



# AFSA NEWSLETTER

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## The President's 2014 Budget

### Federal Employee Benefits

As anticipated, President Barack Obama has included measures in his proposed Fiscal Year 2014 budget that would adversely affect federal benefits.

He proposes use of a chained Consumer Price Index calculation, which would result in smaller cost-of-living adjustments in Social Security benefits and in military and federal civilian annuities.

According to the proposal, the chained CPI would not apply to means-tested benefit programs, such as Social Security Supplemental Security Income, and there will be protections — as yet unspecified — for the very elderly and others who rely on Social Security for long periods of time.

It remains to be seen, however, whether these protections will be sufficient to protect the two thirds of all elderly beneficiaries who rely primarily or wholly on Social Security income for living expenses.

With respect to federal employees, the president proposes a 1-percent increase in civilian pay.

He also proposes to increase federal employee retirement contributions for employees hired before 2013 by 1.2 percent to 2 percent and to eliminate the retirement annuity supplement for new hires. (Employees hired in 2013 and after will pay 3.1 percent in retirement contributions.)

Federal employees have already been hit with a three-year salary freeze, a increase in employee retirement contributions and the real possibility of furloughs. A further increase in employee contributions and a reduction in the cost-of-living adjustments to annuities and Social Security benefits would result in a significantly lower compensation level for federal employees during their careers and in retirement.

### Social Security Reform and the CPI

There is now a flurry of opposition to the proposed chained CPI, both from the right and the left.

Chief among the arguments against it is that the chained CPI — like the existing, more generous, formula— focuses on the buying patterns of working-age adults. As a result, it is not an adequate measure of inflation for seniors, because it does not take into account the increasingly higher health costs faced by seniors and the disabled.

Also, there is concern about the extent to which the chained CPI would adversely affect those whom the Social Security safety net was designed to protect. Most elderly beneficiaries rely on the program for much of their income; Social Security currently lifts 14 million elderly Americans out of poverty. Even so, the average Social Security benefit is a modest one.

Some analysts argue that since Social Security can pay full benefits through 2033 without any changes, that relatively modest changes would put the program on a sound basis and there is no need to resort to a single draconian change.

In the past, there have been calls for a balanced approach to Social Security reform, one that would spread the costs of modest changes so that no one group of beneficiaries would bear the brunt. Among other possible changes, the salary cap could be eliminated or raised, benefit cuts could be phased in for middle and upper-middle income beneficiaries, the retirement age could be raised and some portion of the trust funds could be invested in equities.

Given the range of possible changes, resorting to a single measure that would severely reduce benefits and increase tax levels for the poor and lower middle class most severely, is difficult to justify.

# THE BUDGET

## Medicare Changes

President Obama's budget proposal would reduce the growth in Medicare spending by \$371 billion over the next ten years. The savings would come from the following:

- New Medicare beneficiaries would have to pay an additional \$25 for their Part B (physician services) deductible in 2017, 2019 and 2021, for a total of \$75. Premiums are now \$147 a month.
- Starting in 2017, new beneficiaries would also have to pay \$100 for five or more home care visits that are not preceded by a hospital or other medical facility stay. In addition, they would have to pay a 15-percent surcharge on Medigap policies (policies that supplement Medicare for those without other forms of health insurance).
- Wealthier beneficiaries, who now pay more (35 to 80 percent depending on income level) for Part B (physician services) and D (prescription drugs), would pay between 40 to 90 percent more.
- The budget proposal would close the "doughnut hole" or the gap in Medicare prescription drug coverage, where seniors pay the full cost of prescriptions until they hit a catastrophic cap, by 2015 or five years earlier than the law now requires. This relief would be paid for by increasing the discount amount that drug manufacturers give to beneficiaries caught in the doughnut hole.
- The budget would replace sequestration of Medicare spending or a 2-percent payment cut to Medicare providers with other savings and revenue provisions.

