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**MEMBERSHIP RENEWAL:**

If you overlooked it, annual dues for fiscal year June 1996-May 1997 are overdue. An asterisk\* on the mailing label indicates that PARA records do not show your current dues payment. If you've already renewed your membership, ignore the reminder. If you haven't please complete the form inside and mail together with your remittance. Thank you!

**PENSION JUSTICE UPDATE**

Our May Newsletter reported on the status of the lawsuits against Governor Pataki, and his attempted raid on our pension funds. We also highlighted the legislation aimed at supplementation retroactively to September 1995. At press time, both issues were politically volatile and rested with New York State's highest tribunal, the Court of Appeals, with the prospects of a long, hot Summer. However, thankfully, in a matter of weeks after our Newsletter distribution, the impasse was resolved. Those of you who retired before 1990 received a flash post card from PARA indicating that pension supplementation retroactive to September 1995 was a "done deal." You also received a notice from Comptroller McCall advising the amount of the lump sum distribution retroactively and the increased monthly supplement thereafter.

Basically, the victory for public retirees was the result of a compromise whereby the lawsuit against Governor Pataki was dropped in exchange for retroactive payment of the supplement with "no strings" attached, and granting New York State a reprieve until March 1998 to repay 110 million dollars in "borrowed" funds from our pension system. This "borrowing" was previously ruled unconstitutional, but this ruling notwithstanding, the Governor tried it again and failed. The media hailed the compromise as a victory for both sides but most importantly, it was a victory for retirees, whereby retroactive supplements were awarded to September 1995, and our pension fund was protected from a political "raid." The quid-pro-quo of deferring the State's obligation to repay illegally borrowed funds to our system for two years doesn't affect the vitality or integrity of the pension system, since the funds will be repaid with interest.

Many of you wrote to express your appreciation for all our efforts, and for that we thank you. However, the job doesn't stop here. We are currently working with the Comptroller's office on the concept of linking future pension supplementation to the performance of our pension fund. Currently, owing to the shrewd investment strategy by the Comptroller, our pension system is showing a return on investment in the neighborhood of twenty percent! As we reported previously, under Comptroller McCall's steward-

ship, our pension fund has increased from 58 billion dollars when he first took office in 1993 to over 77 billion dollars today. However, despite this record performance, retirees do not share in these profits. Only employers benefit, in the form of lower contribution rates based on the number of employees. A performance Cost of Living Allowance (COLA) concept would change this, and both employers and retirees would share the wealth derived from sound investments.

The details of a performance COLA and proposed legislation are still in the formative stages. They involve a very complex formula still being refined by the Comptroller's office with input from retiree organizations. As a member of the Alliance of Public Retiree Organizations of New York, PARA is participating in the development of this concept.

Essentially, the Comptroller reports that an 8.5 percent Return on Investment is required to keep our pension fund fully funded on an annual basis. The formulae being developed provide for the distribution of returns in excess of 8.5 percent. While much actuarial work is underway, one proposal provides for the first 2 percent over 8.5 percent to go towards reducing employer contributions. The next 1 percent (10.5 percent to 11.5 percent) would be divided equally between retirees and employers. This one-half percent alone would make 370 million dollars available for distribution to retirees! The concept will be based on a 5-year performance period to minimize any distortion that might occur in a bad year with a lower rate of return. Again, the proposal is fairly complex and still undergoing refinement, so any further elaboration here without finalization could become confusing. Suffice it to say, the performance COLA concept is extremely promising and when completed will be sent to the Legislature as the Comptroller's bill. Prior to that time, as more details become available, we will provide them by Special Newsletter if necessary for your information and use. Again, your help, as before, will be required to contact your respective Legislators requesting them to support the performance COLA bill.

The concept of a performance COLA is extremely excit-

*(Continued on Page 2)*

## PENSION JUSTICE UPDATE (continued from page 1)

ing and has many benefits. It would provide a guaranteed form of annuity for the lifetime of retirees and dependents depending on the retirement option selected. It would also eliminate the current chaos of continually pursuing the Legislature to pass a Supplemental Bill to continue current supplementation already won. Which reminds us, the current Supplementation Bill, which was retroactive to September 1995, will run out in August 1997. If our performance COLA concept gets bogged down in the political process for next session, we will be calling upon you to contact your Legislators to support legislation to continue what we already have. If necessary, this will also be a high priority item on our agenda this Legislative session and we will keep you advised in our next Newsletter.

As we go to press, news broke that the Social Security recipients will receive a 2.9 percent increase in their benefits next year, the largest in four years. Benefits rose 2.6 percent

for 1996, matching the 1994 increase which was the smallest since 1987 when they inched up 1.3 percent. Monthly checks for the Social Security System are adjusted annually to prevent erosion by inflation. The adjustment is based on increases in the Consumer Price Index from the third quarter of one year to the corresponding quarter of the next. Based on past practice, it is assumed those of you in the Railroad Retirement System will receive the same increase as well. In the past, New York State has resisted the COLA concept based on the Consumer Price Index, but we are optimistic the concept of a performance COLA based on retirement system investments will override previous resistance. While we pursue this concept, stay involved, keep in contact with your elected officials and rest assured, PARA will do its part on your behalf in Albany.

