



University of Michigan Retirees Association

VOLUME 8, NO. 3

February-March 2004

Social Hour Programs, Winter-Spring 2004

THURSDAY, February 12: Ken Fischer, longtime Musical Society Executive Director, will speak on The University Musical Society at 125: Distinctive Past, Exciting Future.

THURSDAY, March 11: University of Michigan President Mary Sue Coleman will discuss The State of the University.

THURSDAY, April 8: Former astronaut Jack Lousma will share with us, using both audio and video, Perspectives from Space.

THURSDAY, May 13: William Martin, UM Athletic Director, will share his experiences.

IN THIS ISSUE

- How to find our meetings—place, time, refreshments.
- Program summaries from the November, December, and January social hours.
- Communications to the President of UM and to the Regents about the new cost-sharing program for medical benefits that was imposed on retirees January 1, 2004.
- A cautionary note about prescription drug reimportation by Dr. Martin L. Norton, the man who keeps UMRA informed about the UM Prescription Drug Program.

UMRA Officers Elected for 2004

Each December the UMRA board meets to elect officers for the new calendar year. The list of board members and their titles, on page 2, presents the latest election results. Douglas Woolley has been elected President, Patricia Butler continues as Vice-president, Ethel Rathbun will serve

as Secretary and Don Thiel assumes the duties of Treasurer.

The board expressed special thanks to the retiring President, Don Thiel, and the retiring Treasurer, Frederick Beutler, for their long service. Both continue to serve as board members.

UMRA Board Members

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Social Hour Details

UMRA Social Hours are held most months during the academic year on Thursday afternoons. The gatherings usually include light refreshments--coffee, sliced fruit, cookies, and soft drinks. All UMRA members are cordially invited to attend. Social Hour programs begin at 3:15 PM and continue until about 5:00 PM. Announcements about speakers and programs are made in this newsletter, in University Record *Events* notices, and at <www.umich.edu/~hrra/umra>, the UMRA web site. Meetings are usually held in Suite 18 on the ground floor of the UM Wolverine Tower. This building is located at the southeast corner of the intersection of Eisenhower Parkway and South State Street, east of the Briarwood Mall. The large parking lots at Wolverine Tower can be entered from Eisenhower or from northbound State Street. Parking is open and free to UM retirees during our Social Hours - that is, from 3:00 PM to 5:00 PM on meeting days.

The University of Michigan Retirees Association Newsletter

2072 Administrative Services Bldg, Ann Arbor, Michigan 48109-1432

The Administrative Services Building is located at the intersection of Hoover and Green Streets. Parking is available nearby.

Web site <www.umich.edu/~hrra/umra/>

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The UMRA board has discussed the UM Prescription Drug Program and the newer Medical Benefit co-premiums many times since the programs were announced and implemented over the past year or so. Meetings were held with the staff of the Benefits Office and with the director of Human Resources and Affirmative Action to express our interest and our concerns. The programs of our monthly Social Hours have also dealt with the planning and implementation of the new benefits programs for both medical expenses and prescription drug expenses.

The following pages present some history and some detailed information about these programs. To begin, board member Robert Green presented his concerns to the UM Board of Regents in November 2003. His statement parallels many of the concerns received by UMRA board members. Then in December Don Thiel wrote to UM President Coleman, with the approval of the UMRA board. These two texts appear on pages 4 and 5.

Following these two statements we present a full summary of the January 8 UMRA Social Hour, where administrative staff members involved in implementing the programs provided further details.

In addition, we reproduce on page 8 a message received from a member concerning purchasing procedures under the Prescription Drug program.

Last, but not least, on page 7 we present a concise summary of the steps that retirees must take to make timely payments of the Medical Benefits program costs. You may wish to clip this item!

Items noted from the November and December Social Hours.

At the November meeting Esther Rubin announced the Thursday Lecture Series offered by the Learning in Retirement program. The current topic is "Governing the Global Community." We were advised that the lectures will henceforth be presented at the Madstone Theater complex in the Briarwood Mall, with plentiful parking available.

The November main speaker was Women's Basketball Coach Cheryl Burnett. She described, with enthusiasm, her experiences during this first year of her work at Michigan. She came to Ann Arbor after previously coaching women's teams at colleges in Missouri, Kansas, and Illinois. She pointed out that, despite increased popularity, it is still necessary to "sell" women's sports to the public at large, and she is determined to do just that!

In December a good member turnout had the pleasure of hearing a presentation by Dr. Lester Monts. He described his distinguished career as a performer of classical music, a teacher of music students, a musicologist of Western African music and, more recently, his appointment as Senior Vice Provost for Academic Affairs and Counselor to the President.

UMRA Walking/Hiking Group

Here's the latest: there was no hike on January 21st because Sandy Simpkin was out of town. The next hike will be on Wednesday, February 18, provided the weather cooperates. It will be in Lilley Park on Platt Rd.

