NSEA-RETIRED
ADVOCATE

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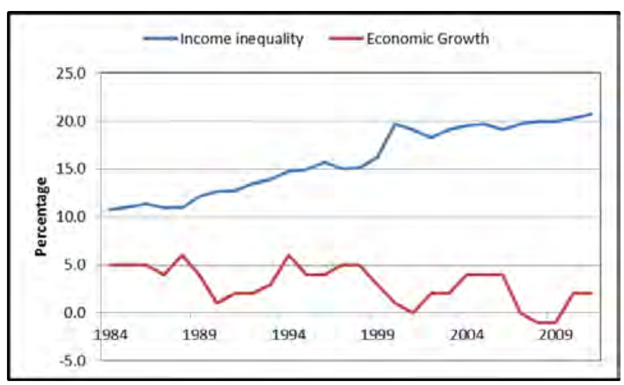
October 2015: V11, I-1

The Unintended Consequence of Pension Reforms

Roger Rea, NSEA-Retired President

When you push down on one side of a teeter-totter, the other side goes up. The behavior is predictable and makes common sense. Most things in nature behave in ways that are predictable. The study of nature is often a quest to find ways to accurately predict that behavior. But at times, actions produce results that are not predictable. That kind of anomaly is the stuff that makes researchers' hearts race faster – they cannot wait to try to explain the unexplainable. Pension reforms, while not part of the "natural world," often are intended to produce some simple result – such as lowering the overall cost of the pension. But there are often "unintended consequences" that accompany those reforms.

I recently attended a forum on pension plan funding at which Michael Kahn, a researcher for the National Conference on Public Employee Retirement Systems, presented the results of his most recent study, entitled: "*Income Inequality: Hidden Economic Cost of Prevailing Approaches to Pension Reforms*." His research revealed that the prevailing approaches to pension reform have aggravated income inequality among wage earners, and are closely correlated with lower economic growth for the nation. That "hidden cost" was not intended and is not desirable. Allow me to summarize his research.



You hear a lot about income inequality these days. While there are many ways to define and calculate income inequality, Kahn chose a simple, straightforward approach. He took the total household income for all Americans and placed the amounts in rank order from highest to lowest. He then divided the income ranges into five groups, with an equal number of households in each group, and calculated the average income for each of the five groups (each group is called a quintile). He then compared the average income of the top quintile to the average income of the bottom quintile to get a ratio of how much the highest-paid quintile of Americans earned compared to the lowest-paid quintile. In 1982, the first year in the study, the highest-paid quintile of Americans earned 10.6 times as much as the lowest paid quintile. By 2011 the ratio was 20.7 – the highest-paid quintile of Americans earned more than twenty times as much as the lowest-paid quintile in 2011, a ratio that is double what it was in 1982!

Next, Kahn compared income inequality to the percentage of increase in economic growth for that same time frame. As income inequality increased, economic growth correspondingly decreased. Kahn also compared the income inequality in each state to the economic growth in that state. He found that states with rising income inequality had slower growth than states where the income inequality was not rising so rapidly. His analysis showed that for each one-unit increase in income inequality, the rate of economic growth decreased by about 18 percent. His study took into account other factors that affect economic growth, such as productivity, and the results were the same. A summary of his findings is displayed in the graph on page 1.

Many factors contribute to income inequality. But it is just common sense to conclude that when incomes of some Americans are reduced through cuts in compensation and pensions (or by requiring higher employee contributions to their fringe benefit packages), and incomes of others are increased through cuts in the top, marginal tax rates, that income inequality is bound to increase! The increase in income inequality is an unintended consequence of pension cuts, and it has a negative effect on economic growth. A recent study by Standard and Poor's (S&P) that focused on income inequality and economic growth contained this interesting quote: *"A rising tide lifts all boats … but a lifeboat carrying a few, surrounded by many treading water, risks capsizing."* S&P researchers underscored the negative link between income inequality and economic growth, and in 2014 revised their 10-year forecast of U.S. economic growth down from 2.8 percent to 2.5 percent.

Kahn extended his research to see if there was a correlation to negative changes in defined benefit pension plans, income inequality, and economic growth. He considered "negative changes in a pension plan" to include: increased member contributions; reduction or elimination of a COLA; increasing the number of years used to determine "final average compensation;" lowering the formula percent used to calculate the retirement benefit; or changing from a defined-benefit pension plan to a defined contribution, cash-balance or hybrid plan, to name a few possible negative changes. His study included all state pension plans in the time frame of 2000 – 2010. He found that the higher the number of negative pension plan changes a state makes, the higher the increase in income inequality within the state. His data suggest that a single negative change in a pension plan increases income inequality in the state by about 15 percent.

