

In one of the first actions after the July 4 recess, the House adopted legislation (H.R.2631) to ensure that members of Congress keep their current prescription drug benefits, which are much more generous than those provided in the new Medicare bills. The bill also covers 270,000 federal retirees. The most popular plan now provided to federal retirees enrolled in the Federal Employees Health Benefits Program covers 80 percent of total drug costs. Under the recently adopted Medicare plans, only 49 percent of drug costs would be paid in the Senate version and 55 percent in the House version.

### PhRMA to Spend More on Lobbying

The New York Times (June 1) reports that the Pharmaceutical Research and Manufacturers of America (PhRMA), the trade association which represents the drug industry, plans to "spend at least \$150 million in the coming year" in an effort to fight price controls, influence how, and if, prescription drug benefits are provided to the elderly, and subsidize organizations which agree with its positions. That's an increase of 23 percent over the past year. According to the Times, the PhRMA budget for the fiscal year that begins on July 1 breaks down as follows: \$72.7 million for lobbying Congress; \$4.9 million to lobby the Food and Drug Administration; \$48.7 million for lobbying at the state level; \$17.5 million to fight price controls and protect patent rights. There is even \$1 million set aside "to change the Canadian health care system" and another \$450,000 to stop online Canadian pharmacies from supplying low-price prescriptions drugs to U. S. citizens.

### Of Interest to Washington PERS Members

from the AFSMCE Northwest Regional Newsletter, July, 2003

In addition to serious general fund problems in Oregon, PERS retirement system funding shortfalls have created an additional crisis. And in true fashion, (the) Oregon Legislature and the (Oregon) Governor passed a series of bills designed to cut benefits. The legal fight is about to begin with formal lawsuits being filed contesting the validity of (Oregon) House bills 2003 and 2004. Companion suits will be filed in both Federal and Oregon Superior Court. The suits theory for success generally surrounds the legal precedent that retirement benefits cannot be changed after an individual has begun employment.

### National Do-Not-Call Registry Opens

Folks frazzled by unwanted telephone sales pitches can sign up for a free, national "do not call list" that will prevent most telemarketers from calling them at home.

The Federal Trade Commission's do-not-call list, which will take effect in October, should help Americans enjoy their private time without unwanted interruptions.

Consumers can sign up for the list by logging on to (<http://donotcall.gov>) or calling 1-888-382-1222. Telemarketers who call numbers on the list after Oct. 1 will face penalties of up to \$11,000 per call, as well as possible lawsuits from consumers and state enforcers.

As of printing 28 million phone numbers have been registered.

### Why Drugs Cost So Much

from the ARA Friday Alert, June 13, 2003

A new report by the Kaiser Family Foundation reveals yet another reason why prescription drugs cost so much. The study, which was conducted by researchers at Harvard University and the Massachusetts Institute of Technology, found that the drug industry tripled its direct-to-consumer advertising budgets from \$800 million in 1996 to \$2.7 billion in 2001. Where do you suppose they got all that money for advertising? It's a safe bet that it came from millions of seniors forced to pay outrageous prices for the medications they need to stay healthy.

### PEBB Offset

Medicare-eligible retirees who purchase health coverage through the PEBB will receive a 10% increase each of the next two years to their monthly health premium offset, incorrectly called a "subsidy". While RPEC supported a 19% increase as recommended by the Health Care Authority, in light of the freeze in state employee salaries and severe cuts in programs, we are pleased with this small gain. Approximately 35,000 Medicare-eligible retirees enrolled in the PEBB-sponsored health plans receive the premium offset, which is currently \$92.74 per month, because Medicare is their primary coverage.

