

Blue Cross "copies" BUBB plan

In the wake of a near \$3-million loss on its coverage of non-OPEU state employees, Blue Cross is offering the State Employees Benefit Board (SEBB) an insurance plan that does not meet SEBB bid specifications.

Instead, Blue Cross is offering the State an insurance package that is virtually identical in form—but with lower actual benefits—to that designed by the Bargaining Unit Benefit Board (BUBB).

Blue Cross is the only insurance company to offer SEBB a bid.

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In a letter accompanying its bid to SEBB, Blue Cross said, "By not raising the benefit levels of the program to meet the union plan coverage (BUBB), the conclusion was reached that during the year, there could be movement of the union employees remaining in the SEBB Trust to the union program (BUBB) in order to obtain the additional benefits . . ."

"This action by Blue Cross is testimony to the positive impact BUBB is having on insurance coverage for state employees," said Cindy Parrish, BUBB insurance

administrator. "BUBB's leadership in obtaining expanded coverage at reduced costs has created a competitive environment for insurance companies that can only continue to benefit state employees, and the State, in the future."

Perhaps the most alarming aspect of the Blue Cross bid is that retirees will no longer be subsidized. Under the Blue Cross plan, retirees will be separated from active employees and given a plan that offers reduced coverage at up to a 158 percent increase in rates."

In addition, Medicare supplement plan rates will go up by 59 percent or more if SEBB accepts the Blue Cross bid. However, Blue Cross has provided SEBB with the option of reducing these rates by spreading them among active members.

"Substantially raising rates and lowering benefits is a real injustice to retirees," Parrish said. "BUBB intends to continue providing comprehensive medical coverage at subsidized rates for its retirees."

Besides increased rates for retirees, rates for other state employees will also increase dramatically if SEBB accepts the Blue Cross bid—20-35 percent for active state employees in the SEBB program and 40-45 percent

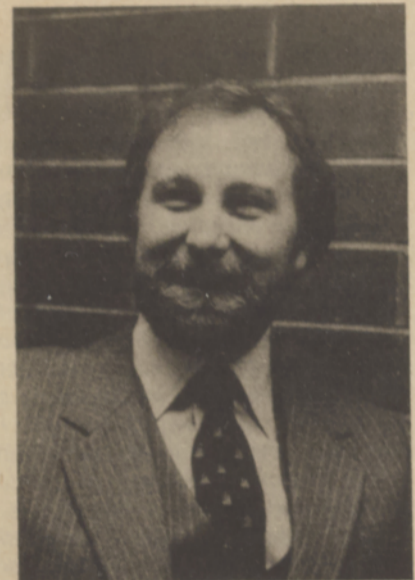
for management employees.

Benefits that OPEU members receive from BUBB that have been particularly worrisome to Blue Cross include:

- Basic dependent dental coverage;
- Well baby care (including examinations and immunizations);
- Paid second opinion before surgery is performed;
- Coverage of the first office call to physician of subscriber's choice;
- Maximum coverage of \$1-million;
- No monthly premium for full family coverage; and
- BUBB's emphasis on doctor visits and preventive medicine, rather than hospitalization.

Competitive developments between insurers are of keen interest to legislators, particularly those on the Joint Ways and Means Committee. Currently, consideration of budgets for both SEBB and BUBB have been shelved, along with other budgetary matters, pending more accurate projections of the State's biennial finances.

BUBB, which was created in the 1979 legislature to provide state employees with the opportunity to create their own insurance plans, is still in what many legislators consider a trial period. This close scrutiny is



Chuck Mendenhall

due primarily to comparisons that are being made between BUBB and SEBB.

"The Blue Cross bid is a complement to BUBB for developing a comprehensive insurance package for state employees," said Chuck Mendenhall, BUBB chairman. "It is apparent that BUBB is meeting the challenge offered it by the 1979 legislature."

OPEU asks for parity in PERS fund

Four pieces of legislation that are designed to increase overall retirement benefits for public employees have been drafted by OPEU and United Seniors.

The legislation places emphasis on helping retirees meet the increased cost of living and to bring benefits for those who retired before 1980 onto an equal level with those who retired in 1980 or later.

