

# CAPSule

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## 2017 HEALTH PLAN COSTS

On July 28 CAPS filed a grievance on behalf of all Unit 10 state scientists alleging that CalHR has miscalculated the state's 2017 contribution rates. This results from CalHR's decision to drop Blue Shield NetValue and add United Healthcare in calculating the 2017 rates. The CAPS MOU requires the state to pay 80% of the weighted average of the four largest health plans offered to state scientists by CalPERS. So each summer CalHR calculates the state's contribution to state employee health plans for the following year.

In the past, this has been a straightforward calculation, one that had the state contribution inching reliably upward, covering most of each plan's premium increase, with the difference paid by the employee. This year, however, CalHR's calculation of the state's contribution **decreased** slightly at each of the three levels: single, double and family. So while all health premiums are INCREASING for 2017, the state plans to DECREASE its contribution.

The Blue Shield NetValue (BSN) plan won't be part of the CalPERS stable of healthcare plans in 2017. All BSN participants will need to switch to another plan during open enrollment (September 12 to October 7). Those who don't will automatically be placed into the Blue Shield Access+ HMO. The absence of BSN is the reason CalHR isn't using this plan as one of the top four largest plans. The result — adding the lower premiums of the United Healthcare enrollees — brings down the average overall premium used to calculate the state's 2017 contribution rates. CAPS contends that this violates the Unit 10 MOU. Instead, CalHR should be using the Blue Shield NetValue enrollees in calculating the state's rates for 2017 — it is an existing and active plan this year. The grievance is on a fast track to arbitration. If CAPS prevails, your out-of-pocket costs will go down.

Details on benefit changes to individual plans will come to you directly from CalPERS later this month. They will also be posted on the CalPERS website: [www.calpers.ca.gov](http://www.calpers.ca.gov). During open enrollment state scientists can elect to change plans. Any such changes would be effective January 1. Open enrollment in the state's FlexElect program (administered by CalHR) is held at the same time.

You may be able to reduce your taxable income by estimating your medical expenses and setting aside out-of-pocket expenses pre-tax via the state's Medical Reimbursement Program. This benefit is outlined in the CAPS MOU, Section 5.8 Pre-Tax of Health/Dental/Vision Premiums. Out-of-pocket costs for health plan **premiums** are automatically deducted pre-tax. There is also an opportunity to set aside additional pre-tax funds for other anticipated qualified medical expenses. Get more information on the CalHR website: <http://www.calhr.ca.gov/>.

STATE CONTRIBUTION	SINGLE	TWO-PARTY	FAMILY
2017 - Vested	\$559	\$1,125	\$1,462
2017 - First 12 months of employment	\$559	\$984	\$1,236

### TOP FOUR PLANS\*

#### KAISER CA

Premium	Single	Two-Party	Family
2017.....	\$663.....	\$1326.....	\$1724
Out-of-Pocket Cost.....	\$104.....	\$201.....	\$262

#### BLUE SHIELD ACCESS + HMO

Premium	Single	Two-Party	Family
2017.....	\$830.....	\$1,661.....	\$2,159
Out-of-Pocket Cost.....	\$271.....	\$536.....	\$697

#### PERSChoice

Premium	Single	Two-Party	Family
2017.....	\$741.....	\$1,482.....	\$1,926
Out-of-Pocket Cost.....	\$182.....	\$357.....	\$464

#### UNITED HEALTHCARE

Premium	Single	Two-Party	Family
2017.....	\$686.....	\$1,372.....	\$1,784
Out-of-Pocket Cost.....	\$127.....	\$247.....	\$322

\*See the complete list of CalPERS plans on the CAPS web page, [www.capsscientists.org](http://www.capsscientists.org).

California State Scientists ... Knowledge, Innovation, Protection

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# GREETINGS!

BY JON ORTIZ, DIRECTOR OF RESEARCH AND STRATEGY

What does a pantyhose warehouse in Santa Rosa, a company that delivered candy and cigarettes to Stockton AM/PM stores, a Lodi-based home medical equipment firm and *The Sacramento Bee* have in common?

Me. I've worked for all of them.

