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OFFICE OF THE PRESIDENT
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October 21, 2022

Dear Joint Benefits Committee Members:

Thank you for your thorough and thoughtful report. I have read it in its entirety, and I appreciate the candid comments about past missteps, what you think is currently not working, and what you hope to see in the future. I also very much appreciate your acknowledgment of the improvements we have made and continue to work toward. I look forward to discussing your concerns and requests with you at our meeting later this month.

I will address the issue areas cited in the report, and I know we will discuss them in greater detail at your fall meeting next week. I also want to mention here other actions I am taking to better serve retirees and to give them a greater voice in retirement benefits decisions.

Before addressing the issues in the report, I want to assure you that our retiree community is a very important constituency — to me, to Systemwide Human Resources staff, and to UC leadership generally. Many of you devoted the majority of your careers to UC and have contributed much to UC's success. And many of you continue to support UC by graciously volunteering your time and expertise.

As you know, one of the early actions I undertook when I was asked to assume interim leadership of Systemwide Human Resources (SHR) was to conduct a comprehensive review of the operation. This resulted in a series of recommended changes regarding the structure, role, functions and services of SHR, all of which are aimed at one thing: Improving SHR's service to the UC community, including retirees.

Both Rachael and I are committed to transforming SHR and providing best-in-class service to the UC community. That will take time but we are working on it, every day. We aren't yet where we want to be, and we still have a variety of problems to fix and challenges to address, but we are on our way.

As for the issue areas mentioned in the report, let me address them one at a time.

Navitus

Unquestionably, the transition to Navitus did not go well, resulting in the kinds of problems cited in your report. Some of these problems stem from Navitus being understaffed, while others are due to process or coverage issues. Throughout this past year we have been working closely with Navitus to address these issues and ensure members receive the support and critical health care they deserve. Navitus has significantly increased staff and improved processes to smooth the path to getting prescriptions filled. Navitus has also measurably improved its communications with members. Specific improvements and remedial actions so far include:

- Navitus will call members who need to transition to new medications and offer help with authorizations, denials and appeals. Those who have experienced a denial for a Not Covered/Non-Formulary medication will

also receive a phone call offering help.

- Navitus added an additional 40+ customer service representatives to better serve members and also provide additional support for UC benefits professionals.
- Navitus also added two more personnel with pharmacy clinical expertise to help UC benefit professionals support members.
- Last month Navitus established a concierge-type customer service model with two “Client Advocates” to ensure UC members receive the dedicated assistance they need. Client Advocates can conduct outreach to members, prescribers and pharmacies to help resolve escalated and urgent pharmacy-related needs. UC Health Care Facilitators, Benefits Professionals, Retirement Center personnel and RASC staff also have access to the Client Advocates for help with escalated and urgent issues.
- UC Health, Alliant (a UC consultant) and Navitus will audit and review the protocols Navitus uses for denials to ensure they are in alignment with Navitus internal guidelines, industry standards and Medicare guidelines – and to identify and correct any gaps.
- We continue to work with Navitus on an even smoother process and improved service and support, including adopting some of the formulary of the previous vendor.

Via Benefits

- In the past, UC conducted high level reviews on the \$3,000/per year per member HRA. I want to acknowledge that during the 2013-14 timeframe we should have reviewed the UC reimbursement amount but didn’t (primarily due to a number of UCOP leadership changes). Systemwide Health & Welfare Benefits has requested funds to assess the adequacy of HRA contributions and to conduct a feasibility assessment about offering access to the UC Medicare Choice plan to eligible out-of-state retirees. If approved, the assessment will commence in 2023. Pending an outside assessment, we can share outcomes of our evaluation of HRA amounts.
- *Member satisfaction* — Via Benefits conducts annual “Voice of the Customer (VOC)” satisfaction surveys on its membership, including UC retirees, where respondents are asked to rate Via Benefits based on several customer service categories. Results specific to UC members reflect year-over-year increased satisfaction as follows:

