



National Association of Retired & Veteran Railway Employees, Inc.

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NARVRE NEWSLETTER

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FROM THE NATIONAL PRESIDENT —

I have written many times about this issue at tax time. Just about every year someone will email or call that their particular state is attempting to tax their railroad retirement annuity. The Railroad Retirement Act prohibits states from taxing railroad retirement annuities. The State of Michigan was the last state to attempt this in 2012. Through the work of the National Legislative Director who

“Many tax preparers are unaware that there is a statute prohibiting taxation by states on railroad retirement annuities.”

resides in Michigan and the Railroad Retirement Board this attempt was quashed in its infancy. **(with a ruling from revenue authorities in Michigan that our annuities were not taxable). Railroad Retirement benefits are “only” taxable on the Federal level.**

The history of this non taxation by states has been litigated in the State of Minnesota back in 1988 and 1989 in

what is known as the Jaeb case. A decision was handed down on May 2, 1989 in Minnesota Tax Court in the favor of the Appellants Robert E.

Jaeb and Mary Jaeb. The arguments of the Appellants was based on Federal statute U.S. Code 45, Section 231m of the Railroad Retirement Act stating “notwithstanding any other law of the United States, **or of any State, territory, or the District of Columbia, no annuity or supplemental annuity shall be assignable or be subject to any tax, or to garnishment, attachment, or other legal process under any circumstances whatsoever, nor shall the payment thereof be anticipated.**”

Many tax preparers are unaware that there is a statute prohibiting taxation by states on railroad retirement annuities. Many of us have friends, close associates or even family that prepare tax returns and fail to recognize this statute. The Attorney General at the time would not even defend the state in court because of the statute so they employed outside counsel. Be aware of your state and attempts to tax our annuities.

— Tom Dwyer,
National President

From the National Legislative Director —

The House & Senate passed the full Omnibus Appropriations bill and Amtrak funding actually improved by 3.4%, when considering increases in capitol budgets and reductions in operating expenditures. High speed rail was zeroed out, as expected, hurting California projects at a crucial time, but federal transit programs received reasonable funding for core programs which originated in the Senate last year under the surface transportation legislation (MAP-21). That bill provided funding in a bipartisan measure that was targeted to investments, and this omnibus appropriations bill keeps that funding at current levels which is higher than what was originally appropriated by the House. The

idea in this round of funding was to not disrupt funding for innovative projects such as “New Starts” and general funding for Capitol Investment Grants. The legislation language sought to keep research funded without adversely affecting new transit projects already started under MAP-21. Federal dollars were not increased for the implementation of Positive Train Control (PTC), which was mandated by law under the 2008 Passenger Rail Investment and Improvement Act (PRIIA). The Omnibus package increases federal funding for popular transportation investments that cover projects on all modes of travel and commerce, and that subject has been the focus in many committee discussions, especially within the House Transportation & Infrastructure (T&I) Committee.

In Memory of...

Mr. Elijah James (E.J.) Williford, Sr., who passed away January 12, 2014 at the age of 90. E.J. was President of Unit #95, Kansas City, Missouri for over 20 Years and was instrumental in the establishment of many new Units in Illinois, Missouri and Indiana. He was a Leader, Mentor and Good Friend to many and his dynamic personality will be greatly missed.

Again Thank You... As Ever... Joyce Manning

From the National Vice President —

Past Area 6 Director ROGER BARR honored by NARVRE and Whitey Westphal for many years of dedicated service as Area Director. Roger continues to service in Unit 140, Topeka, Kansas as Legislative Representative as well as in the Kansas State Legislative Committee. Thank You Roger for your many years service, NARVRE truly appreciates all your efforts.

AREA 7 needs an area Director. Area 7, North Western United States needs a dedicated NARVRE member who wants to see that area grow. The candidate should be computer literate, able to travel when required, be able to speak for the betterment of NARVRE and work in a team atmosphere. Contact Lester Newton at 319-283-0797 if interested.

By now, if someone you know hasn't



Roger Barr Retirement

received their NARVRE Newsletter, it's most likely because they haven't paid their 2014 dues. February

28th. is the date line, or cut-off for members being delinquent, if their dues haven't been paid. Last year in October, we had 1,859 local Unit members who had not paid their dues. I ask all Units and their Officer Staff to look over their rosters and make a concerted effort to contact those members who haven't paid their dues by this time. None of us are getting any younger and some of these might just be an oversight. I feel I need to remind all NARVRE Units: "It's your responsibility to grow your Unit." The loss of 1,859 members due to just plain delinquency and no-one really knowing why is unacceptable! We are trying to grow NARVRE, a loss like this will take years to recoverable.