Although not included in his budget, Pres. Obama recently told congressional Republicans that he would consider a proposal to combine Medicare A and B under a single deductible. This would increase costs for beneficiaries. Again, as with the Chained CPI, we are concerned that this kind of ad hoc change does not represent a balanced and considered approach to Medicare reform.

## FEHB by Paula Jacub RHU; CEO- AFSPA

The president's Fiscal Year 2014 budget includes the following legislative initiatives, which the Office of Personnel Management wishes to implement for 2015.

The House Federal Workforce Committee considered these changes at an April 11 hearing.

Below is a list of the five initiatives mentioned in the FY 2014 budget. There are several opinions regarding their feasibility.

I have composed some summative, but certainly not exhaustive comments from myself, union representatives and others regarding the possible effect on the Federal Employees Health Benefits Program.

1. *Enrollees would be given the option to enroll in a self-plus-one coverage option rather than being limited to just self or family options.*

The FEDVIP (dental and vision insurance) statute currently provides for three tiers. Some think, however, that because the family size in FEHBP enrollment is not large, the savings from enrolling in self and one may be small.

2. *Domestic partners of Federal employees and new retirees would be eligible for health benefits.*

Domestic partner coverage is an equitable alternative and, as a result, not dependent on whether the Supreme Court upholds the Defense of Marriage Act early this summer or state recognition of same sex marriage.

It is unclear whether this option would be extended to domestic partners in heterosexual relationship.

3. *OPM would be authorized to contract with "modern" types of health plans, rather than limited to the current four statutorily-defined plans.*

One type of "modern plan" identified at the hearing is a regional preferred provider organization plan. The Foreign Service Benefit Plan, of course, is a nationwide PPO plan. Some members of Congress were concerned about the new plans

# The Budget

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## FEHB Continued

“cherry picking” good risks from the current plans and suggested that OPM consider a pilot program.

4. *OPM would be authorized to contract for pharmacy benefit management services separately from the health plans.*

Recent studies, however, emphasize the importance of keeping medical and pharmacy benefits integrated in order to better coordinate care.

5. *OPM would be given authority to make adjustments to premiums based on an enrollee's tobacco use and/or participation in a wellness program.*

The Affordable Care Act, Health Insurance Portability and Accountability Act, and the genetic non-discrimination act afford employers this discretion in the private sector, and the press is reporting that employers are using it. Some Unions are concerned that certain employees, such as an adult male wearing a belt over 40 inches in width, or anyone using tobacco might be penalized for their bad habits.

Congress would have to change the FEHB law in order to make the administration's proposed changes. We, along with all FEHB Plans, will look to OPM for guidance on any mandatory changes to the program.

## Congress

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### Federal Employees and Back Taxes

On April 15 the House of Representatives voted to deny federal employment to contractors who are delinquent in paying their taxes. It is notable, however, that House members voted 250 to 149, with 23 voting against denying employment to delinquent federal employees.

According to the Government Accountability Office, in 2011, 312,000 government contractors owed a total of \$3.5 billion in back taxes, compared with 107,000 federal workers who collectively owed more

than \$1 billion. The Internal Revenue Service disclosed that 3.2-percent of federal workers are delinquent, compared to 8.6 percent of the general public.

Rep. Elijah Cummings, D-Md. Nev., noted that procedures are already in place for collecting back taxes from federal employees.

## The Stock Act

Congress approved by unanimous consent, and Pres. Obama on April 15 signed, legislation to indefinitely suspend the requirement for senior-level federal employees to post their annual financial disclosure forms on the Internet.

AFSA and other federal associations were concerned that this Stop Trading on Congressional Knowledge Act requirement would threaten the safety of government employees abroad and make it difficult to attract and retain talent in the public sector. The coalition joined together and worked tirelessly to convince lawmakers to overturn this provision.

Without this victory the personal financial information of many Foreign Service officers, particularly Senior Foreign Service personnel, would have been readily available on-line to terrorists, thieves, foreign intelligence agencies, and anyone else desiring to do the United States harm.