The four pieces of legislation—S.B. 639, S.B. 843, S.B. 844, and S.B. 845 were introduced by Sen. Keith Burbidge, D-Marion/Polk. These measures will:

- Increase the permanent yearly two percent cost of living adjustment (COLA) to four percent;
- Require that the four percent COLA be adjusted to the Portland Consumer Price Index;
- Increase retirement benefits by \$2 per month for each year of public service preceding retirement for those who retired prior to Jan. 1, 1968; and
- Continue the present four percent flat COLA for three months, to provide time for transition to this new benefits package (an ad hoc four percent COLA was passed in 1979).

If passed, subsequent legislatures will have the option to review the COLA provisions.

The centerpiece of this new legislation is S.B. 843 and S.B. 844. These two measures are designed to bring parity to members who retired from similar positions with equal years of service.

Under the present system, for example, a university professor with 34 years of service, who retired in 1960, today receives a monthly PERS retirement benefit of about \$220. By contrast, a professor who, with a similar number of years service, and

retired in 1980, would receive approximately \$1,000 per month.

This disparity is primarily due to increased salaries and benefits retired members have received over the years, especially when compared to those members who retired prior to 1968.

The total increase in payroll

contribution needed to implement these increased benefits would be only 0.16 percent, according to Eric Parker, OPEU lobbyist for senior affairs. "This substantial increase in benefits at such a low (payroll contribution) increase is possible because of the recent increased earnings of the PERS fund."

Parking legislation at critical juncture

State employees should be paying parking fees that will bring a profit for the parking that each state agency provides, according to Darrell Ralls, director of the Department of General Services.

OPEU Government Relations director Chuck Mendenhall countered Ralls' position, before the House State and Federal Affairs Committee, with amendments to S.B. 136 that would prohibit establishing fees based on market rates and would require that fees be set according to actual cost to each agency.

Mendenhall said that the parking issue is at a critical juncture.

"Now is probably the last chance state employees will have to give their input in helping shape this legislation," he said. "If we get the same immediate and widespread turnout with letters that we got during General Services' public hearings, we should get what we have been working so hard to attain."

Mendenhall said that a short letter or postcard will do. He made the following suggestions for writing to members of the House:

- Specifically mention S.B. 136 along with your feelings that parking not be based on market conditions and that they only reflect actual cost to each agency;
- Do not use a threatening tone;
- Express yourself simply and in your own words; and
- Do not, under any circumstances, use state materials or time in preparing your correspondence.

Address your letter or post card to:

The Honorable _____
State Representative
State Capitol Building
Salem, Oregon 97310

Mendenhall said that it is important that all House members be reached, "but members of the State and Federal Affairs Committee are critical right now."

Members of the House State and Federal Affairs Committee are Drew Davis, Chairperson, D-Multnomah; Larry Campbell, Vice-Chairperson, R-Douglas/Lane; Robert Harper, R-Umatilla; Grattan Kerans, D-Lane; Caroline Magruder, D-Columbia/Washington; Glen Otto, D-Multnomah; and Donna Zajonc, R-Marion.

In the third quarter of 1980, the annual rate of return on retirement fund investments were 12.3 percent. The guaranteed rate of return on these accounts is 7.5 percent. As a result, members' accounts will receive increased earnings and the employing agencies will be assessed reduced payroll rates.

Currently these bills have been sent to the Joint Ways and Means Committee, but have not been assigned to a subcommittee.

"We feel there will be broad-based support for these bills from PERS members," said Parker. "However, it is very important that members who approve of these pieces of legislation contact their senators and representatives in writing."

Parker said that senators who are particularly critical to passage of this legislation are Ted Kulongoski, D-Douglas/Lane; William McCoy, D-Multnomah; Clifford Trow, D-Benton/Polk; George Wingard, R-Lane; John Kitzhaber, D-Douglas/Josephine and Ruth McFarlin, D-Multnomah.

A fifth piece of legislation that pertains to PERS retirement benefits—S.B. 148—would provide most retirees with a higher final average salary upon which retirement benefits are determined.

Presently, the cut-off date for determining a retiree's final average salary is Dec. 31 of the last full calendar year worked. For many retirees, this means the loss of up to 11 months, of what is normally their highest salary level, when their average salary level is computed.

In addition, many managers in the state point out that this forces an abnormal retirement pattern, since many state workers wait until Dec. 31 to retire.