

NEA-Alaska/Retired

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ALASKA FACES THE REAL “RAINY DAY”!

On the Wednesday before DA, the NEA-Alaska Board heard a presentation that had been added to the agenda at the last minute. Ron Duncan, CEO of GCI, spoke for thirty minutes, complete with detailed slides containing data verified by the University of Alaska’s Institute for Social and Economic Research (ISER,) about the fiscal cliff facing Alaska.

Last August, Mr. Duncan asked his staff to determine the risks for GCI if the Alaska Legislature continued to fail to address the realities of Alaska’s financial situation. He was shocked to discover that the years of kicking the proverbial can down the road had brought the state to the brink of a nearly immediate total collapse unless the Legislature acts this session to use earnings from the Permanent Fund as a key element of preserving the state’s infrastructure. He immediately set to work to form a broad-based, non-partisan coalition called Alaska’s Future, to convince the Legislature that they must act now. The coalition includes labor, both public and private employees, students, Native corporations, and a number of well-known political and business leaders from both parties, including Governor Tony Knowles and former Senator Steve Frank from Fairbanks.

The coalition’s two basic principles are these: (1) “every conceivable solution to Alaska’s budget deficit requires using Permanent Fund earnings to support essential public services.” (2) there is no combination of cuts or new sources of revenue (various taxes) that will save Alaska without using earnings from the Permanent Fund. Step one “is not a complete solution; other shared sacrifices will be required,” and “a sustainable dividend needs to be part of any plan.”

The coalition is taking no position at all on steps after step one - using earnings from the Permanent Fund - although there are several plans before the Legislature, including the Governor’s, which proposes a combination of capping the dividend, cuts, and taxes. The coalition’s focus is on step one alone: using Permanent Fund earnings, because that is the one step on which the diverse members of the coalition can all agree. In Mr. Duncan’s words, the boat is sinking and we must first patch the leak before we do anything else, or we are lost.

Some of the facts Mr. Duncan shared:

- Alaska is spending 3 million dollars a month more than it’s taking in.
- By September 2018, the Constitutional Budget Reserve will be empty.
- Alaska has already lost one notch in its bond rating. If nothing sustainable is done, our bond rating will drop even more, and we will be unable to borrow any money for a gas pipeline.
- In 1969, 60% of Alaska’s revenues came from oil; in 2015 it’s 90%.

- The pipeline is carrying 1/3 as much oil as it carried at its height. In order to balance this year’s budget, the price of oil would have to rise to \$110; it’s currently less than \$25.

- If action is taken this year, it would be possible to sustain a dividend at about half the current amount; if no action is taken, there will be no dividends at all in three years.

Businesses in Alaska have already begun cutting employees and projects. If there is no Legislative action in this session, these losses will grow and Alaska will face a spiraling recession in which more jobs will be lost and homes will lose their values. This crisis is many

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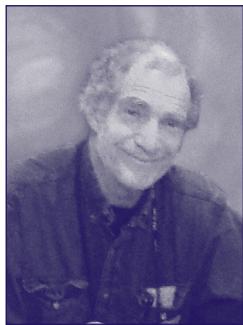
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President's Message

aka Kronberg's Corner



This column generally is about some pretty global issue, but this time it will be about one member's struggle to force Aetna and the Alaska Department of Administration to simply do the right thing. One of our members lives in a small city with no ophthalmologist. Sadly, she was diagnosed with glaucoma some time ago and must have an ophthalmologist or some other qualified provider monitor her condition. Glaucoma is a progressive condition and can readily get worse if it is not monitored by a qualified medical provider.

In the latter part of 2014, our member contacted Aetna requesting pre-authorization to go to an ophthalmologist in Seattle. Her request was made in a timely fashion, and she followed it up with multiple calls to Aetna to find out their response. One of the Aetna agents she spoke with on the phone asked her why she did not go to see an optometrist if there was no ophthalmologist in her town. Our member had to point out to that agent that she did not need glasses; she needed treatment for glaucoma. She did not get a response on her request for pre-authorization of travel and faced with the choice of going for her appointment or passing it up she went without the pre-authorization. She filed for reimbursement of her travel expenses, and Aetna denied the claim based on her failure to get pre-authorization for her travel.

The rest of her narrative is all about the AlaskaCare appeals process. Before Aetna became the third party administrator for AlaskaCare the process had two steps. The first step was to the third party administrator and the second was to the Division of Retirement and Benefits. When Aetna came in that was changed to the now-current three-step process. Both the first and the second appeals go to Aetna. The issue in the first appeal was the pre-authorization, and the appeal was denied. Aetna's appeal panel simply decided that Aetna had done no wrong in failing to respond to the request for pre-authorization.

