



The Peralta Retiree

Apr. — June 2006

Vol. 2 No. 3

<http://www.peraltaretirees.org>

From the President...

by Jerry Herman, PRO President

Let's Party

As we finally begin to dry out from the rains of winter, PRO is looking forward to some fun. First, we have a mixer planned for April 27 at Aroma Restaurant in Alameda. The setting will be a deck overlooking the estuary. The mixer will afford PRO folks the opportunity to socialize with each other more informally than at a sit down lunch or a meeting. It should be a great party, so plan to attend. Details are in the column at the right.

Ragtime, The Musical at Woodminster

The Social Committee is working on a PRO theater party for the summer at the spectacular Woodminster Amphitheater in the Oakland hills. The show is Ragtime, a landmark musical about life in America at the turn of the 20th century based on the award winning novel by E.L. Doctorow. Tickets will be discounted for our group, and a pre-show barbeque on the Woodminster grounds is also being planned. See page 3.

Bonds (No, Not Barry - Peralta)

In the last PRO Newsletter I reported on the bond issue meant to finance Peralta's unfunded liability (the income needed to fund retirees' lifetime health benefits). At that point the bonds had just sold very quickly, the first step in generating income for the District to invest. At this point (early April), the first report on those investments is favorable. The funds raised from the sale of the bonds have been invested and are showing a healthy net return. If the current rate of return is maintained and improved slightly, the unfunded liability will be covered for many years into the future.

But at PRO we recognize that no matter how rosy

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PRO MIXER

MEET ▫ MUNCH ▫ MINGLE

THURSDAY ▫ APRIL 27 ▫ 3 PM

AROMA RESTAURANT

2337 BLANDING

ALAMEDA

[Foot of Park Street Bridge]

**No Host Bar ▫ Appetizers
Door Prizes**

Mixer Price: \$10

Advance reservations required.

**Submit Payment to Social
Committee Chair:**

RALPH MARINARO

31727 FIJI LANE

ALAMEDA, CA 94502

Phone or Email:

[510] 523-4288 ▫ bgmarinaro@aol.com

Please respond by Friday April 21

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Volume 2 Number 3

**PCCD Changes Insurance Broker
New Internet Resource Planned**

The Peralta District changed insurance brokers on January 1 of this year. The new broker is PSW Benefits Resources. Peralta’s insurance broker administers Peralta’s welfare benefit programs including its contracts with CoreSource and Kaiser.

With this change the Mybenergy website is no longer available as a resource with information about retiree benefits. Instead PSW Benefits Resources is creating a new website which will be accessible by June 1. The new website will include information about both the CoreSource and Kaiser retiree health plans. The URL (Internet address) will be:

<http://peralta.pswbenefits.net>

In the meantime if you have questions about claims you can contact Kimberly Wypychowski at PSW Benefit Resources. Her toll-free phone number is 877-866-2623. Be sure to contact Kimberly only about claims questions or issues. Help with any issues having to do with policies or procedures must come directly from the Benefits Office at Peralta. For help with resolving these types of issues, contact Jennifer Seibert at PCCD. Jennifer’s number is 510-587-7838.

The new brokers are reviewing and correcting the Summary Plan Descriptions (SPD) that apply to retirees. Copies of the revised SPDs will be available on the new website. In addition, the brokers are urging all retirees who have not done so to enroll in Medicare and, in the case of Kaiser members, Senior Advantage.

IN MEMORIAM

The following Peralta retirees have passed away during the last months. PRO extends our deepest condolences to their families and loved ones.

**Josephine Cooper
Wally Homitz
Kathy Husakow
Art Payne
Marvin Thornblad**

The PRO Board would also like to acknowledge the passing of:

Donald Peterson

Don was the husband of PRO Secretary Juanita Peterson. Although not a Peralta retiree, Don played an indispensable role in the early days of PRO by helping to create the database of Peralta retirees that became the basis of the original member outreach.

If you have any information about the passing or the serious illness of a Peralta retiree, please contact Bruce Jacobs at bfjacobs@covad.net or by writing to PRO, PO Box 1951, El Cerrito, CA 94530.

From the President . . . *(Continued from page 1)*

the current picture, there is always the possibility for problems, so we will continue to be vigilant, to monitor the status of our health benefits, and to be on the front line to protect the interests of Peralta retirees should that be necessary. For now, however, we can be comforted in knowing that the financial plan in place is performing up to expectations, and our benefits are in not in jeopardy.

See you at Aroma on April 27.

