

The Latest Wrinkle

A Periodic Publication for Retirees and Beneficiaries of SCERS



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County-Sponsored Health Plans-Premium Increases, Offsets, Etc.

Substantial Increases In Premiums

County-sponsored health plans are provided pursuant to contracts between the health plans and the County of Sacramento and subject to labor negotiations with represented employee organizations. Currently, coverage is provided to County and Special District employees and retired annuitants of Sacramento County Employees' Retirement System, and their eligible dependents. Premium rates are provided and negotiated annually between the County and health plans. Recognized employee organizations' labor agreements with the County are pertinent to the plans selected and the provisions included in the health plan contracts.

Negotiations between the County and the health plans occur annually and per agreement, new premium rates are implemented effective January 1 of each year. Premiums are set in accordance with the Internal Revenue Code (IRC) Section 125 Plan provisions, requiring a calendar year election for active employees.

In compliance with IRC 125 rules and the health plan contracts, and in anticipation of the need for employees and retired annuitants to reconsider their desired health plan enrollment based upon premium rate changes, an Annual Enrollment is provided. Employees and annuitants may opt to change health plans or add or drop dependent coverage during this time. The Annual Enrollment is sponsored by the County Employee Benefits Office. For this year, the County has set the annual enrollment schedule in October, as described in this newsletter and, as in prior years, an "Annual Enrollment Guide For Retirees" and a companion "Health Insurance Guide For Retirees" are being mailed by that office to eligible SCERS annuitants ("eligible" means for those already enrolled in a County-sponsored health plan).

Unfortunately, this year and for the foreseeable future, premium rates for County-sponsored health plans will increase by double-digit amounts, reflecting the high cost of health care nationwide. According to the County Employee Benefits consultant, these premium rate increases arise for both good and bad reasons. On the "good" side medical science through billions of research dollars spent each year, has developed new drugs, vaccines and new diagnostic and treatment methodologies which have substantially reduced mortality for certain diseases or enhanced the quality of life for those being treated for others. On the "bad" side, reduced-federal reimbursements from Medicare, higher fee demands from medical service providers and increased propensities for hospitalization, have resulted in increased costs to health plans, nationwide.

From all of the above, it is apparent that a nationwide solution to the rising cost of health care, involving the political courage of our federal government, administration and Congress, as well as the resolve of the American people, is necessary in order to fix this problem.

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Important Telephone Numbers

- SCERS: 916-874-9119
- SCERS FAX: 916-874-6060
- SCERS TOLL FREE No: 1-800-336-1711
- Web Address: www.saccounty.net/retirement
- COUNTY INSURANCE OFFICE: 916-874-5568; 916-874-5569
- PACIFIC GROUP AGENCIES (DELTA DENTAL PLAN): 1-800-288-6601 or 1-818-364-2979



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Sacramento County's Out-Of-Area Plans Premiums Dilemma

Of 3800 SCERS annuitants enrolled in County-sponsored health plans, approximately three hundred (roughly eight percent) have enrolled in plans which are characterized as "out-of-area".

These are plans for annuitants that live or move their residence address outside an HMO service area (usually beyond a thirty-mile radius from a plan facility). All of the County's health insurance carriers offer plans for retirees and their dependents who live or move outside of the HMO service areas, as explained in the Enrollment Guide and the Insurance Guide.

SCERS has learned that premium rates to be effective January 1, 2003 for County-sponsored out-of-area plans have substantially increased by amounts even greater than rate increases for other plans. Indeed, according to a letter sent September 6, 2002 by the County Employee Benefits Office, premiums in one such program "Flex Net" will increase by **110%**. We have also learned that this has occurred due to implementation of contracts which no longer require the "blending" of claims experience from HMO plans with the Out-of-Area plans. Simply stated, the premiums for the out-of-area plans are now based strictly on the claims experience from the out-of-area plan, a more costly experience. This resulted in a substantially increased premium for out-of-area coverage.

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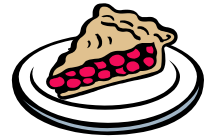
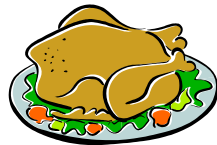
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**Sacramento County Employees'
Retirement System
980 9th Street, Suite 1800
Sacramento, CA 95814**

SCERS staff and Board have consistently recommended, indeed advocated, for County-sponsored health plan premiums to remain blended on the total group, i.e., employees and retired annuitants. SCERS staff and Board have serious concerns that the concept of "unblending" of claims experience as has occurred for out-of-area plan participants does not carry over to the total group and that future negotiated changes between the County and carriers do not allow the premiums of employees and retired annuitants to be determined based on the experience of each individual group, rather than the larger group as a whole. The SCERS Board's concerns are being communicated to responsible County officials.



SCERS Has Been Able to Help!
A Little History

In 1980 the Sacramento County Retired Employees' Association ("SCREA") and the Sacramento County Board of Supervisors requested the SCERS Board's assistance in providing medical plan premium offsets to SCERS monthly annuitants enrolled in County-sponsored medical plans. Recognizing the potential high cost of funding such a benefit and the reluctance of recognized employee organizations (due to their perception of other more pressing needs for their members) and the County to negotiate for permanent funding of retiree premium offsets, SCREA and the Board of Supervisors asked the SCERS Board to consider the use of SCERS "excess" earnings to provide a "non-vested" premium offset to help mitigate against premium rate increases.