*"Hold yourself responsible for a higher standard than anyone else expects of you."*

## BOARD MEMBERSHIP REPORT

As we have been reporting in recent Newsletters, in keeping with the bi-State nature of our former employer, locations for PARA quarterly Board of Director's meetings are divided equally between New York and New Jersey facilities. In keeping with this principle, the composition of your Board of Directors has also been fleshed out. We now have an equal number of Directors from both New York and New Jersey to assist with the ever increasing time demands on your Board in personnel, legislative and other matters. The mast-head of this Newsletter reflects this equal State representation and many of you will recognize the new Board members.

On the New York side, Vince Bonaventura joins us with a wealth of experience and knowledge. Many will remember him through his accomplishments in the Engineering and Aviation Departments—and most recently as General Manager of New Jersey Airports at the time of his retirement. Vince has already made some meaningful contributions on your behalf in his brief time on the Board and we welcome him with open arms.

On the New Jersey side, there have been three new additions to compensate for those who served and left us, as reported in our last issue. The new N.J. Board members

appear on this letter masthead and they are: Tom Kearney, Neil Lynch, and Al Pettenati. Again, these new Board members may be familiar to many of you who have been touched by them in their varied careers. In the interest of time and space, we will not go into detail on their individual careers, but rest assured they bring a combined quality of experience and initiative exhibited not only throughout their PA careers but also in the few months we have been privileged to have them on the Board.

As you know, all PARA Board members are volunteers and give freely of their own time working on your behalf. We welcome them all, and your PARA Board is all the better for their participation.

Also, on a very positive note, Hal Milley, our Chairman Emeritus, has fully recovered from his painful back surgery. The former marine is back walking 3-4 miles a day! He is a constant source of inspiration to all of us at our PARA Board meetings and his wisdom and experience are valuable ingredients we are fortunate to have in our efforts to best represent you. Hal, great job, stay well!

*"People are a lot like tea bags. They don't know their strength until they get into hot water."*

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### Port Authority Retirees Association, Inc.

P.O. Box 331, Ship Bottom, NJ 08008-0212

Please print or type:

\_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_  
Last Name First Home Phone Number Year

Address \_\_\_\_\_ Town \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

CHECK  :

Name, address, or phone number changed?  Yes  No

Enclosed is \$5.00 Annual Membership Dues (June 1996 through May 1997)

Enclosed is \$\_\_\_\_\_. I would like to contribute as a sponsor. Receipts in excess of annual dues are credited as sponsor contributions.

Please submit checks only payable to: Port Authority Retirees Association, Inc.  
Return form and check to the above address. Retain cancelled check for your receipt.

## HERE'S TO YOUR HEALTH

Stan Raith needs no introduction to most of us. A veteran member of the Human Resources Dept. (i.e. Personnel), Stan helped develop many of the benefits the P.A. now offers, and was serving as Supervisor of Employee Benefits when he retired last year. Now, in addition to entering a new career in New Jersey real estate, and joining our Board, Stan has signed on as our Benefits Editor, answering questions most asked by retirees. (Yes—many others are answered on an individual basis.)

Here is Stan's first column. If you have more suggestions about helpful health articles, please let us know before our Spring issue.

*Q. - If I move to a new address, who should I notify?*

A. - You must send separate notification of your new address both to the Port Authority and to The New York State & Local Employees Retirement System to insure continuation of your pension and health benefits. And don't forget to send your new address to the P.A. Retiree Association also, so we can keep up with you, and you with us.

The P.A. address would be —P.A. of NY & NJ, Compensation & Benefits Division, Human Resources Department, Floor 61 West, One World Trade Center, NYC, NY 10048. NYSERS' address—New York State & Local Retirement Systems, Gov. Smith State Office building, Albany, New York 12233. To update our mailing address files, write to PARA, P.O. Box 331, Ship Bottom, N.J. 08008-0212.

*Q. - How can I obtain Prudential Claim Forms?*

A. - Claim Forms are available directly from Prudential. Just call Prudential at (800) 772-4683.

Incidentally, Prudential accepts machine copies of those Health Insurance Claim Forms. And here's another hint. If you are on Medicare, it is also permissible to fill out the first two items of your Health Claim Form's SECTION A (i.e., name, address, P.A. ID number, Social Security number, & spouse's name, etc.) before you take the form to be duplicated. Just don't sign and date a Claim Form until you send it in, with your Medicare statement, etc.

*Q. - If I have a problem getting a claim paid, who should I call?*

A. - If you're not yet enrolled in Medicare, you should first call Prudential on (800) 772-4683 about health (surgical or medical) and dental claims, and Blue Cross at (800) 342-9816 about hospital-related claims. If you are already enrolled in Medicare, your health providers are required by law to submit a claim to Medicare on your behalf. Call Medicare if you don't receive a statement from them within a reasonable time. You in turn should then submit that Medicare statement to Prudential with your completed Prudential form, together with all pertinent bills and receipts.