Reserve your tickets now for the PRO Evening at the Woodminster Amphitheater



Book by Terrence McNally

Lyrics by Lynn Ahrens

Music by Stephen Flaherty

Based on the novel "Ragtime," by E.L. Doctorow

An epic story of the shaping of multicultural America, based on Doctorow's famous novel about the turn of the twentieth century.

The lives of a wealthy white family in upstate New York, black working class people in Harlem, and Jewish immigrants at Ellis Island intertwine with each other, and with historical figures including Henry Ford, Harry Houdini, and Emma Goldman.

Friday □ July 14

\$18 per ticket (center section)

PRO is planning to precede the show with a picnic/barbecue for theatergoers. Details will be included when we mail your tickets.

To reserve your tickets (friends and family are welcome)

complete the form below and mail to:

PRO, PO Box 1951, El Cerrito, CA 94530

✂

Please send me _____ tickets for the Woodminster Summer Musical *Ragtime* on Friday, July 14. Enclosed is my check for _____ (\$18/ticket + \$1 for handling).

(Please print)

Name _____

Address _____ Email _____

Phone _____

Retirees' Survivors Face Key Decisions About Medical Benefits Coverage

Note: In the article below we do not include specific rates for Peralta coverage. When we asked the District for their current rates they supplied us with a rate sheet. However, when we raised some questions about the rates we were informed that the rates were "under revision," and would not be available by our press time. As soon as we have the current rates we will post them on the PRO website. We will also publish them in the July-Sept. '06 newsletter. The rates change so it is essential that you contact the District at the time of a spouse's passing to get the current rate.

For most retiree spouses District-paid medical benefits (either Kaiser or CoreSource) end upon the death of the retiree (for a key exception see the box at the right). However, if you are a surviving spouse you are eligible to continue Peralta's coverage for the rest of your life provided you pay for it. There are many factors to consider in deciding if this is your best choice including your age, medical condition, Medicare eligibility, and insurability, as well as possible insurance alternatives. This article provides a framework for planning to help you start to think about this important decision in advance.

Understanding how Medicare is structured is essential for making sense of your options. People who have paid Medicare taxes for at least 10 years (40 quarters) are eligible for Medicare at age 65. Medicare Part A covers hospitalization. If you have 40 or more paid quarters Part A is free. You are also eligible for free Part A at age 65 if your spouse is 65 and paid Medicare taxes for 10 years even if you did not. If you are not eligible for free Part A, you are entitled to buy Medicare when you become 65. Part A costs about \$400/month at present. Medicare Part B covers outpatient care and everyone pays a premium for that benefit (about \$80/month). While the retiree is alive, the District reimburses the retiree for all costs for Medicare for either the retiree or the retiree's spouse. However, when the retiree dies, the District will no longer reimburse the surviving spouse for Medicare costs.

Insurability, coverage and cost are all key factors to

Did the Deceased Spouse Retire After July 1, 2004?

If you are the surviving spouse of a retiree who retired under the present July 1, 2004–June 30, 2007 contracts you are entitled to Peralta-paid medical insurance coverage for life. In your case, the District will not only pay your premiums for Kaiser or CoreSource but will also reimburse you for any Medicare premiums that you pay.

consider when deciding.

Insurability: If you wish to transfer to another insurance plan that requires "evidence of insurability" you will have problems if you have any "pre-existing" conditions such as diabetes, heart problems, etc. These problems may prevent you from buying other coverage or from having a policy that includes coverage for claims related to them. So it's important to only transfer into a plan that does not have an "evidence of insurability" hurdle. *In general, those who have Medicare A and B coverage can buy supplemental plans as 'wrap arounds' without evidence of insurability being required.* This is always true when you first turn age 65 and during open enrollment periods.

Coverage: The District plans are very comprehensive so before opting for another plan it is important to compare the benefits with what the District's plans offer. Pay special attention to prescription drug coverage. Most Peralta retirees only have a \$1 co-pay for prescriptions and even if you do not currently require many prescribed drugs you may need them in the future. In general, you will find it very expensive to buy alternative private prescription insurance and even the new Medicare prescription drug coverage includes both a monthly premium and significant co-pays.

Also, most policies that supplement Medicare do

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Survivors' Benefits *(Continued from page 4)*

not provide any coverage for conditions or treatments that are not covered by Medicare. On the other hand, Peralta's coverage includes treatments and benefits that are not covered by Medicare. This means that you must carefully consider the breadth of coverage that an alternative policy offers you.

Cost: If you are under age 65, and thus not eligible for Medicare, you will probably have very few satisfactory options other than to continue the District's coverage, at least until you become Medicare eligible. Even though buying into the District's plans is expensive almost any other plan will present problems with insurability, and have high co-pays and limited prescription coverage, if any.