### LCAO Seeks Improvements to Medicare Bills

from the ARA Friday Alert, July 18, 2003

Members of the more than 50 organizations that make up the Leadership Council of Aging Organizations, currently chaired by the Alliance for Retired Americans, have sent a strongly worded letter to both the House and Senate urging "important improvements in the Prescription Drug and Medicare Improvement Act (HR.1 and S.1) during the Conference Committee process." The letter cites the following:

- opposition to using higher premiums to drive seniors and people with disabilities into private plans and turning Medicare into a voucher-type program;
- the need for a reliable, dependable system to deliver the prescription drug benefit to everyone;
- the need for substantial relief from the penalty imposed under both bills on employers who currently provide retiree coverage;
- support for a requirement to include all Medicare eligibles in Medicare as primary payer and to provide the Senate's special assistance, particularly in the 'donut hole,' for lower-income par-beneficiaries;
- support for the strongest possible efforts to moderate pharmaceutical drug price inflation;
- support for the deletion of last-minute, massive tax breaks included in the bills which fail to help the uninsured and reduce resources available to the nation;
- opposition to means testing the Medicare program;
- support for a benefit package that enables beneficiaries to be able to compare plans and make intelligent choices by limiting the range of variation in premiums and benefit packages; and
- opposition to increases in Part B deductibles and home health co-payments.

In another letter sent to Capitol Hill this week, AARP, the nation's largest organization representing senior citizens, threatened to oppose the final Medicare bill unless major improvements are made. The AARP letter called on the Conference Committee to produce "a better bill than the ones passed by either house." The letter notes that there are "a number of fundamental issues - primarily the program structure and the adequacy and affordability of the benefit package - that must be fixed before AARP and its members could support the final conference agreement."

### SHB 1829 - PERS/TRS Plan 1 Retire/Rehire

This legislation provides that a PERS 1 retiree who was separated from employment for less than 90 days before reemployment would have their pension suspended if they work beyond 867 hours per year. A PERS 1 retiree who was separated from employment for at least 90 days may work up to 1,500 hours before their pension is suspended.

A lifetime limit of 1,900 hours is established for PERS 1 retirees. Hours worked each year beyond 867 and up to 1,500 count against this limit if the retiree was receiving their pension. When a retiree exceeds their 1,900-hour lifetime limit, their pension is suspended if they work beyond 867 hours in a year.

A PERS employee and employer who verbally agree that the employee will resume employment with the same employer following termination may be subject to criminal penalties.

Governor Locke signed this bill into law 5/20/2003. Effective 7/27/2003.

### Executive Board Vacancies

As of this printing, the following Executive District Board positions have announced that they will not seek another term:

- District 1 - Tom Wood
- District 2 - Betty Anderson
- District 3 - Merle Hanson
- District 4 - Dick Tatro
- District 9 - Rene Tillman

All District Board positions are up for election at this year's convention, and those not listed above will be assumed to be running again. Those having expressed interest so far are Bob Keithley (District 1) and Joseph Brown (District 2). If you are looking for a very rewarding way to help your fellow retirees (and yourself), think about running for a district position on the RPEC Board.

### Next Issue

The next issue of the Council newsletter will be the Convention Special Edition sent out immediately following the convention in September.



# Retired Public Employees Council of Washington

Toll Free 1-800-562-6097  
<http://www.rpecwa.org>

Our Strength is Your Security!

### President's message

from George Masten

There's an old question that if a tree falls in the forest and no one hears it, does it make a noise? Let's put it another way. If RPEC is working hard to make sure your retirement benefits are secure and you don't know it, are you sure we're working for you? That's why communication is important. We have to tell you what we're doing so you know your membership is the best investment you can make.

This is a special newsletter to update you on the recent legislative session, what we did and what the results were. It also includes current information on the Medicare prescription drug legislation being negotiated by the conference committee in Washington, D.C. We're providing voting records on key bills so you can know how your representatives voted, though these voting records don't always tell "the rest of the story". And we're updating you on the appointments to the new Select Committee on Pension Policy.

The legislative session that just ended was long, frustrating and rancorous. Your executive director, lobbyist and I held almost 50 meetings with legislators on our first priority, pension governance. We tried to educate them as to how the best retirement systems are run by independent boards with fiduciary responsibility to the beneficiaries of the systems, not the Legislature. We proposed simple ways by which they could improve the manner in which pension policy is set in this state, ways we believe are much sounder and fairer to members of the systems than the bill they passed.