It is not likely that policy makers or the general public have made the connection between the diminishing of pensions and income inequality. And it is even less likely that they make the connection between rising income inequality and lower economic growth. Policy makers who suggest "holding the line" on employee compensation and lowering their pension benefits to "control costs" do not intend to also further increase income inequality and lower future economic growth. But that is what is happening. The latter are "unintended consequences" of the former's action.

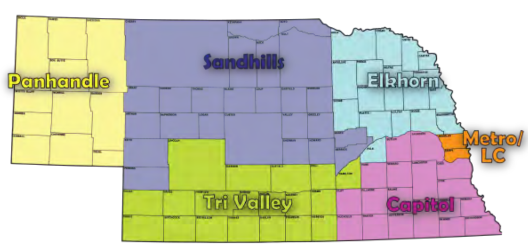
It is time to enlighten policy makers about the unintended consequences of their actions.

Elections Coming in March 2016

By: Roger Rea, NSEA-Retired President

NSEA-Retired members will elect two general officers of the Association next spring: Secretary and Treasurer. Current NSEA-Retired Secretary, Jan Barnason, and current NSEA-Retired Treasurer, Art Tanderup, are eligible to run for re-election if they choose to do so. Three of the six District Director positions are also up for election. District Directors will be elected for Metro Region #1, Panhandle, and Tri Valley. Current Metro Region #1 Director John Jensen; Panhandle Director Jim McDermott; and Tri Valley Director Guy Roggenkamp are eligible to run for re-election if they choose to do so. All of these officers will be elected to three-year terms, beginning August 15, 2016.

Delegates will also be elected to represent the retired members at NSEA Delegate Assembly (to be held in Lincoln on April 15 & 16, 2016) as well as delegates to NEA Representative Assembly (to be held in Washington, DC July 2 – 9, 2016). Delegates to NSEA-DA and NEA-RA are elected for one-year terms. Complete details regarding the election procedures as well as the process for filing for election will be posted on the NSEA-Retired web page, ***www.nsea.org/retired***, after January 20. Any NSEA-Retired member in good standing is eligible to run for office. Candidates for District Director, NSEA Delegate Assembly or NEA Representative Assembly must live in the NSEA District they wish to represent. A map of the NSEA District boundaries is printed for your reference.



Medicare and EHA Seminars Coming in November

By: Roger Rea, NSEA-Retired President

Each year Medicare subscribers who participate in Medicare Part D, the prescription drug benefit for Medicare, have from October 15 to December 7 to enroll in a different prescription drug plan. Unlike traditional Medicare supplements, the re-enrollment process for Medicare Part D has no restrictions so long as the re-enrollment takes place during the open enrollment period (Oct. 15 to Dec. 7). To assist members in making this important decision, NSEA-Retired and Blue Cross of Nebraska team up to provide information seminars on how to use the Medicare web site to find an appropriate provider for your prescription drug needs.

In addition, NSEA-Retired members younger than 65 who have insurance through the Educators Health Alliance (EHA), the Blue Cross plan that insures almost all school employees in the state, have the opportunity to change to a higher deductible plan if they submit an enrollment application by December 1st. The four EHA options available to retirees younger than 65 are: (a) $750 deductible plan; (b) $1,650 deductible plan; (c) $3,100 deductible plan that is eligible for a Health Savings Account; and (d) $4,000 deductible plan that is eligible for a Health Savings Account.

The morning session (from 9:30 a.m. to noon) will be devoted to Medicare issues, and the afternoon session (from 1:30 p.m. to 3:30 p.m.) will focus on EHA options for members younger than 65. The locations of the sessions for this year are shown in the table below.