At this point in the process most people would have given up and simply eaten the expense of the travel. But our member persevered. She appealed again, and this time she received a response from an individual in the Department of Administration who wrote that not only had she failed to get pre-authorization, but also that the travel was not for treatment, but rather for diagnostic or screening purposes and reimbursement for travel is strictly limited to travel for treatment. As it turned out, the ophthalmologist in Seattle did prescribe her medication, but it was the same kind and the same dosage as had already been prescribed.

Finally, our member exercised her right to a Level 3 appeal to the Alaska Department of Law. Two NEA-Alaska UniServ Directors accompanied our member to a pre-conference meeting to set a date for the hearing itself. One of the UniServ Directors attended telephonically and the other was in the meeting room in Juneau. The meeting did not last very long. The attorneys from the Department of Law, having read over the packet of material submitted by our member and the packet

Editor: Barbara Stek

This newsletter is the official publication of NEA-Alaska/Retired, printed three times a year: October, February, and June. Retired members are encouraged to submit articles, as well as voice comments and concerns. Articles should be sent in Word via email to bwstekak@yahoo.com no later than the 1st of the publication month.

"President's Message" Cont.

from Aetna and the Department of Administration, halted the proceedings and said there was no need for a hearing as the issue could be settled. As it turned out our member is to get full reimbursement for her travel.

There are several "takeaways" from this story. In terms of our health benefits, Aetna and the Department of Administration can no longer dither around without responding to a request for pre-authorization for travel and then deny a claim for travel expenses because the pre-authorization was not granted. Perhaps even more importantly, the definition of "treatment" for a progressive disease now clearly includes monitoring an already diagnosed condition. In terms of the appeals process, there are also several takeaways. The first is not to give up

too easily. Aetna is making the judgment at the first two levels of appeal, so our members should not be surprised if the company doctors on the appeal panels support the decisions of Aetna's bureaucrats. The second process takeaway is to save every e-mail and every letter from Aetna or the Department of Administration and to make comprehensive notes about every contact you have about your issue. Write down the name of the person with whom you spoke, the date and time of the conversation, and a few sentences about the substance of the conversation. We all owe this member a debt of gratitude for her perseverance in the face of a bureaucratic wall attempting to deny her what was due to her under the AlaskaCare rules for reimbursement. Beyond that, she has shown all of us just what must be done in order to protect our rights.

— Rich Kronberg

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times worse than the retrenchment Alaska underwent in 1985. Mr. Duncan's primary point is that we only have a limited time to turn this ship around before financial forces will make it impossible to save the Permanent Fund, any dividend at all, or indeed Alaska as a place where people would choose to live.

After hearing the presentation, the Board voted unanimously to contribute \$100,000 to Alaska's Future coalition efforts, and to recommend to Delegate Assembly that our annual legislative priorities, determined by the Legislative Review Committee, be limited to one: the use of the earnings of the Permanent Fund to preserve essential services in Alaska, including education.

The Delegate Assembly agenda heard the presentation by Mr. Duncan on Thursday evening. At the Political Action Hot Topics session on Friday morning, about 75 delegates discussed the various aspects of Alaska's Future coalition and their mission and voted overwhelmingly to recommend just the one priority to the LRC. Saturday evening, as usual, the last committee to report was the LRC and their report did contain just the one priority. However, two amendments to the LRC report were made from the floor (which takes a 2/3 vote): to add our traditional priorities of restoring defined benefit retirement and obtaining full forward funding for education. After considerable debate, which was both thoughtful and respectful despite the late hour, the motion to amend failed by less than a majority. NEA-Alaska thus has just one legislative priority for the first time in my memory, a mark of the delegates' sense of urgency of the situation.

Further information on Alaska's Future and NEA-Alaska's engagement with the effort will be forthcoming from NEA-Alaska. For more information, see the Alaska's Future website at www.akfuture.org.

— Susan Stitham, Region R Director, NEA-Alaska Board



Health Committee Report

If you are having trouble with our insurance and would like some help, call the Anchorage NEA-Alaska office, 907-274-0536, and ask for Keri Clark. She is our retired organization's liaison.

During the Murkowski administration, the PERS/TRS Committee was terminated. The committee worked with the state providing input on the three insurance programs we have: Health; Dental, Visual, and Audio (DVA); and Long Term Care (LTC). DVA and LTC are optional and they are entirely paid for by members. The state is merely the administrator. Well on the 11th of February, the new committee framework will most likely be agreed upon and will take its next step to the governor's office for implementation.