For details call Sandy at 747-8785 or E-mail her at <ssipkin@provide.net>

Another Healthy Opportunity

Aqua Exercises with trained instructors and lap swimming are open to retirees every weekday morning at Mack School's large, heated indoor pool.

7:15 to 8:15 AM. The fee is \$2.00 per visit, and dropping-in is OK

REMARKS BY DR. ROBERT GREEN TO THE REGENTS

November 2003

My name is Robert Green. I am an Emeritus Professor of Internal Medicine. I also served, among other roles, as Associate Dean of the Medical School and as Chairman of SACUA. I am presently on the Board of Directors of the University of Michigan Retirees Association, and a representative of that association to the Senate Assembly. However, I speak today only for myself, although I dare say there are many who agree with my sentiments.

Clearly, no one is happy with the proposed changes in premium sharing for health benefits. I think it is your task, and the task of the administration, to see to it that the unhappiness is shared fairly. It is to that I wish to speak.

There are some who may argue with the principles of the new proposal: that increasing costs be shared; and that more expensive benefit programs carry a higher premium. My concern is in how these principles are implemented.

Retirees differ in a significant fashion from faculty and staff. Faculty and staff, at no matter what level, unionized or not, are fairly well assured of a salary increase each year. That increase is available, in part, to pay for increased expenses, including those that might be incurred by an increase in premium costs. Retirees, on the other hand, who contributed mightily to University programs in the past, and many of whom continue to do so, cannot look forward to a routine expectation of income increase. Many rely on Social Security, in which the only increases are based on cost of living. Most have CREF but, as you know, not only can regular increases not be counted on, recent years have shown a decrease in CREF income. The impact of the new charges on me will be minor, but many retirees, particularly those in the lower salary ranges while employed, will be poorly equipped to handle the significant monthly increases in premium proposed. This will especially be true if you and the administration conclude that fairness and equity will require each individual who chooses a specific program to pay the same premium for that program, as appears to be currently proposed. This sort of apparent numerical fairness will actually not be equitable. The same "number," whether raise or premium, can be inequitable.

Others may speak to a sliding scale or to the availability of additional health care options. I just hope that when premium costs are established, the special circumstances of retirees will influence the decision, and that serious consideration be given to a premium differential for them.

Even more so than faculty, staff or students, retirees feel their political "clout" with the administration is severely limited or nonexistent. It is for this reason that I speak to you today.

UNIVERSITY OF MICHIGAN RETIREES ASSOCIATION

1009 Greene St.
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December 2003

Mary Sue Coleman, *President*
The University of Michigan
Fleming Building
Ann Arbor, MI 48109-1340

Dear President Coleman:

I am writing you on behalf of our 1,000 members of the Association.

We have received a lot of comments from our members on the new 5% health insurance co-premium to be implemented in 2004 and the further recommendations for 2005. Although many consider a 5% co-premium in 2004 and a 15% co-premium in 2005 to be a reasonable amount to contribute toward the escalating cost of health care, a number of our members are concerned that this contribution is only the first of many increases in the future.

We are especially concerned about those employees and retirees at the lower end of the compensation scale (Please note the attached comments by Dr. Green to the Regents). There are also numerous retirees who retired many years ago, at a time when salaries (and hence retirement stipends) were much less. These retirees are now having difficulty making ends meet. Further increases in their health care expenses would impact their lives severely.

One possibility might be to calculate the monthly retiree contribution according to retirement date, with those retiring earliest paying the smallest co-premium. We think this an equitable way to assist those with the most need. Our recommendation is in keeping with the already established precedent relative to pre-1987 retirees.

We look forward to hearing from you concerning our suggestion.

Sincerely,

Don Thiel
President

Cc:M. Eichstadt

JANUARY MEETING--A FOCUS ON HEALTH

Co-payment of the Health Benefit Premiums

As a result of the concern, on the part of the UMRA Board for the lack of information regarding the co-payment of health benefit premiums process, representatives of the Payroll Office were invited to attend the January 8, 2004 UMRA Social Hour. Norel Tullier, Director of the Payroll office and co-workers outlined the process and procedures that were followed in December and for the future.

Ms. Tullier reported that approximately 7,000 co-payment invoices were mailed to retirees late December (some members did not receive their invoice until the first week of January). These invoices were for payments due for January, as payments are billed in advance for the following month. For those retirees who plan to make payments by cash or money order (about one thousand chose to do so at this time) payments will be due the beginning of each month. Payments made in this manner should be mailed to the drop box address indicated on the invoice. Payments can be mailed directly to the Payroll office, or in person. However, payments will be reported faster by the drop box method because the payments are transferred electronically to the University.

The preferred method of payment, according to Ms. Tullier, is to have the payment withdrawn from a bank account each month. The procedure for this method is explained in the letter from the Payroll office which was included with the invoice. Payments will be deducted from the bank account about the 20th of each month and will apply to the following months charge. Retirees who wish to begin payments using this method must pay the January payment by check or money order or until the Payroll office has processed the Preauthorized Agreement.

