

NEA-Alaska/Retired

Summer 2018 • Volume XXXI No. 3

NEA-Alaska Board of Directors Meeting March 30, 2018

NEA Executive Director Evaluation: The Board completed the evaluation of Glenn Bafia's first year on the job with a glowing review, particularly in the areas of creating a positive climate with NEA-Alaska staff and governance, employing a transparent leadership style, and bringing a focus on the importance of personal relationships in enrolling members, lobbying, and accomplishing our goals.

NEA 360: This new communication portal has gone live. All NEA-Alaska members can be linked via this platform, with local and state leaders as well as staff, and eventually locals will be able to include building reps. One positive aspect is the ability of members to edit their own contact information which should include email and snail mail address changes which will make our membership contact lists much more accurate. Another feature is the ability for members to ask questions of staff and leadership which becomes a "case," the disposition of which can be tracked.

Update on Impact of Janus Case: Glenn reported that NEA-Alaska has done an excellent job of flipping about 25% of the current agency fee payers and turning them into actual members. They are continuing to work on this project in anticipation of the loss of agency fee. There are also proposed staffing cuts and layoffs from a number of districts around the state because of loss of state funding, all of which will cost us members from NEA-Alaska and local associations. He anticipates at worst case a need to make significant cuts in program and staff to our \$7 million budget for 2018-19. The Budget and Audit Committee will be presenting an adjusted budget to be adopted at the June Board meeting which will be able to be revised in September if the losses are less than the worst case.

A New Approach to Restoring DB Retirement Plan: Glenn presented a new plan, vetted by NEA's actuarial experts, which is much more financially feasible for Alaska than the Kito bill currently in the legislature, although we are continuing to support that bill to keep the issue on the front burner. The unfortunate news on the public employee retirement coalition is that Pete Kelly has put in a bill this session to give just fire and police a defined benefit so those two groups are focusing on their own bill for the moment. But they might be back to join us.

Our new plan would not involve a choice for employees but rather a combined DB and DC plan which spreads the risk between employers and employees. Retirees on this plan would receive a pension as well as some employer contributions to their DC plan. The amount of those employer contributions would decrease proportionally if the plan is underfunded. The new plan would

also reduce in-state COLA for retirees from 10% to 5%. The PRPA for retirees on this plan would max out at 3% and would not kick in unless the system is funded at 90% or better. The normal retirement age would be raised to 60 for TRS and PRS school employees. For more information, contact Rich Kronberg or Gayle Harbo. Tim Parker is in the process of appointing a special task force, composed of advocates for Tiers Three and Four, who will spearhead this effort.

Resolution on School Safety and Arming Teachers: Tom Klaaymeyer, president of AEA and Region VI director, presented the following motion. After a thorough debate including a motion to delete the last bullet, which failed by a 13-14 vote, the Board passed

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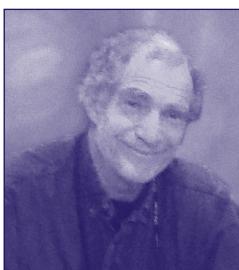
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This newsletter is the official publication of NEA-Alaska/Retired, printed three times a year: October, February, and July. Retired members are encouraged to submit articles, as well as voice comments and concerns. Articles should be sent in Word via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

President's Message**aka Kronberg's Corner**

For public employees in states that require collective bargaining between public employees and their unions the expected Supreme Court decision in *Janus v. AFSCME* points up the costs of electing candidates who are committed to the destruction of collective bargaining for public employees. The selection of Neil Gorsuch to fill the seat

on the US Supreme Court that became vacant when Justice Scalia passed away was nothing more nor less than President Trump and the Republican controlled US Senate paying back their political debts to the Koch Brothers, Sheldon Adelson, the Mercer family, and all the other oligarchs who do whatever they can to tear down public institutions in the expectation that: they can (1) personally profit by replacing public services with private ones, and (2) pay substantially lower local and state taxes on their income and investments.

These oligarchs, their rented politicians, their paid operatives, and the media have been working hard to create the current situation where anti-union, anti-worker elected officials (primarily Republicans) control all branches of the federal government and many state governments. Now is the time when these “rented politicians” payback the oligarchs for all the campaign contributions and other support provided over the years. Those elected officials who voted for the tax law passed late last year promised all sorts of benefits for people who work for a living. To date, almost all the savings under the new tax law have gone to the richest 5% of Americans. Working people, including public employees, have seen little or no gains. Just about all the gains for working people have been offset by the increased costs of living resulting from even greater monopoly pricing seen in the telecommunications industry, cuts to government services necessitated by the increased tax breaks for the rich, and, most recently, higher prices in our stores resulting from the trade war begun by President Trump and permitted by the subservient Republican leadership in Congress.

