

In Memoriam

We have received word of the deaths of the following Elfun:

Carmella “Connie” Grasso, 89, of DeWitt passed away on Thursday, July 5, 2018.

John W. “Jack” Arns, Jr., 82, of North Syracuse, passed away on Monday, August 13, 2018.

Full obituaries may be found on Syracuse.com.

Chairman’s Column

2018 has been a very good year for the Syracuse Elfun Society. Thanks to Cindy, we have had many great social events this year and we have two more coming up, the Oneida Community Tour and Luncheon and the Holiday Party. I hope you can join us. As we plan for next year, think about activities you would like us to pursue and call me at 315-436-8696 or send me an email at cchermak@aclara.com.

Flannery Video Interview

On July 26th John Flannery, CEO & Chairman of General Electric sat down for an interview with LinkedIn. This video can be viewed on YouTube at youtu.be/0qpw-jaXYsQ



In this interview Flannery takes 10 minutes to present his view of some of the things that were right

with the "old GE" and some of the things that had to be changed. As you would expect he is upbeat and positive, but it is still an interesting discussion.

2nd Thursday Luncheon Group



L to R: Bud Poliquin, Marv Hahn and Jack Gorham at the July Meeting.

The group continues to meet the second Thursday of every month at Barbagallo’s Restaurant on East Molloy Road in North Syracuse. Recent and planned programs are:

- June** – “It’s Never Too Late To Exercise” by Jason Schryver, Personal Trainer
- July** – Bud Poliquin, Sports Commentator
- August** – Open Discussion
- September** – Elfun Videos - Erie Canal Cruise, Fish Hatchery Tour, Seneca Army Depot Tour
- October** – The Great Race (early auto video)

Meetings are open to all and those interested in getting on the mailing list can contact Bill Poorman at BillPoorman@gmail.com. General questions concerning the meetings should go to Marv Hahn at MarvH@twcny.rr.com.

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What Does Knee Surgery Really Cost?

[Portions of this article appeared in the August 22, 2018 edition of *The Wall Street Journal*.]

Few know, and that's a problem for health spending

For nearly a decade, Gundersen Health System's hospital in La Crosse, Wis., boosted the price of knee-replacement surgery an average of 3% a year. By 2016, the average list price was more than \$50,000, including the surgeon and anesthesiologist.

Yet even as administrators raised the price, they had no real idea what it cost to perform the surgery. They set a price using a combination of educated guesswork and a canny assessment of market opportunity.

Prompted by rumblings from Medicare and private insurers over potential changes to payments, Gundersen decided to nail down the numbers. During an 18-month review, an efficiency expert trailed doctors and nurses to record every minute of activity and note instruments, resources and medicines used

The hospital tallied the time nurses spent wheeling around VCR carts, a mismatch of available post-surgery beds, unnecessarily costly bone cement and delays dispatching physical therapists to get patients moving.

The actual cost? \$10,550 at most, including the physicians. The list price was five times that amount.

Social Event News

Elfun Family Day at the Ballpark

Beautiful weather and a fun day at the ballpark greeted our group of 36 on Sunday July 22. Although the Chiefs lost to the Louisville Bats 3-1, we enjoyed the day, and the kids munched on free hot



dogs and ice cream and ran the bases at the conclusion of the game. Better yet, the Taco Bell K-Man struck out, so all the fans who visited Taco Bell after the game received a free taco.

Seneca White Deer Tour & Lunch at Belhurst Castle



On August 23, we ventured out to the former Seneca Army Depot in Romulus in search of white deer. Our group of 39 filled both buses for a sold-out tour.

On a warm day, the deer preferred to stay under cover, though we did see several brown deer, turkeys, turtles, a massive eagle nest, and finally just one white deer resting at the edge of the forest.



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Photos courtesy of Ed Post

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Meanwhile, we visited one of the 519 earth covered concrete storage igloos and saw some examples of the weapons stored there. We “took shelter” in one of the small bunkers which were easily accessible to the workers in case of an explosion. Our guides discussed the history of the depot, which was built in Romulus due to availability of land and a relatively remote location with good rail access.