Dates and Locations for the Seminars

Date	City	Location
Tuesday, November 10	Kearney	Younes Center 416 W. Talmadge Road
Wednesday, November 11	Norfolk	NECC LifeLong Learning Center 801 E. Benjamin Ave.
Thurday, November 12	Lincoln	Country Inn & Suites 5353 N. 27th Street
Monay, November 16	Omaha	Scott Conference Center 6450 Pine Street

The Medicare sessions (from 9:30 a.m. to noon at each location) will cover four major topics: (a) the basics of Medicare, how to enroll, and the deductible and co-pay amounts for next year; (b) the benefits provided by NSEA-Retired BlueSenior Classic, the Medicare supplement endorsed by NSEA-Retired and underwritten by Blue Cross of Nebraska; (c) the benefits provided by Medicare Part D, the prescription drug benefit for Medicare; and (d) a demonstration of how to use the Internet to find an appropriate Medicare Part D provider for you.

NSEA-Retired BlueSenior Classic is a Medicare supplement that is available to NSEA-Retired members and participants in one of the EHA plans. It is not advertised to the general public and is not available from an insurance salesman. It is the only Medicare supplement that provides dental coverage as part of the supplement itself. The dental coverage is the same PPO dental coverage that participants in EHA currently have. The spouse of any NSEA-Retired member is also eligible to enroll in our Medicare supplement so long as they enroll during the initial period of eligibility for Medicare. For individuals who cannot attend one of the sessions, all of the handouts from the Medicare seminars will be posted on the NSEA-Retired web site, ***www.nsea.org /retired***, after the seminars have been completed.

Retirees younger than 65 who participate in the EHA insurance program are enrolled by default into the $750 deductible plan. Since retirees must pay both the premiums and the claims for their medical costs, many retirees select a plan with lower total costs. Comparisons of the premium costs as well as the maximum out-of-pocket costs for the four plans available to retirees ($750 deductible, $1,650 deductible, $3,100 deductible, and $4,000 deductible) will be part of the afternoon sessions (1:30 p.m. – 3:30 p.m. at each location). Both the $3,100 deductible plan and the $4,000 deductible plan qualify as High Deductible Health Plans (HDHP), and are eligible for a Health Savings Account (HSA). An HSA allows subscribers to pay for their medical claims on a tax-preferred basis. NSEA-Retired has endorsed Union Bank of Lincoln to provide low-fee HSA accounts to EHA subscribers. A representative from Union Bank will be present to explain the benefits and uses of Health Savings Accounts.

There is no need to pre-register for any of the seminars. Mark your calendars now for these important information sessions. A mailing with complete details on the seminars will be sent to retirees younger than 70. You can also visit the NSEA-Retired web site, ***www.nsea.org/retired***, for updated information.

Tax-Relief Coalition Considers Options for 2016 Legislative Session

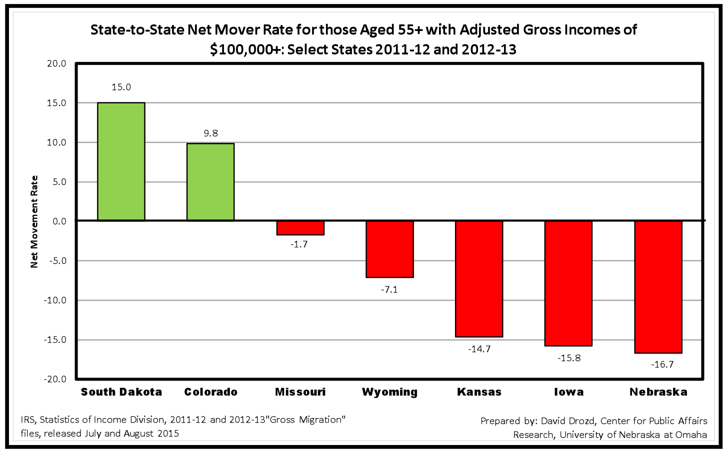
By: Roger Rea, NSEA-Retired President

NSEA-Retired is one of the founding members of a coalition of Nebraska organizations with an interest in issues facing retirees. One major goal of this group is to make Nebraska more "retiree friendly." The coalition has visited with state lawmakers on issues of taxation and has developed testimony for bills that will reduce or eliminate the state income tax on Social Security incomes for the past several years. Nebraska is one of just five states that taxes Social Security benefits to the full extent allowed by federal law. In 2014, the coalition was successful in getting a bill passed that raised the income below which no Nebraska income tax is applied to Social Security benefits to $43,000 for a single individual or $58,000 for a married couple.