British playwright George Bernard Shaw once said, “Democracy is a system of government that ensures we are governed no better than we deserve.” We can see the wisdom of Shaw’s words every time election results show that many American workers - including public employees - voted for candidates who promise the moon for working people but have histories of voting to dismantle unions, putting anti-worker justices on the federal courts, cutting protections for worker safety, gutting consumer protections, weakening laws that protect ordinary Americans from predatory practices by banks and other financial institutions, and trying to divide Americans even more than we are already divided by appealing to our fears of people who don’t look like us, have a different sexual orientation, speak with foreign accents, or pray in the same churches or no church at all.

Instead of complaining that our pensions are too small, our health insurance does not pay enough of our medical costs, and the plain fact that many of us are losing ground to the increases in the cost of living, we need to stop paying attention to political candidates who prey on our fears of others, and do

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“President’s Message” Cont.

whatever we can to support candidates - at every level of government - who have demonstrated histories of acting on behalf of people who either work for a living or are now retired from real jobs in the public or private sector.

– Rich Kronberg

“Board of Directors Meeting” Cont.

the motion unanimously. This position will guide the state association on this issue until Delegate Assembly.

NEA-Alaska Board of Directors Resolution on School Safety

Whereas, student and employee health and safety is of paramount concern in public schools.

Whereas, the incidence of gun violence in schools is increasing both in number and magnitude.

Whereas, the use of assault or military grade weapons and high capacity magazines dramatically exacerbates the deadliness of such incidents.

Whereas, the role of educators, that of nurturing, encouraging, challenging, supporting, and educating students, is fundamentally opposed to that of being armed.

Be it resolved that NEA-Alaska supports a multifaceted approach to addressing the complex issues around school safety to include, but not necessarily be limited to:

First and foremost, the provision of adequate public school funding to:

- Reduce class sizes to a level which allows enough one-on-one interaction between classroom teachers and their students to foster a rich and enduring educational relationship.
- Increase the number of school counselors, psychologists, social workers, nurses, paraprofessionals and support personnel to be better able to prevent and/or address students in crisis.
- Provide additional academic and extracurricular opportunities to educate the whole child by providing the varied, dynamic, engaging educational experience all students deserve.
- A comprehensive review of district and school safety policies, procedures, facilities, and equipment.

Please make sure we have your current email address. Contact Tamara Monroe at 274-0536 to make changes.

- Additional funding to provide the necessary personnel, equipment, facility improvements, and training to ensure student safety.
- Strengthening restrictions and regulations in regards to the sale and possession of automatic and semiautomatic assault or military grade weapons and high capacity magazines.

Be it further resolved that NEA-Alaska strongly opposes efforts to arm public school educators.

NBI 18-27: Safeguarding Contractual Rights – Glenn reported that they have received legal advice that removing specific statutory references from contracts is acceptable. Removing that language will permit the Association to defend only members on allegations of violations of state law. NEA is re-examining the whole issue of Fair Representation in this light. That report and specific examples of such language for local use will be referred to the Collective Bargaining/Employee Rights sub-committee of the Board.

NBI 18-41: Elections Policy in Light of Anticipated LMRDA Changes: Tim appointed a committee to consider the revision of our policies in the light of the federal requirement that we return to paper ballots for state wide elections which is likely to result from an adverse decision in the Janus case. An area of particular concern is the ramification of that requirement for many locals who have moved to electronic voting, using the NEA-Alaska system, as well as the issues of costs and increasing voter turnout. The committee will report to the Board and then to DA.

DA Actions: Glenn announced that there will be regular reports at every Board meeting on the progress on action items from the previous DA. At last!

Mat Su ESP Named NEA ESP of the Year: Sherry Shaw, an aide who works with autistic children in the Mat-Su and Alaska’s ESP of the Year, was announced as the national ESP, the second national ESP award winner from Alaska, the first being Karen Mahurin of Kenai.

Respectfully submitted,

– Susan Stitham for Region R Directors: Rich Kronberg, Gayle Harbo, and Susan Stitham

Correction!

A recent email was sent listing the names of those who are serving on the Health Committee Team. I noticed an error in Joe Boyle’s email address. Please make the correction – it should read: boylejc08@gmail.com.

Sorry for the error!