We learned of the infamous “Women’s Encampment”, a multi-year non-violent protest against military weapons. In 1995, the Army announced the depot no longer fit its mission, and operations terminated in 2000. Today, we are fortunate to have it under private ownership with a new mission to protect the deer. Check out Steve Auyer’s YouTube video at youtu.be/I97bv4Hf5Hs

Following the tour, we traveled to Geneva for a delicious buffet luncheon at Belhurst Castle. The Castle hosted us in a beautiful room with dark beamed ceilings, stained glass windows, and an amazing lake view. Reports are that, despite the wonderful surroundings, the red velvet dessert was the highlight of

the lunch.

Oneida Community Mansion House Tour and Lunch at Lakeview Restaurant

On October 23 we will gather to tour the Oneida Community Mansion House. The Oneida Community was formed here in 1848 as a religious utopian society. The group eventually numbered 300 and lived communally in the Mansion House until disbanding in 1880. Though we may be unfamiliar with the entire history, we are all certainly familiar with the enduring legacy of Oneida tableware.



We will hear the history of the community and then break into small groups to see this National Historic Landmark. Lunch will follow at the Lakeview restaurant, located next door at the Oneida Community Golf Course.

Please be aware that the Community had views toward marriage and children that are very progressive, even by today’s standards. The flyer is attached, and we will send driving directions and a roster of attendees shortly before the event.

Holiday Luncheon

Lastly, don’t forget our Holiday Party on Saturday December 1st at The Inn Between Restaurant. This looks to be a popular choice and a flyer for this event is included with this newsletter. Please note: the reservation deadline is November 17th; The Inn Between requires navigating six steps to enter and leave; and seating will be at tables of 2 to 6 persons.

Health Insurance Costs

It’s that time of the year when we start receiving mail telling us how much our health insurance is going to

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cost in 2019. While it was not unexpected, one couple in the 13088 ZIP code found their AARP/UnitedHealthCare Medicare supplemental insurance increasing from \$203.75/person to \$224 (a 9.9% increase) and their SilverScript Part D coverage increasing from \$29.80/person to \$37.90 (a 27% increase). So, we thought it might be interesting to see how those costs have changed over the last decade.

First, we're **NOT** talking about the cost of the health care we receive, both medical and prescription drugs, but **ONLY** about how much we pay for the insurance we buy that covers most of the cost of that health care.

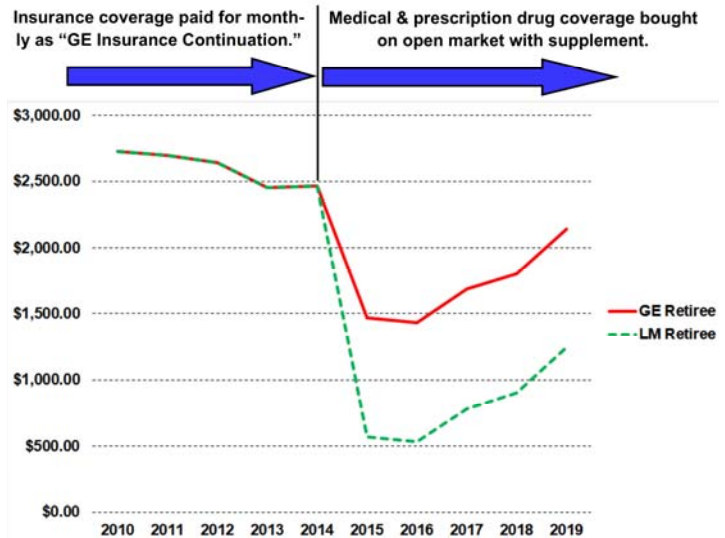
Through 2014 GE retirees and Elfun continued to obtain health insurance through GE – being billed a monthly amount for “GE Insurance Continuation” which was in the ballpark of \$200/month.

Then in 2014 GE “dropped the ball” when we were notified that GE was discontinuing this program and that we would have to purchase our health insurance on the open market. GE softened the blow by offering the free (to us) services of OneExchange which would help us evaluate the various medical and prescription drug plans and pick what was best for us.

Even better, GE also told us that they would be providing us with a yearly payment of up to \$1,000 for each Elfun and surviving spouse to help us pay for that health insurance. And in fact most of us found that our health insurance costs would decrease under this approach.) But again remember that this is only the cost for health insurance and does not include cost of co-pays, cost of any non-insured items such as dental or vision coverage, etc.)