Recognizing the ever-increasing growth in SCERS investment earnings up to 1999, the SCERS Board has allocated monies since 1980 to provide some modest relief to SCERS annuitants. These monthly medical premium offsets (in addition to a modest dental plan sponsored by SCERS) are described on page 4 of this newsletter. The actual amounts, from 1980 until 1994, were determined directly by the SCERS Board. From 1994 to present, the actual amounts are established by resolution of the Board of Supervisors based upon the recommendations of the SCERS Administrator and the County Executive.

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As a “non-vested” benefit, i.e., as a benefit neither promised before nor after retirement, nor one provided in any bargaining agreement, and, more importantly, as a benefit whose continuation is contingent upon the availability or non-availability of SCERS excess earnings, the SCERS Administrator and the County Executive have in their recommendations to the Board of Supervisors purposefully limited the amount of the annuitant medical premium offsets and retiree dental program schedule of allowance to modest amounts. The medical premium offset is set at the highest retiree-only under age sixty-five premium for County sponsored HMOs with at least ten percent enrollment for all covered retirees. The setting of offsets at modest amounts is, in part, in recognition that, someday, should SCERS excess earnings be inadequate or non-existent, the cessation of such non-vested benefits will be less economically burdensome to the lifestyles of SCERS annuitants who have come to rely upon them.

But, For How Much Longer?

For each year of providing these benefits, the Board of Supervisors has established that continuation of such benefits has been wholly contingent upon the availability of SCERS earnings and the SCERS Board’s willingness to use them for this purpose.

Now, unfortunately, due in large part to the impact upon SCERS investment portfolio of the well publicized acts of international terrorism, corporate fraud scandals, and lagging economies, SCERS for the most recent two and one-half years is experiencing a period of negative earnings. This brings into serious question SCERS abilities to be the funding mechanism for continuation of medical and dental plan premium offsets, at the current levels or even, at all.

Read The Material And Be Prudent In Your Enrollment

Without intending to be alarmist and recognizing the prudence of living within one’s means, SCERS enrollees in County-sponsored health plans should carefully read the mailings from the County Employees Benefits Office to understand and appreciate the changes in plan premiums, attend the County’s annual enrollment events to ask questions, then make their decisions regarding annual enrollment, taking into consideration that the premium offsets (aka “subsidies”) in present form or at all, may no longer become available in coming years. Remember, however, that if a current enrollee chooses to disenroll from coverage under a County-sponsored plan for reasons other than immediately enrolling in another County-sponsored plan during an annual enrollment period, (s)he waives the right to enroll in any County-sponsored plan, forever.

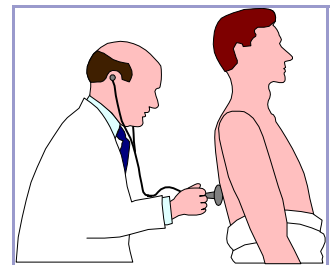


Board of Supervisors Declares “Prostate Cancer Awareness Month”

The Sacramento County Board of Supervisors has declared September 2002 as Prostate Cancer Awareness Month in Sacramento County!

Recognizing the importance of screening methods in the treatment of prostate cancer and the need to increase awareness and early detection, the Board urges all men who are at least forty five years of age to discuss the need for prostate screening with their health care providers.

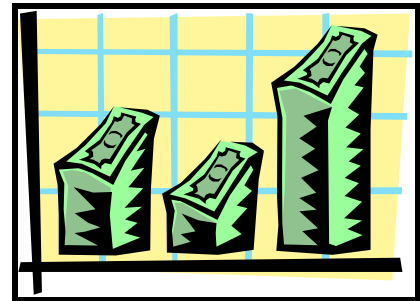
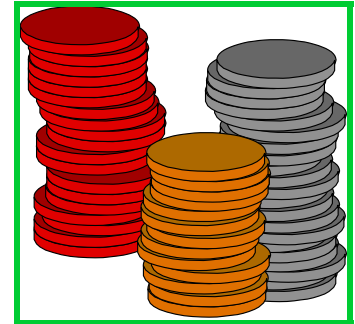
For very important information on this subject, the SCERS Board joins the Board of Supervisors in urging our retirees to telephone the American Cancer Society at 1-916-446-7933 (and press “3” at the prompt).