Alaska Retirement Management Board Meeting – June 2018

The Board met in Anchorage at the Atwood Building on June 20, 21, and 22, with Audit, Actuarial, and DCR committees meeting on Wednesday.

Chair Rob Johnson announced the reappointment to four-year terms, beginning March 2018, of Gayle Harbo and Rob Johnson.

Fund financial statements indicate over \$32 B in the 14 funds managed by the Board. Of this, \$25.3 is in the DB health and pension funds and almost \$8 B is now managed internally. Many DCR members continue to leave after only 5 years and in the first 10 months of FY'18 withdrew over \$50 M of contributions made by employee and employer. The 2017 valuation report shows of the 19,171 DCR PERS employees only 6377 have been employed 5 years or more; for DCR TRS the numbers are 2202 of 4694 DCR actives.

Chief Pension Officer, Kathy Lea, gave an excellent presentation on the division's efforts to get information to new DCR employees regarding their benefits and investment options. There has been a problem with some of the 200 plus employers passing on the information and allowing time for employees to attend informational seminars.

The 2019 calendar was adopted with the first meeting to be held in Juneau April 3, 4, and 5. Three other meetings, June,

September and December, will be held in Anchorage.

The Board certified the actuarial review and accepted the FY'17 valuations. There was much discussion about the assumptions to be adopted in September after completion of the Experience Study by Conduent. The main concern is the earnings assumption which is currently 8% with a 4.88% real rate of return and a 3.12% inflation assumption, which is quite high. Trustee Kris Erchinger, who chairs the actuarial committee, proposed that we ask Conduent to run the numbers with a 4.88% real return and an inflation assumption of 2.5%, a figure agreed upon by Callan Consultants and our 2 actuaries. The Board unanimously adopted this request and we will see in September what effect this has on the State's obligation.

We heard great presentations by Treasury staff on Global Equity ex US, Absolute Return, and Private Equity which resulted in several action items. We approved one-year extensions for the contracts of the performance consultant and the real estate consultant and approved the preparation of an RFP for an independent audit of the performance consultant. It was a very productive and informative meeting.

The next meeting will be September 19, 20, and 21 in Anchorage.

– *Gayle Harbo*

The High Cost of Specialty Drugs

In FY '17, \$550M was spent on AlaskaCare's 72,000 covered lives (42,000 retirees and 30,000 dependents). This amount includes pharmacy but not DVA or Long Term Care. Specialty drugs make up 25% of all plan costs for the retiree population and their use has increased the most for the post 65 population, up 14%. Cost is rising faster for this category, in part, because of the inflated prices of the pharmacy companies.

What are specialty drugs? These high cost drugs, used to treat cancer, multiple sclerosis, and many autoimmune diseases, are complex and require special handling, administration, and monitoring. The cost can easily be over \$10,000 a year per patient but can be cost effective if the drug keeps the patient from lengthy hospitalization. Since 2010, the average price of generic drugs has gone down, but the use of specialty drugs brings the overall average up. In the United States, specialty drugs account for 1% of the

prescriptions but represent 32% of the cost.

Our retirees do an excellent job of monitoring their prescription use. Use of generic drugs and the mail order refill program contribute to significant cost savings for the AlaskaCare plan. Retirees who must use specialty drugs can contact the concierge to discuss ways to save on cost. When the next bid is issued for a health care administrator, the pharmacy benefit management (PBM) will be carved out and bid separately in an effort to further manage costs.

Thanks to all our retirees for their attention to cost and for being informed patients, asking questions of the physician before accepting prescriptions automatically. Often a change in diet or a simple exercise can alleviate pain and discomfort, rather than depending on a prescription.

Stay healthy !!!

– *Gayle Harbo*

Leadership Summit & Retired Conference

March 16-18, 2018 | Chicago, Illinois

Judy Salo, Val Baffone, and I had the opportunity to attend the 35th NEA National Leadership Summit and Retired Conference this year.

The agenda of the summit was different this year as the first day and a half were combined trainings for both active and retired members. NEA President Lily Eskelsen Garcia said the summit was designed to provide a unique and meaningful leadership experience, which is why it is not referred to as a conference but a summit. The sessions were based on the six NEA Leadership Competencies - leading our professions, advocacy, business, communication, governance, and organizing. The sessions provided opportunities to connect with members from other states and gather new ideas for recruiting active and newly retired members. Members from other states also shared creative ways to collect membership dues and ways that we can support active locals so that we remain engaged, involved, and useful on many levels.