Now, with that unusual background, I'm in a new position as your Director of Research and Strategy for CAPS Labor Relations Consultants at Blanning and Baker Associates. I'm uniquely prepared and honored to take on the job. Here's why.

Before I entered journalism with The Bee 13 years ago, I knew about hard work. I loaded delivery trucks at night in freezing-cold weather. I worked overtime to the point of exhaustion because one of my employers would not hire enough help. I've dealt with sweeping changes in a workplace grappling with new technology. I've had my salary frozen and my benefits drastically cut. I've been furloughed.

Those experiences gave me an appreciation for organized labor. Some of those workplace problems likely wouldn't have happened had I been in a union. And when I was represented, the misfortunes that befell my colleagues and me would likely have been much worse without a group voice speaking to management on our behalf.

During the eight years I reported on California state employees – including CAPS' contract struggles with two administrations – I often empathized with people I covered during some of the most trying fiscal times in the government's history. My job as a reporter, however, required I keep those thoughts to myself. Readers divided over my point of view. Some thought I was a state worker hater. Others believed I was a tool of the unions.

Now I have left journalism's demand for neutrality behind. I've wholeheartedly joined an effort that truthfully and unapologetically promotes the best interests of state scientists and, by extension, the public's health and wellbeing. Instead of questioning everyone, I can now advocate for someone.

You.

## CALPERS IS WELL-PREPARED FOR MARKET'S UPS AND DOWNS

BY ROB FECKNER, PRESIDENT, CALPERS BOARD OF ADMINISTRATION

Landscapers, school secretaries and custodians, police officers and firefighters, scientists, engineers, nurses and doctors - nearly 2 million public employees make the California Public Employees' Retirement System stronger.

Recent news reports and opinions would have you believe that these are dark days for a pension fund with assets of more than \$301 billion. Nothing could be further from the truth. Let me tell you why.

We recently reported our investment returns for the fiscal year July 1, 2015, to June 30, 2016. They were just shy of 1 percent, a small but significant achievement in a year of extraordinarily turbulent and volatile global markets. Through it all, we continued to pay promised retirement benefits.

Clearly, these are challenging economic times. But we've been preparing for quite some time.

Last year, we put a policy in place to incrementally lower our discount rate, currently at 7.5 percent, in years of good investment returns. The new policy - carefully developed over many months of research and consultation with financial experts and stakeholders - takes effect when our investment earnings hit a certain level. Essentially, it means that our funding level will go up and the risk to our system will go down.

We know that changing the discount rate affects the pension contributions of the State of California and local agencies that belong to CalPERS. But we designed the policy to minimize any increases and recognize the financial difficulties that many local governments are still facing.

The plan unfolds over time because we pay pensions over time - just like you do your mortgage. That's why we don't overreact when our investment returns soar to 18 percent, as they did just two years ago, or when they fall, as they did this year. We invest for decades, not one year, not even 10.

In addition to our policy, we also have a disciplined process to review the changing demographics of our members, the state of our economy and what we can expect from financial markets. We will conduct these reviews over the next year to determine if our discount rate should be changed sooner rather than later.

Every family in California deserves retirement security. Defined benefit plans such as CalPERS are a cornerstone to a secure financial future. For employees, they're a solid path to a predictable income and peace of mind. For employers, they are a critical and cost-effective tool to recruit and retain highly skilled workers.

They are also a powerful financial engine. In California, CalPERS benefit payments generate nearly \$27 billion in economic activity every year, stimulating business growth, generating tax receipts and supporting more than 360,000 jobs in our local communities.

Let's put some perspective around public pensions and the importance of financial security for all. The choices CalPERS makes are never easy, but we make them with a long view. With so much at stake, we strive to keep our fund thriving for generations, to strengthen our commitment to our members and our communities and to deliver the pension benefits promised to public servants who work for all of us in California.

# HOT AUGUST DAYS

*By Patty Velez, President*

This summer has brought record heat to many parts of California. It's no different in Sacramento, where the political heat inside often matches the brutal hot temperatures outside. The heat promises to remain on high until the state Legislature adjourns for the year, now scheduled for August 31. That looks to be a firm date, after which there won't be any more legislative action until that body returns in January 2017.