Sometimes I connect with a good agent when I call Aetna. I like to support them and in this column I have recommended passing a compliment to his/her supervisor.

Most recently I got referred to a survey. In order to support the agent, I noted the question: Based on this agent would you recommend Aetna to another person? Well, after the survey, I realized the other person will be the state of Alaska. Their contract is up at the end of 2016. I am not going to take future surveys!

I believe that Aetna has saved the state money by denying claims and confusing members. Recently they have started refusing to show how Medicare has lowered the cost of care. I received a statement that said I might owe \$2000. After I checked into it, I may owe \$40. The agent said, "Well maybe you do not have Medicare." They did show the amount another plan paid under the total in small print. It was the Medicare payment. They knew it was Medicare. Why they mistreat us like this, I do not know.

— Rod McCoy, Heath Benefits Team Chair

Medicare Enrollment for AlaskaCare Retirees



Retirees and actives approaching age 65 need to pay attention to the "enrollment periods" for Medicare coverage. For retirees, Alaska Care becomes supplemental to Medicare at age 65. If you do not enroll in Medicare at age 65, you will pay a larger part of your medical bill and you may pay a higher Medicare premium.

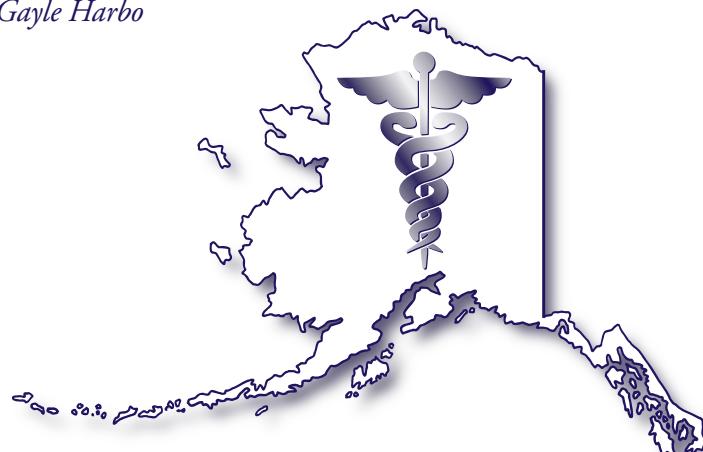
There are 3 different enrollment periods, but for most retirees the best is the "Initial Enrollment Period." This has a 7-month window which begins 3 months before your 65th birthday month and ends 3 months after. The other two periods, the Special Enrollment and General Enrollment, will be explained if you call Medicare Information at 800-478-6065, or in Anchorage, 907-269-3680.

You will also be offered Medicare Part D, prescription drug coverage. You are not required to enroll in this plan since the AlaskaCare coverage is the same or better than Part D.

Retirees already enrolled in Medicare may have noticed an increase in the monthly Part B premium which is now "means tested." For 2016, a single head of household will pay the standard monthly premium of \$121.80, plus an

additional monthly amount from \$48 to \$268, depending on how much income you receive in excess of \$85000. Check the Social Security statement mailed in November for an explanation of your 2016 premium and make sure you are not being charged for Medicare Part D if you receive your prescriptions through AlaskaCare. If you receive a Social Security check, Part B is deducted from your check. If not, you must send in the payment. For the year 2016, Social Security recipients did not receive a cost of living adjustment so the actual monthly amount received this year may be less than last year. Call Medicare if you have questions, but do check your statement.

— Gayle Harbo



Alaska Retirement Management Board Update – Winter 2016

The Alaska Retirement Management Board was established in 2005 by legislation that also established a defined contribution retirement system for all new hires in PERS and TRS, beginning July 1, 2006. The Board is comprised of nine trustees: two from PERS, two from TRS, two trustees who do not participate in either system, the Commissioner of Administration, the Commissioner of Revenue, and a finance officer from one of the municipalities participating in either system. The ARM Board meets five times a year with two-day meetings preceded by committee meetings. An occasional teleconference to deal with time specific issues is sometimes held.

Trustee education is an important part of annual duties as markets change and new investment opportunities arise. Each year the ARM Board sponsors its own conference and invites members of the Permanent Fund Board and the University Endowment to participate.

Global investing and new areas of investment are presented, always with the idea that trustees have a diversified portfolio with the most return for the least risk.