The Five “Ps” for Success for NEA Retired were presented:

- Power in Numbers
- Protect Pensions
- Political Action
- Protect Education for Children
- Protect Health Benefits

There were amazing presenters and speakers and lots of great, inspiring information. We were in Chicago for St. Patrick's Day so we were able to watch the Chicago River turn green. I felt like a country mouse, but Chicago was amazing.

One of my favorite quotes from the conference was: “We’re all better off, if we are all better off.”

And as NEA President Lily Eskelsen Garcia said, “Together we will unite our members and the nation.”

– Barbara George

Vice-President's Report – June 13th

Healthcare and RHPAB

The months since the DA have been busy ones. The new Retiree Health Plan Advisory Board has met twice. Our first meeting on February 7th was in Juneau, and was largely organizational with presentations by the Department. We were also able to attend the quarterly briefing from Aetna on AlaskaCare. The day following that meeting I attended the Senate Finance Committee meeting to see a presentation regarding our pharmaceutical retiree coverage made by the Division of Retirement and Benefits to the committee. I had never heard of EGWP (Egg Whip) before, but four months later it has become a household term.

We also met on May 8th in Anchorage, a full day meeting devoted primarily to studying the issue of Modernization. Sub-committee meetings and communication with staff and members have added to a fairly busy workload.

NEA-Leadership Including the NEA Retired Spring Meeting

I attended this conference in Chicago in mid-March with Barb George, Val Baffone, and about 20 active members and leaders from Alaska. There were some amazing sectionals and inspiring speakers, and in an era of attacks on Public Education, there was a strong reminder of how important our work is to sustaining educational opportunity for all students.

State Proposal Evaluation Committee

I also served on a PEC (Proposal Evaluation Committee) for a Pharmacy Benefit Manager. I read and scored four proposals and participated in the interviews of the management teams. Within the next few weeks the State will be announcing the results of that work. The intent is that there will be minimal disruption to pharmaceutical service with no diminishment of benefits but significant savings to the state. We all get understandably nervous regarding this type of change, but I can attest to the fact that the DRB Health Team is working diligently to make this a smooth transition. Reissuing these types of contracts is a state requirement. It is done according to the rules and regulations of the State Procurement Code.

– Judy Salo

Retired Health Plan Advisory Board

The second meeting of the RHPAB (Retired Health Plan Advisory Board) was held in Anchorage on May 8th. The Board adopted bylaws that were developed by sub-committee and set their calendar for 2018 and tentatively for 2019. RHPAB will meet quarterly, usually in Anchorage, with one meeting annually in Juneau. All meetings will be coordinated with the AlaskaCare quarterly reviews.

The two big items on the May 8th agenda that will carry forth in the months to come are the Employer Group Waiver Program (EGWP) and Modernization of our retiree health plan.

EGWP (a Federal Program) would provide subsidies to the State of Alaska for qualifying prescription drug costs. It would allow participation in Medicare Part D, thus saving the state significantly on the cost of prescription drugs. Since our retirement benefits are guaranteed constitutionally, any current benefit that is not included in Medicare Part D would be continued in a wrap-around program with no additional cost to the member. Assuring the non-diminishment of benefits as well as trying to make the plan sustainable in the future are issues that the members of the new RHPAB Board take very seriously.

The Modernization of our retiree health plan is the other important issue for the Board to study. Over the years the many changes in health care have warranted consideration of certain changes to the AlaskaCare Plan. As members, we have cherished the constitutional clause that protects our benefits. Without it we would have been “sitting ducks” for cost-cutting as health care costs escalated. Our job will be to look carefully at the complaints from members regarding coverage and try to decide if there are any changes that would be revenue-neutral and more beneficial to both parties. It will also be a time to carefully and critically evaluate high cost areas and seek solutions to make the plan sustainable over time within the “non-diminishment of benefits” parameters.

In addition to these two major issues we will act as a sounding board to the Department on all issues regarding the retiree health plan. The Board will next meet in Juneau on August 28th. Meanwhile, subcommittee work will begin on the Modernization issue on June 12th. Check the website for up-to-date information and public notification of meetings. RHPAB is subject to the Open Meetings Act and will schedule public testimony at each meeting.

– Judy Salo, Chair

Additional Information on “Egg Whip”

The Employer Group Waiver Program (EGWP) is one method offered by the federal government to provide subsidies to the State for qualifying drug costs. It is a group Medicare Part D prescription drug plan option.

It would apply to Medicare eligible retirees and dependents. Its use could generate approximately \$20 million to \$60 million per year in savings to the health plan.

If we utilize this program, AlaskaCare health plan retirees eligible for Medicare would be automatically enrolled for their prescription drug benefits.

