach, for the redesign of the Reporter's logo and flag. We believe you will enjoy the new look. ✓

L.A.'s Mathy reappointed as retired rep to CSU Academic Senate

Leonard Mathy, Los Angeles emeritus professor of economics, was reappointed by the CSU-ERFA Executive Committee April 18 as the retired faculty member on the CSU Academic Senate.

Mathy has served as the interim emeritus on the the Senate during the 2002-2003 session.

The elected Selection Committee to Recommend the Retired Faculty Member on the CSU Academic Senate had nominated Mathy to the executive committee. Also, the Selection Committee suggested that the appointment be for two years rather than the usual three-year term and consider the interim year to be the first year of a three-year term. The Executive Committee approved and Mathy agreed with the two-year appointment.

Mathy has a long history serving the CSU Academic Senate and the CSU faculty. He was a member of the committee that drafted the Senate's constitution and served as the Senate's first chair. He also served as the first chair of the Cal State Los Angeles Academic Senate.

He has been an active member of CSU-ERFA and for many years served as the association's liaison to the CSU Senate. He was recognized for his many contributions to CSU-ERFA when he received the Honorary Member award.

The Executive Committee selected Vern L. Bullough (Northridge) as the alternate emeritus senator. In addition to having been awarded emeritus status at Northridge,

he is a distinguished professor emeritus, State University of New York, and dean emeritus of natural and social sciences, SUNY College, Buffalo, NY. Bullough also served on the CSU

Academic Senate.

If retirees wish to communicate with Mathy or Bullough, they can write, call or e-mail them at the CSU-ERFA office.✓

Two major bills on universal health care move out of the policy committee

By Wilma Krebs

Legislative Committee chair

The two major bills leading toward universal health care have both moved out of policy committee.

SB 2 (Burton and Speier) would require employers to provide standard coverage or pay a fee to the state to provide coverage. SB 921 (Kuehl) would establish a state single-payer health care system, financed by employer and employee payroll tax, plus a tax on tobacco and alcoholic beverages, and a tax on unearned income which could include pensions.

Retirees are concerned about whether there would be supplemental coverage for those enrolled in Medicare, coverage for those living out of state and whether the coverage would be equivalent to that now received from CalPERS.

Other bills of interest:

- SB 436 (Soto) — would allow CalPERS to establish regional rating premiums for public agency and school members of our healthcare system, causing concern to retirees as to its effects on our state employer contribution under the 100/90 rule.

- SB 126 (Chesbro) — extends the rural equity program to Jan. 1, 2008, and increases monthly reimbursement. (in Senate

Appropriations suspense file due to cost).

- SB 461 (Burton) — requires state to provide vision care for annuitants comparable to that provided for active state employees. (Senate Appropriations suspense file)

- AB 1523 (Garcia) — credit against state tax liability for payment of cost of long-term care or LTC insurance up to \$1,000 a year (to be heard May 12 in Senate Revenue and Tax Committee).

- AB 103 (Reyes and Koretz) — regulation of pharmaceutical drug marketing.✓



NEW administrative assistant in the CSU-ERFA office is Billy Woods, an electrical engineering junior at Northridge from Westchester. He started in early April. Billy is engaged and plans to graduate in 2004. Photo by Bob Kully.

Foundation board is now complete; new policies OKed

Concurrent with the meeting of the State Council April 19 in Los Angeles, the CSU-ERFA Foundation Board met twice.

The 2002-2003 Board (Maurer, Beamish, Long (absent), Perello and Norton) met after the meeting of the CSU-ERFA Executive Committee April 18 to approve interim operating policies and to prepare an agenda for April 19 after the State Council elected officers for the year 2003-2004.

This was necessary because CSU-ERFA officers are ex-officio members of the board.

The 2003-2004 Board (Beamish, Ianni (absent), Maurer, Perello and Norton) met April 19 to elect at-large members. Eleanor Price was elected to a 2003-2005 term and June Pollak to a 2003-2006 term.

Max Norton fills a 2001-2004 term.

The board also re-elected last year's officers to serve the coming year. They are Maurer (president), Beamish (vice president), Norton (secretary) and Perello (treasurer).✓

In memoriam

Fresno — Beatrice E. Bradley
Long Beach — John P. Kenney
Los Angeles — Jay M. Metcalf
Pomona — C. Edwin Harwood
San Jose — Hector Garcia
Stanislaus — Lorna M. Swain, Sylvia Ghiglier*✓

More about ...