## FEHB

Although at this point it is not likely to gain political traction, H.R. 1780, introduced by Rep. Dave Camp, R-Mich., indicates that the Federal Employees Health Benefit Program may be targeted for change.

The bill would provide that the only health plans that the federal government may make available to the president, vice president, members of congress, and Federal employees are those created under the Patient Protection and Affordable Care Act, or offered through a health insurance exchange.

Rather than extending health coverage to those who currently do not have it, this bill would require federal employees to relinquish their existing federal plans (and perhaps employer contributions) to acquire coverage through health insurance exchanges.

# FROM AFSA

## AFSA Speaker Series: Geriatric Care Management



Carol Kaplun, Iona Senior Services

AFSA hosted the fifth session in its speaker series on federal benefits on April 10. Carol Kaplun, a Nurse Care Manager at Iona Senior Services, spoke about geriatric assessment, services and care management.

The topic is important as we age, as well as for anyone with an aging parent or loved one. Demographic trends suggest that the need for geriatric services will affect more and more people in the future.

Iona is a non profit located in Washington, D.C. that has provided essential services for older adults and their families and caregivers in the metropolitan area since 1975. In 1975, three local churches □ St. Columba's Episcopal, St. Ann's Roman Catholic and Eldbrooke United Methodist □ joined forces to create a center that would provide information to people in need. Most of the requests came from people over the age of 60. In recognition of the needs of this growing population of older residents, Iona's board voted to focus on serving older adults, regardless of their ability to pay.

Iona offers an array of services, including expanded adult day health wellness and arts care, workshops and caregiver education classes, support groups, fitness classes, consultations, care management, counseling and much more. It has an Artist in Residence Program, which honors the creativity of local artists age 60 and over through exhibitions of their work in the gallery at Iona.

If you do not live in the Washington, D.C. area, but are looking for advice or have questions about an aging parent, Iona offers a questions and answers helpline that is staffed by nurses or social workers. The number for the helpline is (202) 895-9448. You can also visit their Web site, which offers a lot of helpful information and resources at [www.iona.org](http://www.iona.org).

After describing Iona's programs and services, Ms. Kaplun took questions from the audience and offered advice on a variety of topics.

When considering geriatric care management, she emphasized, it can be helpful to have an in-home assessment in collaboration with a social worker, nurse, family, and friends. A collaborative effort to assure the health and safety of a patient can often persuade a reluctant senior to receive services and help when there are differences of opinions between family members or friends about what is best for a patient. The ultimate goal for most services is to work with patients so that they can stay in their own home for as long as possible.

In response to a question, Ms. Kaplun advised those considering long-term care insurance to look at the company's financial stability and ask a financial advisor to do a cost-benefit analysis to see what works for your budget. When deciding on a nursing home or aging community, do your homework. There are watch groups out there who monitor and provide accreditation, such as the Commission on Accreditation of Rehabilitation Facilities, [www.carf.org](http://www.carf.org). CARF can also provide you with a list of questions to ask facility administrators.

Ms. Kaplun stressed that aging parents with memory loss may be easily taken advantage of or misled. Make sure someone is looking out for them and establish safeguards, such as joint bank accounts and powers of attorney.

She concluded by noting that, one of the best gifts you can leave your loved ones is an organized file of your essential records.

A video of the event is available for viewing at [www.afsa.org/AFSAvideos.aspx](http://www.afsa.org/AFSAvideos.aspx).

## AFSA in Action

### Congressional Education Session

On April 26, AFSA hosted an educational session on Capitol Hill.

The 113th Congress has a large number of freshmen members, and the event was a way to educate congressional staff members about the challenges Foreign Service member and their families face.

The six panelists were AFSA President Susan R. Johnson, AFSA State Department Representatives Ken Kero-Mentz and Elise Mellinger, AFSA Foreign Commercial Service Representative Steve Morrison, AFSA USAID Representative Jason Singer, and the keynote speaker was retired Ambassador Charles A. Ray.