An enhanced EGWP is a plan offered which has a supplemental prescription drug benefit known as a wrap. This would provide additional coverage for drugs not covered under the Medicare Part D drug formulary.

Switching to this plan will not cost individual members more money. Additionally, members would not be charged a premium for Medicare Part D. There is an exception for certain high wage earners, however, if you were required to pay a surcharge, you would notify the Division of

Retirement and Benefits to be reimbursed.

A new Pharmacy Benefit Manager will have a contract taking effect on January 1, 2019. Currently it is Aetna with their subcontractor CVS/Caremark.

Members may need pre-authorization for prescriptions they have been taking for years as Medicare does not allow previous pre-authorizations to be transferred.

I am sure there are many questions not addressed by this brief article. Further information may be obtained by contacting the Division of Retirement and Benefits at PO Box 110203, Juneau, AK 99811-0203. You may also address your mail to Retiree Health Plan Advisory Board in care of the DRB using the address above or email AlaskaRHPAB@alaska.gov.

– Barbara Stek

Delegate Assembly 2019 Nominations

To be nominated for Delegate Assembly, **January 17-19, 2019**, please complete this form and include a brief biography. Delegates must attend each caucus meeting and all sessions to receive **up to \$40 per diem for each of the three days with \$8.00 deducted for each of the two breakfasts provided by NEA-Alaska**. NEA-Alaska/Retired reimburses delegates **up to half the cost of a hotel room for a maximum of three nights not to exceed the negotiated NEA-Alaska room rate**. NEA-Alaska will reimburse airfare costs (**up to \$500 for out-of-state transportation**) based on bargain/value airfare.

An on-line election will be held. You will be notified of the results in November. Nominations for elected office as well as nominations for two-year appointments to the NEA-Alaska PACE Committee will be made during the caucus at DA.

To submit your nomination by email, send it to makana.bender@nealaska.org. Be sure to include DA 2019 Retired Nomination in the subject line, along with the information asked for on the form. Emailed nominations must be received **no later than September 3, 2018**. Makana will send a confirmation upon receipt of your email. If you mail the form, it must be received in the Anchorage office (at the address below) postmarked **no later than September 1, 2018**.

DELEGATE ASSEMBLY NOMINATION FORM

Name: _____

Mailing Address: _____

City/State/Zip: _____

Email: _____

Phone: _____

CANDIDATE BIOGRAPHY: (Limit: 25 words)

Return form to:

NEA-Alaska/Retired, 4100 Spenard Rd., Anchorage, AK 99517





NEA-Alaska/Retired

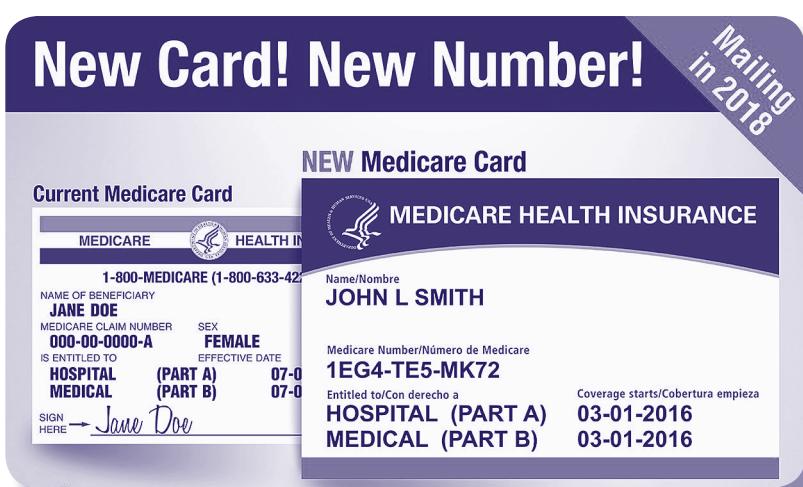
4100 Spenard Road
Anchorage, AK 99517

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

Be sure to fill out your DA Nomination Form!

Have You Received Your New Medicare Card?

Your new card should be arriving soon if you have not already received it. You will have a new Medicare number, replacing your Social Security number as your ID. The new cards are designed to help prevent fraud. If you are still awaiting your card, you can visit Medicare.gov/NewCard to learn when it may arrive.



Calendar of Events

September

21-22 NEA-Alaska Board Meeting

October

19-21 NEA-Alaska Fall Event

November

2-3 NEA-Alaska Board Meeting

12-16 American Education Week

December

22-31 NEA-Alaska Office Closed