

June 20, 2012 ACRE BOARD MEETING AT 9:30 AM

Due to vast amount of material needed covering President Wainscott convened this Board meeting 30 minutes early.

Board Members absent, Pat Adams, T. Brown, B. McCulley. All other Board members in attendance.

President Wainscott asked for Report from Mike Lee.

A. Secretary Mike Lee

1. **Secretary Lee** advised that he and the **Treasurer Jim Nichols** met with **Mayor Wharton** and **Deputy Director Jill Madajczyk** in the Mayor's Conference Room at City Hall at 1:30pm on June 8, 2012. The Agenda covered explanation of City Retirees denied Social Security and Medicare during their work years. That many were advised when they turned 65 to take Medicare Part A if they qualified but not to worry about Part B since the City's insurance was creditable coverage. Now years later those who could have qualified at a cheaper rate were penalized by penalties which put the cost for the retiree and his/her spouse out of reach. Attachment was provided showing the actual penalties for up to 20 years of not taking Part B out at 65, and the fact the same penalty would have to be paid by the spouse, making the cost unattainable.

Four cases were presented that indicated not all retirees were putting a burden on the City as oftentimes seen in the newspapers and television news. : 1. Retiree under 65, wife under 65 with her own work insurance, recent bill Cigna paid zero because her work primary paid all the claim. 2. Retiree over 65 Part A, wife over 65 with Part A and her own former company's insurance as primary for medical. In 2011 City paid 17% which is in line had they had Medicare Part B. 3. Both retirees over 65, both on Part A&B, spouse has insurance with former employer so City is third, in 2011 the City paid zero claims on the spouse and only saw an adjusted 20% claim of a Medicare Approved Bill for the retiree. 4. A retiree spouse on Medicare Part A & B incurred a \$2289 bill with 3 physicians, and after Medicare paid the City only got a bill for \$127.46 of which the retiree under Basic paid 10% of that.

It was pointed out the Retirees who are in reality saving the City money are in fact being penalized due to the Government Offset and Windfall Elimination laws, penalized because they are paying full premiums, and now further penalized by a \$600 a year surcharge. It was also pointed out for the nine months ending March 31, 2012 the City was reimbursed \$1,744,329 from Medicare for Part D Reimbursements for those retirees on Medicare.

Lee and Nichols feel the Mayor did listen and stated the Director of Human Resources and he would meet with others to discuss all brought to him today.

2. **Lee** advised the Board that he attended the **June 5, 2012** City Council meeting from 3:30 pm to 10:15 pm. He was able to speak regarding the approval of the **Pension raises of 1%, and ½%**. President Larry Anthony MFA spoke on the actual dollars this would give and the fact the money did not come from the Budget but from the profits of the pension investments. Lee spoke to the fact there were City Retirees below poverty which were being ignored and should receive additional funds. Later on Lee received a request to come before the Budget Committee under Chairman Strickland. On **Tuesday June 19**, at 9:30 am Lee, President Anthony, Sec/Treasurer of MFA Matthew Tomek, and retiree Sam Posey appeared. We were asked to come to the table with the 7 Council members in attendance. Also at the table were Directors Robinson and McElrath. As a result of this the Council wanted us to come back on **Tuesday July 3rd** with a recommendation. Director McElrath asked that his staff and the labor groups plus ACRE meet prior to that to attempt to reach an accord. The question only attaches to those at or below poverty levels. Councilman Flinn suggested he wanted figures from \$20,000 down. On **Tuesday June 26** at 9 pm the labor Associations and ACRE are meeting at the MFA offices to come to a consensus. More will be forthcoming. The ACRE board never came to a consensus as to what figures should be presented, but they are invited to the next meeting.

3. The May 16, 2012 **ACRE Board and General Minutes** were approved on motion to accept from Tim Cook and seconded by Dan Melancon.

4. The Board was advised that Naomi C. Earp had been appointed to the EEOC/Labor Relations Coordinator's job.

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5. The Board was advised that Director Robinson of HR stated the 1 ½ % raise to Health Premiums would not go into effect until January 1, 2013.

6. The Board was advised that the City and Cigna revamped the system to attempt to correct the issue with the Cigna computer kicking out bills on those over 65 with no Medicare Part B. Kenya Holmes stated it came back online June 8th and the problem should be fixed. However, she was told many retirees are still getting the letter from Cigna that their bills cannot be processed until Medicare completes its handling. Time will only tell if it is fixed.

7. The Board was advised about the situation wherein the Council took \$20 million earmarked for OPEB and used it to balance the budget. They were advised that the OPEB Trust is an irrevocable trust, but in this case that \$20 million never made it into the actual Trust. It was in a set aside to eventually go into the trust. We will have to watch this closely in the future. Some members had gotten concerned that this was Retirement Pension money.