CalPERS staff has ideas to meet rising costs of your health care benefits

Continued from page 1.

or physician groups that participate and have high scores would receive a year-end bonus if they meet the standards set by CalPERS, such as "best-practices" and consumer satisfaction. In part, outside rating groups would be used.

FIVE. More information for consumers about healthcare quality and cost, on Internet and hard-copy.

SIX. Multi-year contracts. For 2004, CalPERS proposes a three-year contract with Blue Shield HMO. (This does not work with Kaiser or Western Health Advantage). CalPERS hopes to benefit by getting agreements from Blue Shield for bigger and better disease management programs, and other improvements.

Members raised questions about what recourse CalPERS would have if quality declined, or there were disruptions with the medical or hospital groups. CalPERS believes this would be handled by the terms of the contract.

Proposed changes for 2004 will be voted on by the CalPERS

Don't be shy

Please send items concerning your post-retirement activities to the editor.

It is his belief that members of CSU-ERFA are interested in knowing what others are doing to keep out of trouble. Such items may include publications, honors and recognitions.

Please mail items to:

- 2123 H St., Eureka, Calif. 95501-3703 or e-mail to
- hls2@northcoast.com or
- 707/445-0286✓

Health Committee and the full board on May 13 and 14. Then we face a series of proposed long-run changes.✓

New CSU-ERFA members

We welcome the following new members of CSU-ERFA:

Chico — Claire R. Farrer, Barbara M. Kamman

Dominguez Hills — David Champion, Jose S. Cuervo, James G. Harris

Fresno — Max D. Futrell, Arlene A. Motz

Fullerton — Clinton D. Mackenzie, Merrill Ring

Humboldt — John S. Brecher, Gary A. Carver, John P. Turner

Long Beach — Patricia N. Dutriz, Johanna W. Roden, Elaine E. White

Los Angeles — Bernard Codner, Herbert Goldberg, Erika Wilson

Northridge — Veronica D. Elias, Gale K. Larson, Gloria R. Lothrop

Pomona — Ardel A. Nelson, Mark J. Von Wodtke

Sacramento — William F. Kutzer, Maurice Poe

San Bernardino — Elliott R. Barkan

San Diego — Oliva M. Espin, Anne-Charlotte Harvey

San Francisco — Janet P. Buchholz, Sally W. Croft, Francis Gretton, Margo A. Kasdan, Elsa Ten Broeck

San Jose — Jose S. Cerrudo

San Luis Obispo — Bianca Rosenthal

Sonoma — Arthur Ramirez

Stanislaus — Noble T. Dinse✓

Membership Application

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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	☐
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\$3,000-\$3,599	\$6 per month	☐
Above \$3,600	\$7 per month	☐
Donor member	\$8 or more per month	☐

Name

Date

Signature

Please mail the completed form to:

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

Council endorses Carlson for CalPERS

The CSU-ERFA State Council April 19 unanimously endorsed Robert Carlson's re-election to the CalPERS Board of Administration.

CSU-ERFA also endorsed Carlson four years ago in his successful bid for re-election.

The endorsement reflected his strong and effective advocacy on behalf of CalPERS annuitants.

The endorsement sent by President Bob Maurer speaks of the appreciation of CSU-ERFA

and its members for Carlson's "experience, and knowledge (which) have been invaluable in helping the board through some difficult problems during these arduous times."

Maurer continues: "We respect your commitment to serving California's retired public employees and appreciate your efforts on our behalf."

The position Carlson holds can be voted upon only by CalPERS retired members including those who are CSU-ERFA members. ✓

— Milt Dobkin
Member at large

What Diehr's election means to CSU-ERFA

Elsewhere in this issue you can read a report of Professor George Diehr's presentation to the April 19 meeting of the State Council.

However, CSU-ERFA members may not be aware of the significance of the event and of Diehr's election to the CalPERS Board of Administration, especially to our members.

Diehr now represents the state active employees in the seat vacated by Professor Bill Crist's retirement. Crist's service benefitted retirees from time to time even though his primary responsibility was to the active members.

(For example, without his assistance, CSU-ERFA would not have been successful in removing the CalPERS prohibition of material discriminating against 1992 faculty retirees.)

Naturally, any action he took affecting pension funds or health benefit programs also had a potential impact on our members.