Are you ambitious? Would you like to be a National Officer? Our Convention is just around the corner. (May 18th. - 20th. at the Old Town Sacramento Embassy Suites Hotel) You should make your desires known by calling the NARVRE National Office 1-800-551-2588 and talk to Joyce. If you're going to the Convention and haven't made your Hotel reservation yet, April 26th. is the deadline. If you need more information about the convention, visit www.narvre65.org.

— Lester Newton
NVP-NARVRE

From the National Secretary-Treasurer

Happy to say the Convention plans are going well. We have been coordinating with Tom Dwyer and the Host Unit 065 Sacramento/Roseville CA and Jackie Kuehl, the Chairperson. She has planned and organized an exciting event for Monday night's banquet and train trip.

ATTENTION: All Units, Please get your officer election forms and delegate appointment forms to the National Office as soon as possible. We are working to get the new 2014 directory ready to print and will have available it at the Convention. If your unit does not have a delegate we will send the New Directory to your unit after the convention is over along with all other updates and minutes from the convention. Also make sure that the Audit form for 2013 is sent along with the 990-N epostcard acceptance from the IRS. This is a very important report that is required annually of each unit. Call the National Office if you have problems getting this report taken care of on your computer.

I will be sending the new proposed Bylaw changes and any Resolutions

to each unit that has a delegate so your delegate will know how your unit wishes to vote at the Convention.

Each delegate will receive a packet of materials when he admits his or her Credentials to the convention registrar's table. Committee's will meet on Sunday morning at 10:00AM and the General Meeting for 2:00PM will be speakers from U. S. Retirement Board, Geraldine Clark; Palmetto GBA, Jennifer Johnson;

United Health Care, Charlene E. Payne; Parliamentarian, Lorraine Talbot; and Consolidated Association of Railroad Employee's (CARE), Kathy Hampton.

Tuesday, May 20, 2014, Banquet speaker will be Walter A. Barrows from Labor Member U. S. Railroad Retirement Board.

Units If you have not forwarded your officer election forms to National, please do so as soon as possible, we are in the process of updating the new Directory of Units and need this information.

Be sure to update address, phone and e-mail also.

— Joyce A. Burton
National Sec/Treas

(National Legislative Director from page 1)

Recently, at an annual conference of Mayors, Rep. Bill Shuster (Chrm, House T&I Comm.) **asked for help in educating members of Congress on the absolute need for compromise** in order to approve a new surface transportation bill. This new chairman stated that some Republican members in Congress have a reluctance to think that the federal government has a role to play, or that they shouldn't be spending federal money. He also said that some Democrats have a reluctance to streamline projects in the field to get them done quicker, and emphasized his point that "time is money". This speech followed the T&I Committee's first hearing on the FY14 surface transportation bill, where specific discussion was on the Chairman's point of time and money. Specifically, they must deal with a current surface transportation bill (MAP-21) that is scheduled to expire on October 1, and a transportation trust fund that is rapidly running through the revenue collected by an inadequate federal gas tax (18.4 cents-per-gallon). Shuster did not

offer any new sources for funding, but he was adamant on the need to do more with the money available from the Highway Trust Fund. The T&I Committee has also established another new panel for the opportunity of new ideas on public-private partnerships (P3's) across all modes of transportation, and to examine funding of infrastructure projects that have been ignored for to many years. While we favor the promising statements from the committee's leadership in both parties, NARVRE will be paying special attention to any suggestion concerning railroad projects because of harmful proposals in past hearings chaired by Rep. Shuster's predecessor.

Personal thoughts on the impending shortfall of the Highway Trust Fund (HTF) were recently pointed out by Amtrak President and CEO Joe Boardman who stated that the depleting highway and transit funding accounts should be replaced, and he also added that the MAP-21 transportation bill is currently underfunded. He expressed his thoughts that the impending bankruptcy of the HTF will be "just the tip of the iceberg", but added "if we strive in good

faith, we can find a way through to a solution that will give America what it needs". He suggested that Congress should scrap the gas tax in favor of "a balanced surface transportation investment program that can invest in any surface mode". Everyone involved seems to agree that transportation revenues are running dry, so most committee hearings and other discussion panels are looking at new innovative investments. We'll remain optimistic, yet we can remember back to 2010 when we were reporting in this Newsletter on bipartisan emergency meetings with a panel of 80 transportation experts, led by two former secretaries of transportation, Samuel Skinner and Norm Mineta. The discussions on specific issues back then cited a transportation system in dire straights with outdated infrastructure problems that were decaying rapidly, and , of course, funding levels that were woefully inadequate. Unfortunately, those issues were not dealt with, and the problems are now bigger and will cost more federal dollars. We shall keep watch on proceedings in Chrm. Shuster's committee and hope they will agree to pass legislation that will produce some worthwhile action.