With the defined benefit systems closed for PERS and TRS, another consideration for ARM Board trustees is liquidity. More than half the current members in both PERS and TRS are in the defined contribution system, established for new hires beginning July 1, 2006. In this system, members manage their own money and therefore bear the risk. ARM Board trustees have the fiduciary responsibility to make sure the money is there for each retiree's safe and secure retirement.

The ARM Board will meet in Juneau, February 18, with committee meetings the day before. All meetings are open and the public is invited to attend.

— *Gayle Harbo*

NEA-Alaska Board of Directors Meeting

Hotel Captain Cook | January 13-14, 2016

The NEA-Alaska Board of Directors winter meeting was held in Anchorage before Delegate Assembly.

The following motions and recommendations were made by the board:

- Moved placing Ernie Kirby/Region VII on the vacant Anchorage Office Building seat.
- Moved to receive and file the 2015 audit.
- Moved the update of the advisory service resolution with Merrill Lynch.

The Board listened to a presentation from Ron Duncan, CEO of GCI. The report was focused on the fact that every conceivable solution to the state's fiscal crisis requires permanent fund earnings to support essential public services. The board supported this concept and as a result of the support the following motion was made:

- Moved that NEA-Alaska contribute \$100,000 to Alaska's Future (the organization spearheaded by R. Duncan.)

The next board meeting will be April 2, 2016 in the Anchorage office.

Respectfully submitted by the Region R Directors
— *Nancy Allen, Gayle Harbo, Susan Stitham*

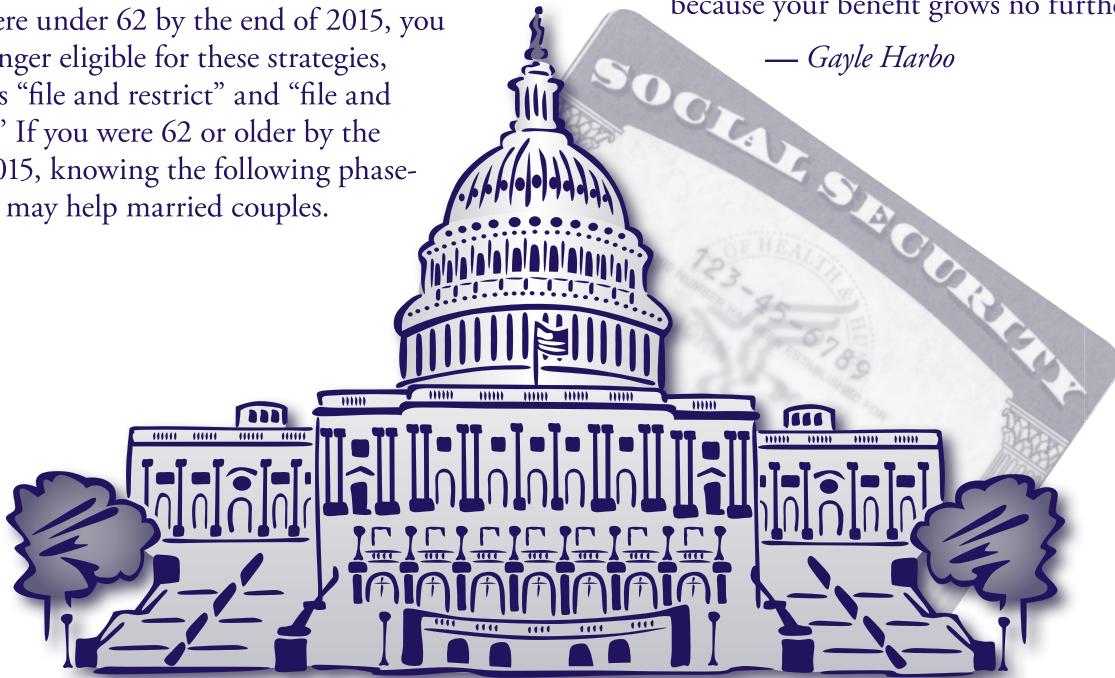


Nancy, Gayle, and Susan

Social Security Spousal Benefit

Congress has changed the rules that apply to married couples claiming a spousal benefit. Two strategies which enabled married couples to postpone their benefit, let it grow and in the meantime collect a spousal benefit, are being eliminated.

If you were under 62 by the end of 2015, you are no longer eligible for these strategies, known as "file and restrict" and "file and suspend." If you were 62 or older by the end of 2015, knowing the following phase-out rules may help married couples.



Anyone who reaches the age of 66 by April 30, 2016, can still file and suspend, but you need to do so no later than April 30, 2016. After that date you can no longer file. Once you file you can suspend receiving your benefit as long as you want, but do stop the suspension at age 70 because your benefit grows no further.