In January 2015, two bills were introduced that would further lessen the state income tax burden on Social Security incomes. LB 20, introduced by Senator Bob Krist, would immediately exempt all Social Security and military retirement incomes from state tax. The Department of Revenue estimated that this exemption would result in a $151 million reduction in state tax revenues for FY2015-16. LB 165, introduced by Senator Brett Lindquist, would phase out the state tax on Social Security incomes over a five-year time frame. The Department of Revenue estimated that this exemption would reduce state tax revenues by $23 million in FY2015-16, and would reduce tax revenues by $109 million when the exemption was fully implemented in 2019. Both bills are being held by the Revenue Committee.

The coalition believes that reducing the tax burden on retirement incomes will help retain retirees in the state, and may induce individuals who left Nebraska to work elsewhere to return to Nebraska when they retire. U.S. Census data show that states that recently eliminated the state tax on Social Security benefits (as Missouri did in 2012) have a positive net migration (which compares the number of people who move into the state to those who move out of the state) for people age 60 and older. In other words, when Missouri eliminated its tax on Social Security, more retirees age 60 and older moved into Missouri than moved out – by a substantial margin.

The U.S. Census Bureau recently released data that tracks how many people move into or out of each state, and the data are broken down by income level. The graph below shows that Nebraska has the highest net out-migration for people age 55 and older with incomes of $100,000 or more than does any state in our seven-state region (NE, IA, SD, WY, CO, KS and MO).



The coalition is working with state senators to find acceptable ways to further reduce the income tax burden on Social Security incomes. Any new bills for 2016 will be discussed fully at our annual NSEA-Retired Lobby Day in Lincoln, Feb. 2, 2016.

Lessons From My Close-up Experience With Chinese Health Care

By: John Jensen, NSEA-Retired board member and NEA-Retired Vice President

Editor's note: The author's son, Scott, was injured in an auto accident in China. This article provides insights into how to prepare for and deal with emergency health care abroad.

My son, Scott, spends several months each year in China for his work. He had plans to fly home to Dallas, and on April 3, 2015, I called him, thinking he would be in Dallas. He answered his cell phone, stopped my questions, and told me he had been in an auto accident in China and that he was in the hospital with a broken right femur and a broken right arm. His medical condition went downhill rapidly. For some time after that phone call, he was not very coherent.

The accident occurred in Bengbu, China, a city of about 3 million people. Thus began a four-month fight for survival and ultimately for full recovery. Not only had Scott shattered his right arm and leg, but he also had a severe concussion that led to meningitis.

I went to China to help with Scott's recovery. The months my son spent in China offer lessons for all of us who travel abroad.

- **Lesson One**: Have medical insurance that covers you in other countries. Scott had a Gold "Obamacare" policy that covered his medical expenses in a foreign country, but only "in case of a medical emergency." So he was covered, but …
- **Lesson Two**: Make sure that you have medical evacuation insurance that will pay to fly you to the U.S.A. Like most domestic health insurance policies, Scott's policy did not cover medical evacuation to the U.S.A. His policy would cover Scott in China, but it would only pay to transport him to the nearest facility that would meet his medical needs.

His initial care was in Bengbu, and he was transported to the hospital in Nanjing, China when he came down with meningitis.

- **Lesson Three**: Be sure that your insurance carrier is recognized in the countries you are visiting. The Nanjing hospital did not believe that Scott's Cigna insurance policy was "real," and therefore demanded a cash payment each morning for that day's care. Fortunately, one of Scott's business associates personally fronted all the cash for his care until the hospital was convinced that the Cigna policy would pay for it.
- **Lesson Four**: Make sure that you have a current, valid passport now, even if you have no plans to use it soon. I had to get an expedited passport and visa. I learned that obtaining an expedited passport is very expensive.
- **Lesson Five**: Choose a hotel that caters to foreign travelers. The hotel I used in Nanjing catered to business travelers. Many of the hotel staff were able to speak at least "broken English." Staff in other hotels in the area only spoke Mandarin Chinese.
- **Lesson Six**: Try to have a local friend help you. Luckily, an associate of Scott's took me to his hospital by taxi each day, and served as interpreter between the medical staff and me.
- **Lesson Seven:** Always have the hotel staff give you the address of your destination (as well as the hotel's address), written in the local language, to show the taxi driver.
- **Lesson Eight**: As much as possible, know what to expect as a caregiver. The Nanjing hospital was a teaching hospital and was well regarded. However, what I found there was surprising and troubling. The hospital provided patients with NO meals. Friends or relatives are expected to provide all food for the patient! The halls of the hospital were filled with family members and friends of the poorer Chinese patients, sleeping on the floor. Although few of the staff spoke any English, they were amazingly nice and reasonably well trained. But their equipment left much to be desired and general cleanliness was not up to U.S.A. standards. One day Scott was taken for a new set of X-Rays and a CT scan. The hospital staff wheeled his bed out of the building, through the open air, to a building that was being remodeled. The hospital gurney was pushed through air-born dust created by a worker who was demolishing a wall with an air hammer. I was appalled; Scott looked worried. After this procedure, Scott's meningitis, which had all but disappeared, came back with a vengeance.