However, after you turn 65 you will be eligible for Medicare coverage and other choices will be available. Consider the following scenarios:

Scenario 1: You are eligible for Medicare coverage because you or your spouse paid Medicare taxes for over ten years (40 quarters). In this case Medicare Part A (which covers hospital bills) is free to you. You must pay a monthly premium for Medicare Part B (outpatient care) which is currently about \$80/month. Most people purchase a 'supplemental' policy to cover costs that Medicare does not pay. Such policies are widely available. For example, AARP offers such a policy for about \$175/month. These supplemental policies may offer prescription drug coverage but that will affect the cost and they will generally have a much higher co-pay for drugs than the \$1 Peralta co-pay. You may also opt to get a supplemental policy without prescription drug coverage and sign up for Medicare's drug plan (Medicare Part D). This also has a monthly premium and co-pays for drugs. Staying with Peralta in this situation means that Medicare will be your primary insurance and Peralta's comprehensive coverage will be your supplemental or secondary insurance. To compare the cost of choosing a non-Peralta supplementary with staying with Peralta, you must add the cost of the supplemental policy and the potential cost of prescription drugs and compare it with the cost of a Peralta plan for someone who has Medicare coverage. Whether you continue with Peralta or you choose a supplemental policy you

will have to pay the \$80 Medicare Part B premium.

Scenario 2: You are not eligible for Medicare coverage because you or your spouse did not pay Medicare taxes for over ten years (40 quarters). In this case you must pay for Medicare Part A as well as Medicare Part B to get Medicare coverage. Without Medicare coverage it is virtually impossible to buy any health insurance after age 65. Medicare Part A costs about \$400/month. The B coverage is about \$80/month. You then have the same options as described above in Scenario 1, i.e., you can buy a non-Peralta supplemental policy or buy into Peralta at the rate for individuals covered by Medicare. If you choose to continue with Peralta, your monthly cost would be Medicare A \$400 + Medicare B \$80 + the Peralta premium. If you choose to leave Peralta and buy a supplemental policy your monthly cost would still include the Medicare A and B \$480 plus the cost of the supplemental policy. To this you must add an estimate of the cost of prescription drugs either with Medicare Part D or private insurance remembering that you will be paying significantly higher co-pays as well as premiums. Be sure to remember that you may need expensive prescription drugs in the future even if you are not taking them now.

The estimated costs above are *present* dollars and will undoubtedly increase every year. Also, once you have opted out of Peralta, you cannot change your mind and re-enroll.

PRO Board Member Resigns

The members of the PRO Board would like to wish Phyllis Jones, a Board member from PRO's inception, the best as she leaves the Board to pursue other priorities in her life.

We all remember Phyllis from her days as a Benefits Specialist at the District Office. She was the one who could give you a straight, informed answer if you had a question about benefits. She has served a similar function on the PRO Board, always ready with an informed opinion about benefits or any other topic that might come up.

Thanks for your service to PRO and all retirees, Phyllis.

If You Have KAISER INSURANCE You're Covered While Traveling

Peralta retirees who travel within an approved Kaiser service area may seek care from any Kaiser facility or provider.

If you travel outside a Kaiser service area, either within the US or abroad you should be sure to contact Kaiser and obtain a Kaiser Travel Kit. Travel Kits are available from Member Services which can be reached toll free at 800-464-4000. The Travel Kit includes a claim form for requesting reimbursement of emergency care or out-of-area urgent care.

If you do need emergency care, once you have stabilized you must contact Kaiser for authorization to receive post-stabilization care. Post-stabilization care refers to the services you receive after your treating physician determines that your emergency medical condition is clinically stable.

You must call Kaiser at 800-225-8883 (toll free)—the telephone number to call is also on your ID card—to:

- request authorization for post-stabilization care **before** you obtain the care from a non-Plan provider if it is reasonably possible to do so (otherwise, call Kaiser as soon as reasonably possible).
- notify Kaiser that you have been admitted to a non-Plan hospital. You must notify Kaiser within 24 hours of any admission or as soon as reasonably possible. They will then decide whether to make arrangements for necessary continued care where you are, or to transfer you to a facility they designate. If you don't notify them as soon as reasonably possible, they will not cover any services you receive after transfer would have been possible.



An Overview of Long Term Care

Introduction

In the United States only 3% of the population has Long Term Care (LTC) insurance. The percentage of Peralta employees and retirees who have the coverage may be considerably higher due to the PERS LTC program initiated 11 years ago which is available to STRS members.