Most state employee representatives still haven't reached tentative agreement with CalHR for a new MOU. Time is short for getting it done. Trades and maintenance employees in State Bargaining Unit 12 have rejected a tentative agreement, they are paying health benefit plan increases out of their own pocket, and there is no settlement in sight. SEIU local 1000, representing nine bargaining units, is taking a strike vote and appears to be far from reaching agreement any time soon.

The biggest sticking point in all the negotiations appears to be the difference between the salary increase being offered and the post-retirement health benefits contribution being demanded by CalHR as a condition for settlement.

For state scientists, the net increase over the three-year agreement is 12.2%. The first of three annual 5% salary increases was effective last month. The first installment of the post-retirement health benefit contributions -- .07% -- isn't effective until July 2017. That's followed by another .07% in July 2018, and 1.4% in July 2019, for a total of 2.8% (all of these so-called "OPEB" contributions are matched dollar-for-dollar by the state).

Yes, we deserve much more, but right now the decision to ratify our MOU looks like it was a wise move.

For many of us, **health benefit premium increases, and a reduction in the state's contribution**, threatens to cut into our salary gains. See the details in the story on page 1. ***Suffice it to say we didn't negotiate salary increases to see the net eroded by health benefit premium increases!*** We have filed a grievance and fast-tracked it for arbitration!

**“... WE MUST HAVE A FIRM COMMITMENT OF TIME AND RESOURCES FROM CALHR TO MAKE IT HAPPEN.”**

One of my biggest disappointments in recent rounds of bargaining was the failure of CalHR to finish the **Reclassification and Pay Project**. We were very close to completing badly needed new class specification updates for virtually all state scientists, notably Research Scientist, Lab Scientist, Energy Scientist, Heritage Scientist, Industrial Health Scientist, Hazardous Materials Specialist and Health Physicist. We

hope to resume work on these reclassification projects as soon as possible. We are ready, but we **MUST** have a firm commitment of time and resources from CalHR to make it happen.

Finally, please join me in welcoming media specialists Beth Katz and Jon Ortiz to our consulting staff. Jon in particular is well known to many of you, having been the driving force behind the *Sacramento Bee's* State Worker Blog. There simply wasn't a beat reporter in the nation more attuned to state worker issues than Mr. Ortiz. And now he's an enthusiastic advocate for state scientists. The media and public relations guidance and advocacy by Ms. Katz and Mr. Ortiz should help us significantly in achieving our goals.



## CALIFORNIA ASSOCIATION OF PROFESSIONAL SCIENTISTS

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## YOUR RIGHT TO REPRESENTATION

*Your supervisor begins to ask you questions about a recent project or office interaction. Something in her questions suggests that trouble is brewing. What should you do?*

State scientists (and all state employees) have the right to request a union representative to attend a meeting they reasonably believe will result in a disciplinary action. These rights are called Weingarten rights which are derived from a 1975 Supreme Court Case (NLRB v. J. Weingarten, Inc.). These rights apply in investigatory interviews and meetings, where the employee has a reasonable belief that formal discipline may result. State scientists may request union representation before or during such an interview. When representation is requested the supervisor must do one of three things: grant the request and delay questioning until the representative arrives; deny the request and end the interview immediately; or offer the option of having the interview without representation (essentially voluntarily giving up one's rights to union representation-*NOT a good option*).

If the supervisor denies the request for union representation and continues the interview, you have the legal right to refuse to answer questions. This option must be exercised tactfully. Don't walk out of the interview. Instead, request CAPS' representation but don't answer questions without your CAPS representative present. If you *are* pressured into answering, the information gathered at the meeting may be excluded in any disciplinary action.

Most importantly, don't enter an investigatory interview without CAPS' assistance. Also remember: not every meeting gives rise to a right to representation by CAPS. For instance, if your supervisor issues you a negative performance evaluation, that doesn't entitle you to have a CAPS representative present when discussing it. A good rule of thumb: if a meeting's purpose is to give you direction of what to do going forward, you don't have the right to a representative. If a meeting's purpose is to ask you questions about something negative that happened in the past, consider contacting CAPS before answering questions. If a meeting takes an unanticipated nasty turn, ask for a break and contact your nearest CAPS office.