I was able to arrange to have Scott flown to St. Teresa's Hospital in Hong Kong to clear up the meningitis. The difference between St. Teresa's Hospital and the Nanjing Hospital was startling. St. Teresa's was CLEAN and had wonderful, competent staff, most of whom spoke English, and it provided good food for the patients. The nurses' station must have had a *3-second rule*, as they would respond to Scott's call within 3 seconds anytime he pushed his call button. The best part for me is that St. Teresa's had a Starbucks coffee shop where I spent many Hong Kong dollars!

After Scott was able to return to Baylor University Hospital in Dallas, TX, I asked him how Baylor compared to St. Teresa's Hospital. He quickly said he would choose St. Teresa's any day! Baylor, although clean, was not as clean as St. Teresa's, and Baylor must have a *10-minute* rule for answering patients, not a *3-second* rule.

Today, Scott is back in his Dallas apartment and is working part time. He can walk and drive, and is working on overcoming the other complications from his injuries.

This has been an ordeal for Scott and my entire family. But his recovery to date is remarkable. I am grateful for all of the support my family received during this difficult situation. For all of us, the light at the end of the tunnel is much brighter now.

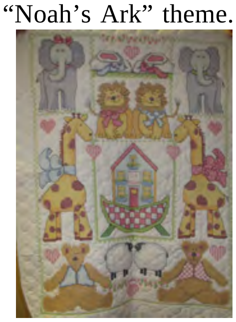
NSEA-Retired Raises Money for NSEA Children's Fund

By: Roger Rea, NSEA-Retired President

NSEA members recognize that many students in our schools are struggling. In 1994, NSEA established the NSEA Children's Fund to fulfill some modest and immediate needs of these students. The Children's Fund is supported entirely by donations, and makes funds available to NSEA members whose students need, and might not otherwise be able to afford, coats, eyeglasses or shoes. In some cases, the Fund supplements other sources of assistance and cooperates with merchants to help a child with a more complex problem. There is no red tape or lengthy delay in getting assistance for members who want to use the fund. The generosity of donors to the fund has helped pay for glasses, warm clothing, medical and dental needs of children; provided assistance to a family whose home and belongings were destroyed by fire; purchased a bus ticket for a child with no other means to get to school; and more.

As a 501(c)(3) corporation, donations to the fund are fully tax-deductible. NSEA-Retired has conducted an annual raffle, with the proceeds being donated to the NSEA Children's Fund, for the past nine years. Over the past five years, the raffle of a quilt or baby blanket has raised more than $4,400 for the Children's Fund.

This year's baby blanket has a "Noah's Ark" theme. Gloria Boham, the sister of NSEA-Retired member Walta Sue Dodd, donated the blanket. Tickets for a chance to win this year's blanket will be on sale at NSEA-Retired events during the year. Chances to win the blanket are $1 each, or six for $5. All proceeds of the raffle are donated to the NSEA Children's Fund.



No COLA Likely for Social Security This Year

By: Roger Rea, NSEA-Retired President

Simply put, inflation is the long-term increase in the price of goods and services caused by a general devaluation of the currency. Inflation erodes the purchasing power of all incomes, especially retirement incomes. While many factors contribute to inflation, one main driver is the price of oil. When oil prices were increasing dramatically in the late 1970s and early 1980s, inflation rates were at their highest – reaching an all-time high of 14.3 percent in 1980.

To help offset the impact of inflation on fixed incomes, prior to 1972 Congress periodically provided a cost-of-living adjustment (COLA) to those who were receiving Social Security. In 1972 Congress passed an automatic increase for Social Security incomes that were paid in 1975 and later. Since 1975, Social Security incomes have automatically been increased by an amount based on the increase in consumer prices.