CHRONOLOGY OF RETIREE MEDICAL PREMIUM SUBSIDIES

Resolution #	Date	Monthly Subsidy*	Effective
SCERA 80-2	9/10/80	\$30	11/1/80
81-1	9/23/81	\$35.50	11/1/81
82-2	9/15/82	\$47.24	11/1/82
83-1	9/28/83	\$51.50	11/1/83
84-1	10/25/84	\$60.88	11/1/84
85-3	10/10/85	\$60.88	11/1/85
86-5	9/25/86	\$75.00	11/1/86
SCERS 87-03	8/27/87	\$80.74	10/1/87
88-13	9/22/88	\$80.74	10/1/88
89-12	8/24/89	\$91.40	10/1/89
90-18	9/27/90	\$91.40	10/1/90
91-10	7/25/91	\$124.00	10/1/91
92-08	8/13/92	\$110.00	10/1/92
93-07	7/8/93	\$110.00	7/1/93
	Max/Mo**		
BofS 93-1527	11/30/93	\$186.00	6/30/94
95-0688	6/6/95	\$172.00	6/30/95
96-0480	5/7/96	\$170.00	6/30/96
97-0730	6/17/97	\$168.00	6/30/97
98-0774	6/23/98	\$156.00	6/30/98
99-0411	4/13/99	\$167.00	6/30/99
00-0219	2/29/00	\$186.00	6/30/00
01-0383	4/17/01	\$202.00	6/30/01
02-0458	4/30/02	\$244.00	6/30/02



SERVICE CREDIT CRITERIA

Effective Date (Premium Pd) years	Less than 10 years	10 years, but less than 15	15 years, but less than 20	20 years, but less than 25	25 or more
6/30/94	\$93	\$116	\$139	\$162	\$186 ***
6/30/95	\$86	\$108	\$129	\$151	\$172
6/30/96	\$86	\$108	\$129	\$151	\$172
6/30/97	\$84	\$105	\$126	\$147	\$168
6/30/98	\$78	\$98	\$117	\$137	\$156
6/30/99	\$84	\$105	\$126	\$147	\$167
6/30/00	\$93	\$116	\$139	\$162	\$186
6/30/01	\$101	\$126	\$151	\$176	\$202****
6/30/02	\$122	\$152	\$182	\$212	\$244

*Resolutions 80-2 through 93-07 provided for one amount of monthly subsidies, regardless of credited service.

**Resolutions 93-1527 and following provided for five gradations based upon credited service.

***Resolutions 93-1527 through 00-0219 provided for subsidies set on basis of retiree only, under 65 for highest HMO premium.

****Resolutions 01-0383 and 02-0458 provided for subsidies set on basis of retiree only, under 65, for highest premium for HMOs with at least 10%



Annual Enrollment For County Medical Plans

The Sacramento County Department of Risk Management and Benefits, Employee Benefits Office, has announced the annual enrollment schedule for County-sponsored medical care coverage plans for eligible SCERS annuitants.

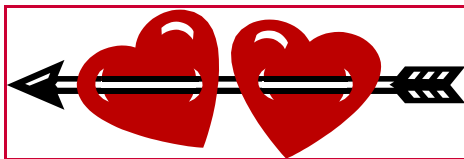
Annual enrollment begins at 8:00 a.m. on October 1, 2002 and ends October 31, 2002 at 5:00 p.m. at the County Administration Building, 700 H Street, 6th Floor, Sacramento.

In addition, special events are scheduled as follows:

Retiree Health Insurance Annual Enrollment Events

LOCATION	DATE	TIME
County Administration Building 700 H Street – 1 st Floor Lobby	Friday, October 11	9 a.m. – 1 p.m.
Foothill Community Center 5510 Diablo Drive DHHS	Tuesday, October 15	9 a.m. – 1 p.m.
7001-A East Parkway	Thursday, October 24	9 a.m. – 1 p.m.

The County Employee Benefits Office is responsible for dissemination of information relative to the County’s contracts with medical care coverage providers for active employees’ and retirees’ coverage. That office’s telephone number is 1-916-874-9092.



SCERS to Print and Distribute Revised Survivorship Benefits Handbook

In April 1999 SCERS printed and distributed to our monthly annuitants (retirees and surviving spouses) a Handbook containing thirty pages of important and useful information pertinent to benefits which may be payable upon the passing away of our retired plan participants and a number of “to-dos” to prepare for and react to such happenings.

Now, SCERS has updated the Handbook and it contains current facts, figures, addresses and phone numbers.

This very well-received information source is to be distributed by SCERS in coming weeks.

If you do not receive your copy by December 31, 2002, you should telephone or write to SCERS as soon as possible to assure your receipt of this very important information.

Once received, you should retain it for future reference.



SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT
SYSTEM

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Sacramento, CA 95812-0627

Phone: 916 874-9119
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Email: sacretire@saccounty.net

VISIT THE RETIREMENT WEBSITE :
www.saccounty.net/retirement



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Are You Not Getting Info Due To Address Change?

Address changed? Are you not getting important information (but then, how would you know?)?

SCERS' experience has been that SCERS monthly annuitants (i.e., those who receive a SCERS check every month) sometimes change their residence or mailing addresses but do not notify SCERS (and, perhaps, other important entities) of the new address. Even though their monthly checks may continue to be deposited correctly, because they have no additional change in their banking, you might ask, "What's the problem"?

Well, the "problem" is that you may not be getting important information regarding your SCERS benefits, i.e., our newsletters, our special notices and special mailings.

If you move and/or change your residence or mailing address you should – PLEASE- notify SCERS in writing, including your printed name, new address and phone number, and your signature just so we can be sure.

Once received, SCERS will follow-up to assure our records are current.