B. Vice President Gary James stated he had nothing new, but let us know he was feeling much better from his recent surgery.

C. Chairman Francis Bradley Insurance Committee

1. Advised he had some recent bills denied on the over 65 no Medicare Part B issue and he knew of others with the same issues.

2. Reported on the problems with the Vision Cards Cigna issued. The City kept UHC as its Vision Plan. There are issues with the Cigna Vision Card having to be used at a Cigna Vision Care In Network business. For medical reasons most exams in treating eye diseases fall under the medical portion of the Cigna Policy.

3. The City Council Healthcare Oversight Committee meeting is scheduled for July 30, 2012 at 2 pm in the 5th floor conference room.

D. Chairman Dan Melancon Pension Oversight Committee

1. He had asked Nancy Albonetti who is the City's appointed retiree representative on the Pension Board to come and speak, but she called and stated she would not be able to. He will try again to get her.

2. There is \$1.98 billion in the Pension fund which is 79.2% of the 80% which is recognized as a sound system.

E. Legal Advisor Clyde Keenan

1. Advised he has had a lot of calls from retirees because their medical bills since January, 2012 had not been paid by Cigna. Many are worried about credit standings.

2. He also made mention of the situation wherein Detroit has defaulted on pension payments to their Fire/Police retirees.

F. Treasurer Nichols

1. Presented expenses since May 21 to June 18th were \$1354.38, Deposits were \$3119.82, Checking now has \$10,746, Legal Fund \$6,000, 12 month CD \$4697.54 giving ACRE \$21,448.54. We are solvent.

G. Membership Chairman Nichols

1. We are averaging 10 new members a week.

2. A motion was made by Donne Walden, seconded by Don Lewis and approved by the Board to extend one more Newsletter to those in arrears over 2 years with a thorough explanation in the Newsletter so there would be no mistaking this is the last.

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3. Nichols advised that the Death Packet was being received by the families of our deceased positively. There is a letter from the ACRE officers, What to do, Keep Check coming, and a list of pertinent telephone numbers for City Hall contacts.

H. Tim Cook Public Relations and Webmaster

1. Explained the updates to Pension page, and how some areas have been cleaned up. That there is a calendar with all appointments and meetings he is made privy to. He asked that he be notified of upcoming meetings that can be added in case any of our membership chose to attend.

2. In the August Newsletter he is going to attempt to get the Open Enrollment Information so he can include it. Especially if there is going to be another affidavit, or changes as drastic as the last Open Enrollment

3. Presented a Draft of a letter he is preparing hopefully to be given to any City of Memphis Employee coming to City Hall to retiree. It will have an application with it.

4. The Board was advised of the Retiree Firearms every Thursday in July and that someone would be there to let the retirees shooting that day about ACRE. Applications will be given out.

At 11:10 a.m. President Wainscott adjourned the meeting until the 12 noon General Meeting.

June 20, 2012 ACRE GENERAL MEETING AT 12 NOON

12 NOON

President Wainscott called the meeting to order and welcomed everyone

Chaplain Jim Smith conducted Prayer and the Pledge of Allegiance

Health Committee Chairman Francis Bradley discussed the Cigna Vision Cards, Medical vision doctor visits vs. just getting your eyes checked. If one of family on Medicare and the other is not then you will have two separate ID cards because one is in over 65 with Medicare and the other is under 65 with no medicare. Talked about the spousal surcharge and the fact it may be changed by Jan. 2012. Mentioned the 70/30 split and the fact there might be a 1 ½ % raise in Jan 2013 but we are trying to eliminate it for retirees. Mention July 30th the Quarterly City Council Healthcare Oversight Committee meeting on the 5th floor of City Hall.

Pension Committee Chair Dan Melancon advised that there was \$1.98 Billion in the fund. He also mentioned that everyone could view the status of the pension on ACRE's website.

Treasurer Jim Nichols presented the bank statement showing we are solvent with no outstanding bills.

Public Relations Tim Cook asked for anyone with old ACRE newsletter to let him get a copy, he is setting up a historical archival section on the Website which will show the development of ACRE over the years. The Website is doing well it is divided into subjects such as Healthcare, Raises, Budget on the Home Page. Clicking on the individual tabs gives you a wealth of information. Any suggestions for the website please send him an email. The next Newsletter will be sent out in August 2012 and he needs articles submitted to him quickly.

Cigna Representative Kenya Holmes was present and mentioned that if you went on Medicare and your spouse did not you would get a different ID card with a different number. She stated the Cigna Plan Deductible was waived for those on Medicare. They have gotten a problem fixed wherein if you get an Injection only and lab that would be paid without a copay at 100% usually. Lab Corp, Qwest, and Duckworth are all on Cigna's Network.

Legal Advisor Clyde Keenan and Secretary Mike Lee no reports needed this time