One main driver of increased consumer prices is increased prices for energy. The recent drop in the price of oil and gasoline has brought a mixed blessing to consumers. While the dropping price of oil and gasoline means that you pay less to fuel your car each month, that falling oil price also means that there has been a corresponding decrease in the general cost of living. Social Security COLAs are based on increases in the Consumer Price Index for Urban Wage Earners (CPI-W) for the prior twelve months ending in October of each year.

A projection of a 0 percent COLA for 2016 was recently released by the Social Security and Medicare Trustees. For individuals who have been retired for several years, it will be déjà vu all over again. In 2010 and 2011 there were no COLA increases in Social Security – the only two times since 1975 that Social Security recipients did not receive an increase in benefit payments. These two years of no increase were followed in 2012 by a modest 3.6 percent hike. It may be somewhat comforting that the projections are for a COLA increase of 3.1 percent in 2017 – but that is just a projection; it is a long way off and a lot can change before 2017 arrives.

Traditional Medicare has two parts: Part A (which covers hospital visits, and which has no premium), and Part B (which covers outpatient services and doctor visits) which has a premium of $104.90 per month for most individuals. Medicare Part B premiums will be affected if there is no Social Security COLA in 2016, but not all senior citizens will be treated in the same manner. Retirees who pay their Medicare Part B premium by direct deduction from their Social Security check are protected by a "hold-harmless" provision in the law – their Medicare Part B premium increase cannot exceed the dollar increase in Social Security benefits. If there is no COLA for Social Security, their Medicare Part B premiums will not change for 2016. But for high income retirees (those with a modified adjusted gross income of more than $85,000 for an individual or $170,000 for a married couple), for individuals who first qualify for Social Security benefits in 2016, and for individuals who have elected to pay their Medicare Part B premiums outside of Social Security, there is no "hold harmless" provision. These individuals will see an increase in the Part B premium.

In 2010 and 2011, when there was no Social Security COLA, there were several tiers of premium for Medicare Part B, depending on which of the various categories listed above that the retiree fit. The actual Medicare Part B premium for 2016 will not be released until late October or early November 2015. You can find more information on the Social Security web site, ***www.ssa.gov***.

Three NEA-Retired Journalism Awards were received by publications of various Nebraska retired organizations at the 2015 NEA-Retired Conference in Orlando. Retired delegates to the conference, including the awards that were received, are (L to R): Carol Krejci; Tom Black (holding the Hall of Fame Award for the *NSEA-Retired Corner*); Roger Rea (holding the Runner Up Award for Established State Retired Newsletter for the *NSEA-Retired Advocate*); Walta Sue Dodd (holding the 1st Place Award for Established Local Retired Newsletter for the *OEA-Retired Voices of Experience*); and Pat Etherton.

Mentors Sought for 2016 Intergenerational Mentoring Project

By: Duane Obermier,
NSEA staff liaison for NSEA-Retired

The NSEA-Retired Intergenerational Mentoring Project brings together NSEA-Retired members and student NSEA members in their junior year in teacher education. NSEA-Retired members act as mentors to the student members from their junior year through their senior year, student teaching semester and on through their first year as professional teachers to help them make the transition from being a full-time student to being a full-time teacher. The relationship between the mentor and the student is a non-judgmental, non-evaluative one.

NSEA-Retired is currently seeking retired members to serve as mentors for this year's project. The training for the project is a two-day event that will be held over a weekend next spring. The dates had not been established at the time this issue of *The Advocate* went to press.

If you would like to share some of your "bag of teaching tricks" with students who will become teachers soon, please send your name and contact information to either Rebecca Smith, ***rebecca.smith@nsea.org***, or Duane Obermier, ***duane.obermier@nsea.org***, or call Rebecca at 1-800-742-0047 to be placed on the training roster. Full details will be sent to interested parties when the schedule for the 2016 Intergenerational Mentoring Project is set.

NSERS Does Not Pay COLA for 2015

By: Roger Rea, NSEA-Retired President

The Nebraska School Employees Retirement System, NSERS, which provides retirement benefits for all school employees who did not retire from the Omaha Public Schools, did not provide a cost-of-living increase for retirees this year. The COLA for NSERS is determined by the change in the Consumer Price Index for Urban Workers (CPI-W) at the end of June in each calendar year. When the CPI-W increases, retirees can receive up to a 2.5 percent increase in their retirement incomes. The amount of the COLA is the actual inflation rate, up to a maximum of 2.5 percent in any one year. The increase, if any, is added to the check that retirees receive in July each year.