The panelist spoke about their careers and accomplishments to illustrate the true nature of the Foreign Service. In particular, they helped to dispel the myth that they all came from elite universities and have served only in her glamorous posts. They talked about the real challenges of serving in war zones, dealing with terrorism, struggling with bureaucracy, and coping with personal family crises.

The event was well attended by congressional staffers and the panelists were all happy to share their stories and experiences. AFSA hopes to do more educational sessions on the Hill beginning this fall.

More information about the event can be found at the following link <http://m.govexec.com/pay-benefits/2013/04/foreign-service-veterans-dispel-myths/62838/>

### America Counts on Us Campaign



AFSA, a proud member of the Fed-Postal Coalition, has joined the *America Counts on Us* campaign to help fight the negative attacks by some members of Congress on federal employees, and their pay and

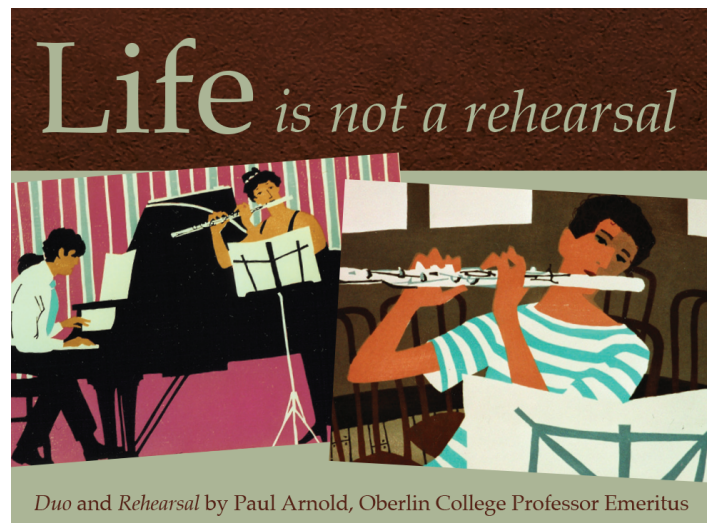
### Campaign Continued

benefits, through the use of print and social media.

With the help of M+R, a strategic marketing and campaign management firm, the coalition has started a campaign op-eds and letters to send to the Hill, using social media, particularly Facebook, to help change the rhetoric about federal employees and retirees.

The plan includes targeting specific media markets, and conducting special initiatives to drive pro-federal employee coverage and engagement on both national and key regional levels.

Please visit and 'like' us on Facebook at the following link [https://www.facebook.com/FederalPostalCoalition?hc\\_location=stream](https://www.facebook.com/FederalPostalCoalition?hc_location=stream). There you can see all the latest news from the campaign, and catch up on anything you might have missed.



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## Bring out Your Photos and Memorabilia

AFSA is providing some assistance to our colleagues in the Office of International Conferences on the occasion of its 65th anniversary this year.

IO/C plans to host commemorative events in September, highlighting its history of accrediting delegates to multilateral conferences, and is specifically hoping AFSA members can assist with one particular project: photos and memorabilia.

Are you in possession of photographs or artifacts showing multilateral diplomacy in action, such as negotiations, meetings, treaty signings, etc?

Are you willing to let IO/C borrow them for a proposed exhibit or use in written materials in commemoration of the anniversary?

If so, please contact IO/C Director Rick Weston ([WestonRC@state.gov](mailto:WestonRC@state.gov)) and let him know about what you have. It can be from any time period after 1948 and most any international/multilateral organization. Ideally, you were accredited to that organiza-

tion or conference and can provide a short caption or description of what your photo or artifact depicts. (Note that IO/C is willing to send back your contribution should you request that.)

We know that AFSA members have a treasure trove of memorabilia from their careers.

We are counting on you to come forward with wonderful material to truly make IO/C's 65th anniversary commemoration memorable.