RPEC's second priority is to support programs that reduce prescription drug costs. We worked to get a state-run program passed by coordinating efforts with the Senior Lobby and other advocates. Our side hammered lawmakers continuously, especially toward the end of special session, with calls and e-mails insisting that they not duck the issue. We had to put the pressure on; we were up against the drug lobby.

RPEC alerted the Health Care Committee to the problems some retired local government workers are having with getting access to their employers' health plan, and got a commitment that the issue would be studied during the interim. We also followed budget issues, such as funding for the retirement systems (contribution rates) and the health premium offset for state retirees who are eligible for Medicare.

We're committed to serving you and protecting your interests, and telling you what we're doing. We're also committed to assess what we did, how we did it, and where we go from here. We can always do better, and with your help, we will.

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### Question Corner

Chapter 16 suggested the newsletter have a section devoted to answering questions of general interest to members. If you have this kind of question, please send it to us.

This month's question: How many lawsuits are we involved in and what is their status?

Answer: We have no active lawsuits at this time. The Court of Appeals ruled against us last month on the Plan 1 COLA, which was our last active lawsuit. The March newsletter reported that the Supreme Court had ruled against us in the pension funding (contribution rates) case and that we were not asking them to reconsider that decision.

### Executive Director's Report

from Cassandra de la Rosa

Did you make a phone call, send an e-mail or write to your legislators during the 2003 session? If so, you exercised clout! There's strength in numbers and nowhere is that more important than when laws are being passed.

This state's prescription drug bill passed because RPEC, the Senior Lobby, AARP, the Alliance for Retired Americans and others deluged lawmakers with calls, e-mails and letters. We told them not to dare go home without doing something meaningful about prescription drug costs! The negotiations went down to the wire, but as the special session ended, the power of the pharmaceutical lobby faded and our clout prevailed.

Now that session is over, it's time to assess RPEC's Legislative Alert system, to see what works well and what needs to be fine tuned. The Legislative Alert system is supposed to generate a massive grassroots response on a given issue. We start the ball rolling by sending an e-mail alert to each chapter's contact person, explaining the issue and what we need members to do. The chapter contact person is responsible for relaying the information and activating the phone tree.

E-mail is ideal for getting the word out, but our network can't succeed without an effective phone tree. Ninety percent of RPEC members rely on the phone for a call to action! So now is an ideal time for each chapter to check the condition of its phone tree.

These are the keys to a successful grassroots network:

- Timely and effective communication from the Council office.
- Reliable chapter key contacts with back-ups available.
- A well-organized phone tree.
- Members who make the calls when notified.

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## SHB 1204 Bill Summary - signed into law 5/14/2003

The JCPP (Joint Committee on Pension Policy) is repealed and its duties, except for the duty of appointing and removing the State Actuary, are assumed by the Select Committee on Pension Policy (Select Committee). The duty of appointing and removing the State Actuary is assigned to the State Actuary Appointment Committee.

The Select Committee is composed of four members of the Senate, four members of the House of Representatives, four members representing active employees, two members representing retired employees, four employer representatives, and the directors of the DRS (Dept. of Retirement Systems) and the OFM (Office of Financial Management).

The eight Select Committee members from the House of Representatives and the Senate are divided evenly between the majority and minority parties of each chamber, and at least three of the four from each chamber must be members of the House Appropriations and Senate Ways and Means committees. The House members are appointed by the Speaker, and the Senate members by the President of the Senate.

The members representing active members, retired members, and employers are appointed by the Governor to staggered three-year terms. No more than two members representing active members, and no more than one member representing retired members, may be from the same retirement system. The retiree appointments must be rotated among the retirement systems to ensure each system is periodically represented.

The Select Committee will form a five member executive committee composed of the chair and vice-chair, an employee representative, an employer representative, and either the director of the DRS or the OFM. The Select Committee may also form three subject- specific subcommittees.

Like the JCPP, the Select Committee makes recommendations to the Legislature on pension and pension funding policies and, in addition, receives the results from and makes recommendations to the Pension Funding Council on the results of actuarial audits of contribution rates and assumptions the Pension Funding Council conducts.