Randy Gerke, the deputy director for the state retirement system, stated that for the twelve months that ended June 30, 2015, the CPI-W actually decreased by 0.4 percent. Since the CPI-W is down, there is no increase in pension income for the year. Retirees don't lose any part of their pension, but the pension does not increase. The CPI-W numbers for June were published on July 17, and on July 18, 2015 the determination was made that there would be no COLA for NSERS members this year.

Gerke stated that the retirement system only notifies retirees when there is a change in their benefits. Since there was no change in retirement benefits in July 2015, no letter about the COLA was sent to members.

The Omaha School Employees' Retirement System, OSERS, uses a different fiscal year than does NSERS, and pays their COLA on a different calendar schedule. More information about the OSERS COLA will appear in the next issue of *OEA-Retired Voices of Experience*.

NSEA-Retired delegates to the 2015 NEA Representative Assembly pose in front of the quilt raffled by NEA-Retired, for the NEA Fund for Children and Public Education. John Jensen, NEA-Retired Vice President, is in charge of that raffle. L to R: Carol Krejci, Walta Sue Dodd, Pat Etherton, Tom Black, John Jensen, and Roger Rea.

Blue Cross and CHI Reach Agreement on Contract

By: Roger Rea, NSEA-Retired President

Educators Health Alliance (EHA) subscribers who utilize either physicians or facilities owned by Catholic Health Initiative (CHI) are now able to use CHI facilities and providers at "in network" rates, thanks to an agreement between Blue Cross Blue Shield of Nebraska (BCBSNE) and Catholic Health Initiative (CHI) that was reached in June 2015. Negotiations between BCBSNE and CHI reached an impasse last year, and CHI facilities and providers lost their preferred "in network" reimbursement on September 1, 2014. In Omaha, CHI facilities include all of the former Alegent Creighton facilities; in Lincoln CHI facilities include the former St. Elizabeth Regional Medical Center and the Nebraska Heart Hospital. CHI facilities in other parts of Nebraska include Good Samaritan Hospital in Kearney, Saint Francis Medical Center in Grand Island, St. Mary's Community Hospital in Nebraska City, CHI Health Schuyler, and CHI Health Plainview.

The dispute between BCBSNE and CHI stemmed from the pricing CHI used for their services in the Omaha Metro area. CHI charges were from 10-30% higher than charges for other area hospitals and providers. Since the contract between BCBSNE and CHI did not allow negotiations for different fee arrangements for their several facilities, all CHI providers and facilities were removed from the in-network pricing for BCBSNE when the prior contract expired.

Contract negotiations between the two companies resulted in two agreements in June: one for Metro area providers and one for providers in the rest of the state. Both contracts have an effective date of July 15, 2015. Future negotiations between BCBSNE and CHI will be able to reach separate agreements for the two groups of CHI providers. If negotiations with one group reaches impasse, that will not have an effect on the negotiations for the other group.

While the dispute between BCBSNE and CHI affected retirees younger than 65 who are insured through EHA, it did not affect any Medicare supplement insured by BCBSNE. Medical providers who accept Medicare as payment must abide by the Medicare rules, and all Medicare supplements must abide by those same rules. If the provider accepts Medicare, your supplement, regardless of which insurance company it is with, will pay too.

NSEA-RETIRED
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Save the date!

NSEA-Retired Fall Conference

Where: Bosselman/Heartland Events Center
Grand Island
When: Tuesday, Oct. 27, 2015
Time: 8:30 a.m. – 3:30 p.m.

Keynote session: The "Fun" of Running the State Fair
Joseph McDermott, CEO of the State Fair – Grand Island

Spotlight on Nebraska: The Great Sandhill Crane Migration
Brice Krohn, Sandhill Crane Trust

Breakout sessions planned:
Estate and Financial Planning; Health Insurance After Retirement (EHA options and Medicare transition); Bird Watching in Nebraska; How to Really Grow Your Plants!; Olive Oils and Balsamic Vinegars; Resources Available for "aging in your own home"; and MORE….

No cost for members: Non-members and guests pay $10 per person
Oct. 26 Pre-event at "*The Chocolate Bar*" in Grand Island – 6:30 p.m.
Cost = $12 per person in advance; $15 per person at the door
Tentative agenda available on-line now
On-line registration begins October 1st – Register by October 21, please.
www.nsea.org /retired
Or: Call or email Rebecca at 1.800.742.0047 or ***rebecca.smith@nsea.org***