### Kathmandu Reunion Correction

There have been difficulties with use of the e-mail address given in the April 2013 Newsletter for making arrangements for attending the Kathmandu reunion. Please use the e-mail addresses:

[marcley@bell.net](mailto:marcley@bell.net) or  
[ellapow125ell@gmail.com](mailto:ellapow125ell@gmail.com)

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## MOMENTS FROM DIPLOMATIC HISTORY



### An Episode Right Out Of "Get Smart"

Harry Barnes, who died August 9, 2012, at age 80 in Vermont, had a distinguished Foreign Service career, spanning 35 years, serving as ambassador to India (1981-85), Romania (1974-77) and most notably Chile (1985-88. In this excerpt from his oral history, Ambassador Barnes recounts a story of surveillance and footwear in Romania that was mentioned in his Washington Post obituary.

BARNES: As I said there were other ways of keeping track of us. One day, during my first period there, probably early '69, one of my colleagues appeared at the door in my office making gestures to get my attention, obviously not talking and I looked puzzled and he made this gesture and I handed him a piece of paper and he wrote, "You are on the air." Somehow my voice had been picked up elsewhere in the embassy and broadcast. We couldn't figure out; was there a microphone somewhere in my office? Was that how they were doing it? It didn't seem for various reasons to be it. Then my colleague said, "Go to another office and let me check and see whether it's you or whether it is something in place (in the office)," through a certain amount of triangulation and so on. We came to the conclusion that it was me broadcasting!

I was asked, "Is there anything different about you today?" I said, "Yes, come to think of it, I am wearing shoes that I just had repaired and had new heels put on." Experimentation determined that there was a microphone in the heel of the shoes. I had sent them out with our maid. She'd come back and I'd put them on one day and then when I started to walk around the house, they didn't feel comfortable. One heel felt a little bit higher so I sent them back and when they came back they were OK but that of course, gave a clue as to where to look. People have told me they have gone through a security course at the Department and that my shoes are on display. Dock Davis wrote back to SY (Office of Security), "We at least sent the shoe in, don't you think you ought to reimburse Harry for the price of new shoes?" The Department response was, "We will replace the one shoe." He finally persuaded them to pay for a pair of shoes.

This excerpt is taken from the Association of Diplomatic Studies and Training oral history collection, which can be found at <http://adst.org/oral-history/oral-history-interviews/>. The collection consists of more than 1800 oral histories, completed over the last quarter century.

### A New Feature

Moments from Diplomatic History will be a regular feature of the *AFSA Newsletter*.

The excerpt above is a somewhat lighthearted one. In the future we anticipate including excerpts that also deal with serious and historically momentous events.

You can find that additional excerpts online at <http://adst.org/moments/>.

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## Master Class at AFSA

AFSA is pleased to present author Peter Spiers, author of the 2012 book, *Master Class: Living Longer, Stronger, and Happier*. The Book Notes program will take place at AFSA headquarters, 2101 E Street, at 2 p.m. on Wednesday, May 22.

Mr. Spiers is a senior vice president at Road Scholar, a Boston-based not-for-profit organization dedicated to educational travel. AFSA has offered Road Scholar programs since 1996. Mr. Spiers is also a "Foreign Service brat." His father, Ronald Spiers, served as U.S. Ambassador to Turkey, Pakistan and the Bahamas, assistant secretary of State for Intelligence and Research, and under secretary of State for Management, among man other assignments.

Through inspirational stories from active seniors, supported by the latest research in the fields of psychology and neuro-science, "Master Class" shows how to build an enriching lifestyle on the foundation of favorite activities.

Spiers provides easy-to-follow charts that allow readers to break out of their daily routines into Moving/Thinking/Socializing/Creating. By filling the gaps with



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a selection from 25 "Master Activities," such as learning a musical instrument, playing tennis, volunteering and more, they can create a happy, holistic, brain-healthy lifestyle that's rich and meaningful. Please send RSVPs to [events@afsa.org](mailto:events@afsa.org).