The State Actuary Appointment Committee is created, consisting of eight members and having the power to appoint or remove the State Actuary by a two-thirds vote.

### Select Committee on Pension Policy Appointments

The governor has named his appointments representing active and retired employees to the SCPP.

PERS retirees: Richard Ford, a retired Port of Seattle executive director and Seattle attorney. RPEC supported the appointment of Mike Waski, Betty Anderson or Gail Spaeth, all RPEC members, to this slot, none of which were appointed by the governor.

TRS retirees: Elaine Banks (retired teacher and WSSRA member)

Actives: Pat Thompson (counties), David Westberg (operating engineers), Diane Rae (teachers) and Bob Keller (state employees). Bob Keller works for WFSE and is a member of RPEC. We supported his nomination to the committee.

Legislative leaders have named the following senators and representatives to serve on the committee: Senators Don Carlson, Shirley Winsley, Gary Fraser and Debbie Regala; Reps. Bill Fromhold, Steve Conway, Gary Alexander and Cheryl Pflug. Only Senator Fraser voted against SHB 1204.

### SHB 1204 Roll Call

Chamber: SENATE 2003 Regular Session  
 Yeas: 48 Nays: 01 Absent: 00 Excused: 00  
 Voting yea: (This is the wrong vote.)  
 Senators Benton, Brandland, Brown, Carlson, Deccio, Doumit, Eide, Esser, Fairley, Finkbeiner, Franklin, Hale, Hargrove, Haugen, Hewitt, Honeyford, Horn, Jacobsen, Johnson, Kastama, Keiser, Kline, Kohl-Welles, McAuliffe, McCaslin, Morton, Mulliken, Oke, Parlette, Poulsen, Prentice, Rasmussen, Reardon, Regala, Roach, Rossi, Schmidt, Sheahan, Sheldon, B., Sheldon, T., Shin, Spanel, Stevens, Swecker, Thibaudeau, West, Winsley, Zarelli  
 Voting nay: (This is the right vote.)  
 Senator Fraser

Chamber: HOUSE 2003 Regular Session  
 Yeas: 79 Nays: 18 Absent: 00 Excused: 01  
 Voting yea: (This is the wrong vote.)  
 Representatives Alexander, Anderson, Armstrong, Berkey, Blake, Boldt, Cairnes, Campbell, Carrell, Chandler, Chase, Clements, Clibborn, Cody, Condotta, Conway, Cooper, Cox, Crouse, Darneille, DeBolt, Delvin, Dickerson, Dunshee, Edwards, Eickmeyer, Ericksen, Flannigan, Fromhold, Gombosky, Grant, Haigh, Hankins, Hatfield, Hudgins, Hunt, Hunter, Jarrett, Kagi, Kenney, Kessler, Kirby, Linville, Lovick, McCoy, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Murray, Newhouse, O'Brien, Orcutt, Pettigrew, Pflug, Priest, Quall, Roach, Rockefeller, Romero, Ruderman, Santos, Schindler, Schoesler, Shabro, Simpson, Skinner, Sommers, Sullivan, Talcott, Upthegrove, Voloria, Wallace, Wood, Woods, and Speaker Chopp  
 Voting nay: (This is the right vote.)  
 Representatives Ahern, Bailey, Benson, Buck, Bush, Hinkle, Holmquist, Kristiansen, Lantz, Mastin, McMahan, McMorris, Mielke, Nixon, Pearson, Sehlin, Sump, Tom  
 Excused: Representative Schual-Berke

## SB 6088 Bill Summary - signed into law 6/26/2003

Current law authorizing state agencies to establish a drug formulary is amended to instead authorize an evidence-based prescription drug program. The program may include a preferred drug list, to which agencies must provide reasonable exceptions. Agencies must also adopt rules governing practitioner endorsement and use of any such list.