Doc-Fix Update: (Reported by MedPage). There is an apparent agreement with Democrats and Republicans of three committees whereby Medicare physicians will get a 0.5% pay increase each year for 5 years. Bipartisan teams in the House & Senate have agreed to repeal the sustainable growth rate (SGR) formula for physician payment and reimbursement under Medicare. This bill will need the approval of both chambers and the final costs must still be worked out. The reason for the 5 years of a 0.5% payment increase is designed to provide payment stability and help physicians transition to new models of care. Apparently, these legislators (mostly staff) have found areas of compromise, which is promising. We will report more on this long overdue doc-fix when detailed summaries are released.

— Gary M. Faley
Legislative Director

From Palmetto, GBA

Why My Claim May Be Selected For Medical Review

As part of Palmetto GBA's role as the Railroad Medicare Specialty Administrative Contractor (RRB-SMAC), we are charged with examining the reasonableness and medical necessity of the services being billed. This process is called 'Medical Review'. Because Medicare processes millions of claims each year, it isn't feasible to look at every single claim providers submit. Instead, Medicare and Railroad Medicare use data analysis and information from other Medicare Contractors to find claim types that have high billing error rates.

'Billing errors' can mean the claims are not filed correctly, the services were not reasonable and clinically medically necessary, or the services have not been documented correctly to meet Medicare's guidelines. Medicare employs several contractors to do this function, such as the CERT (Comprehensive Error Rate Testing contractor), the RAC (Recovery Audit Contractor), the ZPIC (Zone Program Integrity Contractor), as well as the Medical Review units at each local Medicare contractor, including Railroad Medicare.

The Medical Review process works like this: the contractor conducts data analysis and creates an action plan outlining what types and how many claims the unit proposes to take on for the year. The plan is approved by the Centers or Medicare and Medicaid (CMS) or the Railroad Retirement Board (this is necessary for the RRB-SMAC). Some of the topics our Medical Review unit examined in the past year were:

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- * Chiropractic Services
- * Radiology (Chest X-Rays)
- * Ambulance Transports (emergency and non-emergency services)
- * As well as drugs and biologicals, doctors' office visits, and several other claim types.

As the claims are submitted, a random sampling are chosen by a computer program, and letters are sent to the providers requesting documentation to support the claim. Doctors have 30 days to respond to these letters. If they fail to respond by the 45th day, their claim will automatically deny. When this happens, the provider has 120 days to submit the requested documentation for review.

Once the Medical Review team has the documentation needed to examine the claim, they have to determine if the services were covered by Medicare, if they were clinically medically necessary, and if the documentation meets the standards required by CMS. If all of these criteria are met, the claim is processed to pay. If they are not met, the claim is denied, and the provider has 120 days to file an Appeal. An appeal is a new and independent review of the case, and it is not conducted by the person who reviewed the claim originally.

If you see that a claim for a service you received has been denied, read your MSN carefully. If the service is not covered by Medicare, or is determined to not be medically reasonable and necessary, then the patient is responsible. If the service was denied because the provider failed to supply the necessary documentation, then the claim denies and the provider is liable. If the provider is liable, he or she cannot charge you or collect payment from you for that claim.

If you don't agree with the denial, you can file a first-level appeal with Palmetto called a redetermination. A redetermination must be requested within 120 days from the date you received your MSN. To file an appeal, you can follow the instructions on your MSN, by signing and returning the notice to our office at the following address:

Railroad Medicare – Palmetto GBA
Attn: Redeterminations
P. O. Box 10066
Augusta, GA 30999

If you have questions about your Railroad Medicare claims, you can call our toll-free Customer Service Line at 800-833-4455, Monday through Friday, from 8:30 a.m. to 7 p.m. ET. For the hearing impaired, call TTY/TDD at 877-566-3572. This line is for the hearing impaired with the appropriate dial-up service and is available during the same hours Customer Service Representatives are available.

We encourage you to visit our website at www.PalmettoGBA.com/RR/Me or our Facebook page at <https://www.facebook.com/myrmedicare>. We also invite you to join our listserv/e-mail updates. Just select the 'E-Mail Updates' in the 'Stay Connected' section on the lower left-hand side of website at www.PalmettoGBA.com/RR/Me.

— **Jennifer Johnson**