There is a great deal of misunderstanding about what LTC means and the role that LTC insurance plays especially as it relates to the short term care benefits provided by Medicare. This article will try to answer some basic questions about LTC. If any of your questions are left unanswered you can contact Alex Pappas (email at alexpappas@flash.net or by mail using the PRO post office box address).

Although many private insurers offer LTC, this article focuses on the PERS program which is considered one of the best available for consumers.

What Is LTC Insurance?

Chronic illness, injury or the frailty of old age can cause someone to no longer be able to care for himself. The basis of the need for LTC is tied to the concept of “activities of daily living” (ADL). The PERS brochure explains that, “The six ADLS are: bathing, dressing, toileting, transferring (in and out of bed, wheel chair, etc.), eating, and continence.” LTC insurance provides financial help when an individual cannot do at least three of the ADLS for himself.

What does Medicare cover?

Medicare covers skilled care in a skilled nursing facility (SNF) under certain conditions for a limited time. Skilled care is health care given when you need skilled nursing or rehabilitation staff to manage, observe, and evaluate your care. Medicare covers certain skilled care services that are needed daily on a short-term basis (up to 100 days). Medicare will cover skilled care only if you have a qualifying hospital stay and your doctor has decided that you need daily skilled care.

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Long Term Care *(Continued from page 6)*

How does one get LTC?

- At home care from ones family, friends and/or hired help.
- At an “assisted living facility.” (In Oakland, for example, Grand Lake Gardens, Piedmont Gardens, St. Paul’s Towers, etc.)
- At a skilled nursing facility (i.e. nursing home).

Cost of LTC Facilities

At home care may not be a real option for many retirees. That fact plus the great variance in retirees’ personal situations makes it difficult to discuss in general terms. One thing to keep in mind is that if you hire someone at all competent you will pay at least \$15+ per hour and be required to have workers compensation insurance for them.

Assisted living facilities can cost from \$2,000 to \$4,000 per month.

Skilled nursing care costs from \$5,000 to \$7,000 per month.

How “upscale” the facility is affects the cost greatly so the above numbers are rough guidelines only. Realistically, the cost can easily run over \$60,000 per year. If you live alone and give up your home or apartment your STRS pension can help with the cost but probably will fall seriously short of what is required. If you have a partner and cannot give up your home or apartment then those expenses continue. This is often a financially untenable situation.

LTC Insurance

LTC insurance is expensive and harder to purchase as one gets older due to the medical underwriting requirements. You have to be in pretty good health to qualify for it and the younger you are the cheaper it is and the easier it is to get.

Premiums

The rates below are for the PERS “comprehensive plan” which offers the broadest coverage including coverage for skilled nursing facilities and at home care. The daily benefit payable is \$170. This comes to \$5,100 per month or \$62,050 per year.

The first 90 days of qualified care are not covered (known as the “deductible period”). Benefits are payable for life. Coverage is not available for people over age 79.

Age	35	45	60	65	70	75
Monthly Premium	\$45	\$70	\$150	\$219	\$352	\$593

Periodically PERS offers the opportunity to increase the daily benefit at an additional premium. No evidence of insurability is required to increase the coverage when PERS makes these offers. The premium is roughly proportional to the daily benefit so reducing the benefit in half reduces the premium by about the same amount.

Premiums can be paid as a deduction from monthly STRS pension checks.

Open Enrollment

PERS has periodic “open enrollment” periods during which time it accepts applications for coverage. The next open enrollment period will start sometime in July. To get detailed information about the PERS LTC plans telephone their 24/7 number 800-338-2244 and request PERS to mail information to you. (PERS does not have sales agents.) The packet of information will be sent during the next open enrollment period.

Applications are not automatically approved. Your medical history will be reviewed. The underwriters who review your application are not concerned about the normal types of aches and pains many seniors have but they do indicate on the application you should not apply if you answer “yes” to a series of questions about specific serious health problems.



Check Out The PRO Web Site

On the PRO web site you can find:

- The current issue of the PRO newsletter as well as an archive of past issues.
- The PRO Member Directory with contact information for PRO members.
- A list of web links to resources for Peralta retirees including information about retiree health benefits.

<http://www.peraltaretirees.org>



If you haven't already become a member of PRO, please sign up now.

If you joined PRO last year and have not paid 2006 dues, you must renew your membership.

Become a member for 2006 by completing the form below and mailing it with a check for \$20 to:

PRO, PO Box 1951, El Cerrito, CA 94530

✂

Name _____

Address _____

Phone _____

Email _____

Peralta Retirees Organization
P. O. Box 1951
El Cerrito, CA 94530