If a preferred drug has been identified for any state health care program, a pharmacist filling a prescription from a prescriber who has endorsed the drug list is generally required to substitute a preferred drug for a non-preferred drug. However, if the prescriber indicates "dispense as written" or the prescription is for a refill of certain types of drugs identified in the bill, the pharmacist must dispense the prescribed nonpreferred drug and does not need additional authorization to do so. The pharmacists must notify the prescriber when a substitution is made, and assumes no liability for the substitution.

In negotiating prescription drug price discounts for state agencies, the Health Care Authority must also negotiate such discounts for any Washington resident who is at least 50, or between 19-49 and disabled, whose family income does not exceed 300 percent of the federal poverty level and whose existing prescription drug need is not covered by insurance. Participants are charged an enrollment fee. The program is subject to sunset review and termination on June 30, 2010.

The Health Care Authority must also establish a Pharmacy Connection program through which health care providers and members of the public can obtain information about and help in accessing manufacturer-sponsored prescription drug assistance programs. Notice regarding the program is to initially target seniors, but the program must be available to anyone, and is to include a toll-free number that may be used to obtain information.

The Department of Social and Health Services (DSHS) is to design, and seek any federal waiver necessary to implement, a Medicaid prescription drug assistance program. The program is to be available to any person eligible for Medicare or age 65 and older, whose family income does not exceed 200 percent of the federal poverty level, and will be designed consistent with standards established in the bill. DSHS must report to the Legislature in November 2003 on financing options to support the program. It terminates within 12 months after implementation of any Medicare prescription drug benefit.

Each of the state's area agencies on aging must implement a program to inform and train persons 65 and older in the safe and appropriate use of prescription and nonprescription medications. To further this purpose, DSHS will award a development grant averaging up to \$25,000 to each of the agencies.

By January 1, 2005, DSHS and the Health Care Authority must submit a progress report regarding implementation of the act.

### SB 6088 Roll Call

Chamber: SENATE 2003 1st Special Session  
 Yeas: 43 Nays: 05 Absent: 00 Excused: 01  
 Voting yea: (This is the right vote.)  
 Senators Benton, Brandland, Brown, Carlson, Deccio, Doumit, Eide, Fairley, Franklin, Fraser, Hale, Hargrove, Haugen, Hewitt, Honeyford, Horn, Jacobsen, Johnson, Kastama, Keiser, Kline, Kohl-Welles, McAuliffe, McCaslin, Morton, Oke, Poulsen, Prentice, Rasmussen,

Reardon, Regala, Roach, Rossi, Schmidt, Sheahan, Sheldon, B., Sheldon, T., Shin, Spanel, Swecker, Thibaudeau, Winsley, Zarelli  
 Voting nay: (This is the wrong vote.)  
 Senators Esser, Finkbeiner, Mulliken, Parlette, Stevens  
 Excused: Senator West

Chamber: HOUSE 2003 1st Special Session  
 Yeas: 95 Nays: 02 Absent: 00 Excused: 01  
 Voting yea: (This is the right vote.)  
 Representatives Ahern, Alexander, Anderson, Armstrong, Bailey, Benson, Berkey, Blake, Boldt, Buck, Bush, Cairnes, Campbell, Carrell, Chandler, Chase, Clements, Clibborn, Cody, Condotta, Conway, Cooper, Cox, Crouse, Darneille, DeBolt, Delvin, Dickerson, Dunshee, Edwards, Eickmeyer, Ericksen, Flannigan, Fromhold, Gombosky, Grant, Haigh, Hankins, Hatfield, Hinkle, Hudgins, Hunt, Hunter, Jarrett, Kagi, Kenney, Kessler, Kirby, Kristiansen, Lantz, Linville, Lovick, McCoy, McDermott, McDonald, McIntire, McMahan, McMorris, Mielke, Miloscia, Moeller, Morrell, Morris, Murray, Newhouse, Nixon, O'Brien, Orcutt, Pearson, Pettigrew, Pflug, Priest, Quall, Rockefeller, Romero, Ruderman, Santos, Schindler, Schoesler, Schual-Berke, Sehlin, Shabro, Simpson, Skinner, Sommers, Sullivan, Sump, Talcott, Tom, Upthegrove, Voloria, Wallace, Wood, Woods, and Speaker Chopp  
 Voting nay: (This is the wrong vote.)  
 Representatives Holmquist, Mastin  
 Excused: Representative Roach

### People Power Made the Difference

Prescription drug legislation has been the number one priority of AARP, the Senior Citizens' Lobby and Washington Citizens' Action. It has been supported by RPEC for the past three years and passed in spite of 46 drug manufacturer lobbyists with several hundred thousand dollars in their pockets. This is an example of PEOPLE POWER!