Crist was a friend of CSU-ERFA and met with the State Council twice, but in the short time since his election, Diehr has appeared to be potentially an even more active responder to the needs of retirees as well as actives.

In addition to his forthright manner in responding to State Council members' concerns, he had indicated his intent (during his campaign) to focus on the health care problems facing CalPERS.

Subsequently, he participated in the CalPERS Constituent Work Group on Health Care meeting in May in preparation for discussions on staff recommendations to be acted upon at the May board meeting. Wilma Krebs and I, who participate in these meetings, know it is rare that a CalPERS board member will even attend them.

My acquaintance with Diehr's work style and ability are partly based on his participation as a member of the CFA Member Benefits Committee, which I have chaired for many years, and in watching his "dissection" of the CSU budget in the interest of the instructional share.

He is on the Benefits and Program Administration Committee as well as the Investment Committee. Since he also is vice chair of the Health Benefits Committee of CalPERS and on the Investment and Benefits committees of CalPERS, his potential value to both actives and retirees is great.✓

— Milt Dobkin

More about CalPERS' by Diehr

Continued from page 1.

originally by state controller Kathleen Connell, could limit the pay CalPERS could offer its top-level money-managers. Regarding health care, he said that rates are increasing 25 percent in 2003 and probably will show double-digit increases in 2004, which CalPERS is closely monitoring. As an example of the forces that are driving up costs, he distributed a report on disparities between billing practices in state hospitals.

Diehr said he was pleased to have arrived early at the State Council meeting and to have heard discussion of healthcare options presented by Wilma Krebs, chair of CSU-ERFA's legislative committee.

He said CalPERS is moving in three areas:

1) achieving possible statewide and national legislation regarding universal care;

2) holding down prescription drug rates; and

3) "going for the capillaries," those supposedly minor charges per month per person that drive up costs. He also is skeptical about the "regional rating" approach, but allowed that rates in Southern California are about 6 percent less than the average state rates. Unless CalPERS adopts regional rating, some public agencies threaten to leave the system, but they probably would leave anyway because their members are younger, healthier and need less healthcare.

Asked questions from the floor about those issues State Council discussed earlier, Diehr said that "disease management" has merits because those HMOs who educate patrons on personal care achieve lower costs. Regarding "single plan" — one HMO — he believes that no state health care program is likely to exclude Kaiser.

On the practice of "tiering," he said that some hospitals are too expensive and that if several hospitals are of the same quality, it would make sense to choose those that are cheaper.

On the possibility of reduction in retirement pay of state employees, that will not happen because CalPERS has more than enough money to meet its current obligations. Regarding opening of CalPERS investment strategies and performance to public scrutiny, Diehr commented that steps have been taken recently to be more transparent; general guidelines are public knowledge.

Finally, he recognized that the state seems intent on borrowing pension funds to help it ride out the budget crisis — bonds are being shopped to determine what rates may be obtained.✓

CSU, CFA begin bargaining for new full contract

by Dieter Renning

CFA liaison

The first session in the re-opener round of bargaining between CFA and the CSU took place March 24, followed by a second session on April 17 and 18.

There is no indication yet of how smoothly this round will progress. Bargaining for a new (full) contract will start next spring.

Considerable time was taken up by elections. The main changes: Humboldt's John Travis is the new CFA president, replacing Susan Meisenhelder, who chose not to run for another term, but who was elected

chair of the Political Action/Legislative Committee, replacing Eloise McQuown.

George Diehr is replacing John Travis as chair of the Contract Development and Bargaining Strategy Committee, and Jim May was replaced as treasurer by Kim Geron. Lillian Taiz and Patricia Hill are continuing as vice president and secretary, respectively.

In a separate mail ballot election Milt Dobkin was re-elected the Retired Faculty representative on the CFA Board, and Bill Littell as the Retired Faculty representative to the CFA Assembly.

Among other business the

Assembly heard John Hein (CTA/NEA) talk about a planned ballot initiative, the "Budget Accountability Act," for which support is building.

Assembly delegates were able to watch video tapes, being shown in the foyer throughout the proceedings, of the Legislative Audit Committee hearings in Sacramento concerning the CSU's controversial "Common Management System" (CMS), in which Chancellor Reed was one of the university's top administrators in the hot seat and about the efficacy of which CFA had first raised serious questions one and a half years ago.✓

**California State University-
Emeritus and Retired Faculty Association**

The Retiree Center
18111 Nordhoff St.
Northridge, Calif. 91330-8339

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