It is very important that you make copies of all material you send to Pru., and record names of everyone you speak to at Blue Cross, Medicare and/or Prudential. This information can be extremely helpful should you find it necessary to have a Port Authority Benefits Unit staff member intervene with the insurance company on your behalf. P.A. Benefits' number is (800) 269-4280.

## SOME NOTES ABOUT MEDICARE AND MANAGED HEALTH CARE

Seems to us that every other article appearing in the newspapers recently has been about Medicare, its problems and its options. Is Medicare's coverage adequate? Is it going broke? And what about all those HMO's being subsidized by Medicare that are promising seniors everything traditional Medicare provides plus much more? A hard-hitting article about HMO's has just been published in the December 1996 MONEY MAGAZINE, and two more appeared in recent issues of CONSUMER REPORTS MAGAZINE. All three are worth reading, whether you are thinking about switching from traditional point-of-service Medicare to a Medicare HMO, or about switching back to Medicare from an HMO you're not happy about. The MONEY article includes a critical list of HMO's that offer Medicare alternatives. It should still be available. Consumer Report's first article appeared in its August issue, its second in October. Most libraries keep Consumer Reports on file at their Information or Help desk. Or you can call them on 1-800-766-9988 for copies. The

cost: \$7.75 per article.

Here's a mini-report on the Consumer Reports article. On the positive side of the CR ledger is the possibility that the HMO you select may provide all you need, including good physicians, prompt service, good hospitals, all or almost all prescriptions, even eyeglasses and podiatrist care—in other words, everything they promise. If you are Medicare-eligible, this could cost you either nothing or very little. In contrast, private Medigap Insurance, which you would no longer need, could cost \$1000 and more. And if you're still blessed with much of your P.A. Major Medical Insurance jackpot, the pot should last much longer with this Medicare HMO help.

On the negative side, CR says, all this may be too good to be true. 1) You may not get the emergency room benefits you'd have under traditional Medicare—because in essence your HMO, not you, determines what conditions are emergencies. 2) Medicare HMO's have a "lock-in" feature which

requires that, if you go to a physician not in your plan, you'll have to pay the bills yourself. 3) All HMO's have "gate keepers"—family practitioners generally—whose job is to take care of as many of your ills as they can and pass you onto Plan specialists only if they determine that you need one. 4) While Medicare now pays Medicare HMO's very well for each patient enrolled, Medicare cutbacks may also mean Medicare cutbacks to their very generous HMO per-patient payments. 5) Finally, while it is now comparatively easy to quit an HMO and go back to traditional Medicare, if you do need extra Medigap coverage, you may not be able to get it without meeting an insurer's health requirements. 6) And CR Letters-to-the-Editor report that their Medicare HMO's, at least, deny full coverage when you travel. (They give only part coverage of authorized emergency care if an affiliated hospital or physician is not within reach.) Also, some

HMO's not only demand that you use a specific mail-order service for more than a 30-day supply of a drug, but also deny payment for the spare prescription refill you may need when vacationing away from home.

Consumer Reports also suggests that you take HMO accreditation by the National Committee for Quality Assurance (NCQA) with a grain of salt. It does not evaluate HMO's for adequacy and quality of care, among other things. In addition, although some HMO salesmen suggest that NCQA is a governmental agency, it is not.

Thus, CR concludes: "...If you have high prescription costs, then an HMO might be worth your consideration. If you have chronic care needs...HMO's are clearly not the place to be." The magazine adds: "Medicare HMO's may yet develop into good alternatives for seniors. But right now, for most people, the risks outweigh the benefits."

### STRAIGHT FROM THE SHOULDER

1. Oops - Due to a typographical error in the final proof of our last Newsletter, the number for NYSERS Pensioner Services in Albany on page 4 should have read (518) 486-7919. We apologize to those who we may have inconvenienced and thank those who brought it to our attention.
2. There was a large turn-out by PARA at the memorial service in Tenafly, N.J. for fellow retiree and PARA member Bob Miller and his wife, who were passengers on the ill-fated TWA flight 800 which blew up shortly after take-off over the Atlantic. Condolences were also sent to their only surviving daughter.
3. The full PARA Board met twice since our last Newsletter. In June we met at the WTC and in September at the Journal Square Transportation Center. Our next meeting will again be at the WTC in November. PARA was also represented at the monthly Alliance of Public Retiree Organization meetings in Albany as well as special meetings with the Comptrollers Office.
4. Address changes should be reported to PARA at the address on the mast head of this Newsletter and to the PA of NY-NJ, Compensation and Benefits Division, 1 WTC, 61W, NY, NY 10048.
5. Sources of Help:

P.A. Benefits	*800-269-4280
Retirements System	518-474-7736
Prudential Insurance	800-772-4683
Social Security	800-772-1213

*\*Port Authority benefits number - still a free call - has been recently changed and a recorded voice "prompts" information from caller to facilitate routing. It's a common innovation in today's business world and may require some adjustment.*

*"Don't ever be afraid to admit you were wrong.  
It's like saying you're smarter today than  
you were yesterday."*