— Gayle Harbo

NEA Member Benefits

Check out the member benefits website to see what offerings may be valuable to you. I did and will list a few of them here:

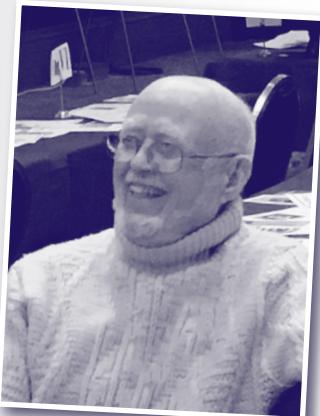
- The NEA Long Term Care Program is also available to immediate family members.
- Flowers and gift baskets may be ordered at a reduced rate.
- Pet insurance is offered with no upper age limits on cats and dogs.
- There are reduced fees for AT&T wireless service.
- Identity theft protection is offered through LifeLock.
- You might find a great guided vacation with Trafalgar.
- The NEA cash reward card and the online savings account may help with finances.

Visit www.neamb.com. Hopefully, one or more of your benefits will be of interest!



Hip, Hip, Hooray!!

Hollis “Hank” Harrison spoke to the combined group at Delegate Assembly about the history of NEA-Alaska. During our last session, Doug Oliverson took a moment of personal privilege to thank his former teacher, Hank Harrison, for his many years in education and for leading by example. Doug asked the delegates to give Hank a standing ovation and a three-part hip, hip hooray. What a nice tribute to a dedicated educator!!



Hollis “Hank” Harrison

With Our Thanks!

We want to extend our sincere thanks to the retiring members on our NEA-Alaska/Retired Board:

Bob Deitrick, who was our past president and who recently served as vice president; Mary Bohanan and Kristina Tornqvist, long term at-large representatives; and Nancy Allen, who served on the NEA-Alaska Board of Directors for the past six years.

Their many years of service have helped our organization in innumerable ways. We will miss them!

Election News You Need to Know

Although we could not cast our ballots for NEA-Alaska President, Vice President, and NEA Director...

- ✓ **Tim Parker is the new president.**
- ✓ **Jessica Cook is the new VP.**
- ✓ **Tammy Smith is the new NEA Director.**

Now for our retired election results:

- ✓ **President: Rich Kronberg**
- ✓ **VP/Treasurer: Judy Salo**
- ✓ **Secretary: Barbara Stek**
- ✓ **Directors-at-large: Pat DeSmet and Barbara George**
(They will join current at-large member, Rod McCoy).
- ✓ **Region R Director: Rich Kronberg**
(He will join Susan Stitham and Gayle Harbo).
- ✓ **Representative Assembly: Barbara Stek and Steve Click**

The NEA-Alaska/Retired Board thanks you for taking the time to vote!





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www.nea.alaska.org or
email: info@nea.alaska.org

Check out the recent election results!

Aetna Alert

It has been reported to the retired group that certain physicians are refusing to take Aetna insurance. Folks from Tucson and Reno have had this experience. This may also be happening in Anchorage as it appears that at least one primary care physician has opted to only take Blue Cross/Blue Shield. These issues have been reported to Retirement and Benefits. Please let us know if you are having problems securing a provider because he/she refuses Aetna insurance. Be assured that we will keep you abreast of any new developments.

Dental/Vision/Audio Update

Many of our members have expressed concern over a perceived diminishment of benefits in the DVA program, specifically in the dental portion. We do not know as much about the Long-Term Care Program as to whether or not people have been denied service.

In order to protect our benefits, the Retired Public Employees Association has "filed a lawsuit for declaratory relief against DOA Commissioner Fisher. The lawsuit claims the state has refused to acknowledge that the health insurance benefits provided under the dental/vision/audio plans and long-term care plan are part of the vested retirement benefits that cannot be impaired under the Constitution."

To access continuing information about this lawsuit, go to the following website: rpea.apea-aft.org. Please advise us of any issues you may have with denial of services.

Calendar of Events

March

22-24 NEA Retired Organizing Conference

April

2 NEA-Alaska Board of Directors Meeting

17 Legislative Session Ends

22-24 NEA-Alaska Spring Conference

June

8 NEA-Alaska/Retired Board Meeting

29-30 NEA-Alaska Summer Office Closure

NEA Retired Annual Meeting (Pre RA)

July

1-10 NEA-Alaska Summer Office Closure

2-7 NEA Representative Assembly