Retirees can chose to prepay the co-payment premiums in a lump sum by depositing funds with the Payroll Office to cover payments on a quarter, semiannual or annual basis.

The Benefits Office will be responsible for

monitoring payments by retirees and have put in place a policy, which can result in the termination of a retirees health benefits. Should a retiree become 30 days in arrears a notice will be sent notifying the retiree of the need to pay within 15 days. Should payment not be paid by that time a final notice will be sent notifying the retiree the health benefits will be terminated. If a retiree has had his/her health benefits terminated there is a onetime possibility of reinstating the benefit but only for a "qualified reason.

The Payroll office can, and will, send an invoice to a third party if a retiree wishes that be done but will not send an invoice to the retiree **and** to another party. Questions regarding any of the above can be directed to the Payroll office at 734-615-2000 or 1-866-647-7657 (toll free within the USA)

Discussion of the Prescription Drug Program.

Kenneth Bruhnsen, Asst. Director of the Staff Benefits Office, discussed the Federal Prescription Drug program passed by Congress and how it compares with the University's prescription program. The Federal prescription card, which is expected to be available in June of this year, will give qualified individuals the opportunity to purchase prescription drugs at a reduced rate (about 15%).

Comparing the advantages of this card to the University program. Mr. Bruhnsen recommends we be very careful before changing programs as he feels, in most cases, the University program will result in more savings. He noted that it is too early to discuss other parts of the legislation, as Congress has not yet written the rules and regulations. Mr. Bruhnsen provided the members with some very interesting figures on the number of prescriptions provided by AdvanceRX in 2003, the cost to the University and the total cost to the participants.

The meeting was very informative and well received by the more than fifty-five members who attended.

Report by Doug Woolley

Editorial Note: The article on Page 6 reviews some of the background and the procedures that will be followed in implementing the new University requirement for copays for retiree health benefit premiums. Printed below is a concise executive summary of the steps that must be taken to assure that health benefits are not cancelled. There is a deadline for payments!

Beginning in January 2004, i.e. *this* month, and *each* month thereafter, almost all UM Retirees have to pay a portion of their monthly UM health insurance premiums. Those who fail to do so run the risk of having their UM health coverage cancelled. By this time all UM retirees should have received a business envelope from the Benefits Office which carries a “BENEFITS BILLING STATEMENT ENCLOSED” at the top of the envelope. Please open the letter and read the contents very carefully. Inside is a lavender-colored sheet which contains an explanation and instructions on how to arrange to make the monthly payments. There are basically two options:

[1] Payment by check or money order

There is a one-page sheet in the letter. At the bottom of the page is the amount which must be paid for January 2004. Although the due date is listed as 01/01/04, one has a 30-day grace period. Everyone is responsible for making this payment. A check or money for the amount indicated should be made payable to *UNIVERSITY OF MICHIGAN – PAYROLL*. Please include your UMID on the check/money order and mail it to:

University of Michigan – Payroll
Box 223081
Pittsburgh PA 15251-2081

Be sure to include the detachable bottom of the billing statement with the check/money order. If you wish to consolidate your payments and avoid the necessity of repeating this procedure each month, you do have the option of making more than one month’s payment at a time. For example, you may choose to pay for 3 months, 6 months, or even 12 months. If you choose this option, please carefully indicate the amount enclosed, and attach a brief note on the billing statement that this payment is for N months beginning 01/01/04. Because of the volume of these payments, Payroll asks that you do use the Pittsburgh address for mailing.

There is also a second option for payment:

[2] Electronic Funds Transfer

Using this method, once you authorize this procedure, about the 20th of each month, your payment, for the *following month’s premium*, will be automatically deleted from your checking or other account. To initiate this arrangement, please contact the HR/Payroll Service Center at 734-615-2000 or 1-866-647-7657 [toll-free] between 8:00 a.m. and 5:00 p.m. EST.

You may wish to clip this article and share the information with your friends!

Prepared by Lee Zukowski

Be Careful About When and Where You Order Prescription Drugs!

I do not recall whether we ever alerted UMRA about importation of medications from other countries, either directly or via web site [including e-mail]. This might be a worthwhile topic for a meeting. Such items are as follows:

1. Re-importation: This refers to U.S. companies exporting medications to other countries [e.g. Canada, Mexico, etc.]. It then applies to such medications being re-imported into the U.S. by individuals or other companies.

2. Re-reimportation: This refers to the second party countries [e.g. Mexico, Canada or private agents] themselves importing medications from other countries in Asia, Latin America, etc.

The importance of this is that U.S. purchasers may not know the real source of the medications they purchase or the quality and efficacy of these "medications".

Further, "re-imported" drugs probably will not be reimbursed under the University's health plan.

Note: Both re-importation of medications and re-reimportations are prohibited by Federal law, despite laxity of enforcement by the FDA. Therefore, liability for improper filling of prescriptions [quality, efficacy etc.] is solely borne by the purchaser. There is no warranty for purpose intended or recourse for adverse reactions or "substituted"/non-pharmacologic medicamenta.

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