The chart on this page shows (**RED** line) how the Insurance cost for a typical GE retiree) dropped from about \$2,500/year to about \$1,500/year. Again, this is only for the retiree, not the retiree and spouse.

But over the years as the cost of medical care has risen, the cost of health insurance has also risen while the \$1,000 yearly supplement from GE has not changed so that you can see that our health insur-



ance costs have been trending back up toward what they were before things changed in 2014.

Now, some of us were “lucky” enough to be sold to Martin Marietta in 1993 which then merged with Lockheed to form Lockheed Martin in 1994. And when we retired we began receiving a pension from Lockheed Martin, not GE.

The good news was that we would receive the same supplemental yearly payments of \$1,000 from GE to help us purchase health insurance coverage. And in addition, we would also receive a \$900 yearly payment from Lockheed Martin.

So those long-service GE employees who retired from Lockheed Martin had an out-of-pocket cost for health insurance that was even lower than for those of us who retired from GE as the dashed **GREEN** line on the chart shows.

What does the future bring? One thing that we can be reasonably sure of is that the cost of medical care and of the insurance to cover it is likely to continue increasing year after year. What we are less sure of is whether the GE, and possibly the LM supplements will continue every year. GE has clearly stated that they are provided on a year-by-year basis and are not guaranteed. LM has been silent in this area.

But at least for now it looks as though GE’s 2014 decision has been a good deal for us financially!

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Some of us may remember “The Perfect Squelch” humor that ran in The Saturday Evening Post magazine. This appeared in the June 14, 1958 issue.



The Perfect Squelch

Mrs. Boppus was known throughout the neighborhood for her constant efforts to manage everyone else’s affairs and her complete inattention to her own household. She was forever closing her door upon her own domestic mess to go tell someone else how to keep house. A young married niece who lived nearby became a particular target of her unwanted advice.

One morning the niece called unexpectedly. Surveying the dirty dishes, unemptied ash trays, scattered garments and general disorder, the niece unguardedly remarked that the place “could use a little tidying.” Immediately Mrs. Boppus retorted that the young woman didn’t understand. “Don’t be silly,” she snapped. “A home should have that lived-in look.”

“Yes,” the long-suffering niece replied. “But I prefer one that looks as if it had been lived in by *people*.”

New Accounting Rules

[The following are excerpts from an article that appeared in the August 16, 2018 issue of MarketWatch.]

“New accounting rule aims to solve problem highlighted by GE’s multi-billion-dollar insurance loss.”

“Original assumptions used to estimate cash flow each year were locked-in, even on very long insurance contracts.”

“General Electric’s \$6.2 billion hit to income in January to catch up on losses on long-term care insurance contracts highlights the problem accounting standard-setters now say will be solved with some new rules, set to take full effect in 2021.

The Financial Accounting Standards Board (FASB) introduced a big change on Wednesday in how U.S. insurers must update for economic events that should change their assumptions on long-term insurance contracts. The FASB says new rules will now require insurers, and their auditors, to annually review the assumptions made at the inception of the contract and over its life and update each year, if necessary.

The impact of applying new discount rates, for example, will be recognized immediately in earnings when the rule goes into effect in 2021.

Until now, when a long-term insurance contract was signed, for example in 1980, the original assump-

tions such as discount rates that were used to estimate cash flow each year stayed in place, even if the contract was still in force almost forty years later.

Under existing accounting standards, the assumptions used for long-term care contracts such as GE’s North America Life & Health reinsurance portfolio, aren’t reviewed if they don’t show losses.

FASB board member Christine Botosan told an audience of accounting professors in Washington, D.C., on Aug. 6 that “current accounting for long duration insurance contracts did not provide relevant information or timely information, and it wasn’t transparent.”

Botosan explained that when insurance companies originally established the assumptions that impact how they measure cash flow for long-term insurance contracts, they were “locked in” and never updated, unless the contract went into a loss position.

“That’s why we saw things like GE taking a \$6.2 billion charge related to insurance in January. They had crossed over that threshold and this set of contracts was now in a loss position.”

A GE spokeswoman did not immediately respond to a request for comment.”

Of course, even though GE didn’t have to bury it’s head in the sand and pretend that nothing had changed, what was happening should have been obvious to everyone.

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SyracuseElfunSociety.org

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