- SB 6088 will:
- coordinate all state drug purchasing. This means that all government programs will save money.
  - allow people who are over 50 and the disabled with incomes below 300% of the federal poverty level to buy into the program.
  - create a preferred drug list, a guide about which medicines to purchase.
  - allow doctors to choose the best medicines for their patients by writing "dispense as written".
  - require the Health Care Authority to establish a Pharmacy Connection program through which providers and the public can obtain information.
  - mandate that DSHS design and seek any federal waiver necessary to implement a Medicaid prescription drug assistance program.
  - require each Area Agency on Aging to implement a program to inform people 65 and over in the safe and appropriate use of medicines.

This bill is a major victory for the citizens of Washington state.

Thanks to all who helped.

### RPEC EXECUTIVE BOARD

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- Howard Jorgenson, Eastern WA. VP.
- Ed Montermini, Western WA. VP.
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- Heyward Cowan, District 9
- Rene Tillman, District 9

### 2003 Convention News - September 23rd & 24th in Kennewick, WA

It's convention time!.....Here's your "check-off" list:

- Are you thinking of running for the position of District Board Member? Be sure to get your letter of intent into the Council office as soon as possible and start your campaign.
- Are you diligently working on those wonderful items for the P.E.O.P.L.E. table?
- Have you packed up all those old eyeglasses and hearing aids so they can be redistributed to those in need?
- Have you called the hotel and made your reservations?
- Are you ready for a great night of entertainment, lots of good food and good company, exercising your right to vote, hearing from exceptional speakers, and learning in the process?

If you answered yes to any of these questions, then you are truly "convention worthy" and will be one of the reasons that this year's convention will be such a success.

### Convention deadline dates to remember:

- 8/6 - Proposed Constitutional Amendments due in Council Office
- 8/21 - Proposed Resolutions due in Council Office
- 8/31 - Hotel reservation special rate cut-off
- 9/2 - Formal Delegate/Alternate Registration Forms and fees due in Council Office \*

If you have questions, please call Linda in the Council office @ 1-800-562-6097.

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### Membership Committee Report

by Gwen Rench, Membership Committee Chair

The membership committee has reviewed the results of the Millennium Study Group's survey and focus groups and has developed recommendations that have been approved by the RPEC Executive Board. Two of the major recommendations were to increase the visibility of RPEC and to have a better system for contacting new retirees.

To increase visibility we've ordered decals for placement on car windows. These will be available at the September convention and through your chapters. A decal will be mailed to new retirees when they join RPEC. To increase the awareness of RPEC amongst potential retirees, membership committee members and other volunteers are staffing information tables at conventions, community fairs, and training events for active employees. Also, we're working to establish a speaker's bureau that chapter presidents could utilize. Please let me know if you would like to participate by being part of the speaker's bureau or by staffing a table at an event.

Discussions with government leaders are underway to try to increase access to the names of new retirees. The RPEC Executive Director, Cassandra de la Rosa, has been making some progress on this especially at the county government level.

We're still working to establish an effective system for tracking membership recruitment efforts. We've asked for the assistance of chapter presidents with this. We have decided to continue the tradition of rewarding the three top recruiters with cash rewards of \$100, \$75, and \$25. These rewards will be given at the September convention, so you still have time to recruit those friends who should belong but have yet to sign the membership card.

I can be contacted at 206 324-2786 or at [gwenrench@worldnet.att.net](mailto:gwenrench@worldnet.att.net) if you have suggestions or questions.