VOC Rating*	2020	2021	2022
5	62.3%	67.8%	69.4%
4	19.1%	15.9%	14.4%
3	8.5%	8.3%	8.8%
2	3.1%	3.0	2.6%
1	5.9%	5.0%	4.8%
Average Score	4.31%	4.39%	4.41%

* 1 = Very dissatisfied and 5 = Very Satisfied

- *Reviewing the HRA* — As noted above, UC’s contribution to the HRA is overdue for an external review. It is worth noting that since the inception of Via Benefits in 2014, the majority of Via Benefits participants have had HRA balances at yearend every year. In 2020, 54.4% retirees had yearend cumulative balances, averaging

\$2,234. It's also worth noting that UC's annual HRA contribution is higher than most organizations within Via Benefits' clientele.

UC Medicare Choice plan for out-of-state retirees

Via Benefits offers a variety of Medicare plans throughout the United States. Although Medicare Supplemental plans are generally more expensive, interestingly, the vast majority of UC retirees (77%) select Medicare Supplemental plans over Medicare Advantage plans. Thus, if UC extends the UC Medicare Choice plan to out-of-state retirees, it may not generate interest anticipated. Additionally, the UC Medicare Choice plan rate trend is higher than expected, which makes costs less predictable. That said, an outside assessment should provide valuable insights into the feasibility of extending UC Medicare Choice to out-of-state retirees.

RASC

As you know, we are remaking the Retirement Administration Service Center from top to bottom, from fixing foundational technology issues and streamlining cumbersome and inefficient processes, to creating a service culture in every unit and improving member communications. Our goal is a world-class service center that truly supports everyone it serves — employees and retirees and their family members, and our location partners.

We are on our way and making progress, but transforming an operation that cannot be taken offline presents some unique challenges and takes time. In essence, we are not only redesigning the plane in mid-air, we are also swapping out engines, adding pilots and crew members, changing protocols, reconfiguring seats, adding new technology and communications systems, and just about everything in between.

We know call wait times are still too long, and the way that different cases are handled is inefficient and frustrating. We also know that we are not meeting some of our service promises. We are working on all of this, with a combination of short- and long-term remedies. Improvements to date and future actions include:

- **New RASC leadership** — in addition to hiring Bernadette Green last year as RASC's new Executive Director, we have hired four new seasoned professionals to lead critical member-facing functions. All four of these leaders come to UC with demonstrated successes in call center operations and management, and their roles are essential to realizing the new operating model for the RASC.
- **Increased call center staffing:**
 - *Additional career staff* — we are significantly increasing the number of RASC staff, and we are also creating new roles and adjusting existing ones to better meet members' needs. By the time we complete our staffing plan, we will have increased RASC headcount from 71 to 132. Currently, we are recruiting for an additional 26 member-facing career roles, and we are in active discussions with current UC vendors who specialize in large-scale recruitments to accelerate filling vacancies.
 - *Call Experts/UnifyHR* — we have engaged both Call Experts and UnifyHR to help RASC manage the unprecedented call volumes the RASC continues to face. Call Experts is focusing on proactive outreach (e.g., call backs) and other call support, and UnifyHR will handle inbound and outbound requests or inquiries that are straightforward and can be resolved quickly (e.g., UCRAYS password resets), allowing RASC staff to focus on more complex cases. UnifyHR can also assist callers in multiple languages.
- **New teams and procedures dedicated to specific needs:**

- *Survivor Intake* — we are creating a new team, intake process and support services (e.g., dedicated telephone line and communications) to provide dedicated, high-touch support for survivors. We expect to launch this team by spring 2023.
- *Retirement counseling* — by mid-year 2023, we will have a team of highly skilled and certified retirement counselors to support prospective retirees. These counselors will provide individual consultations, and member education through webinars and seminars.
- *Insurance liaisons* — we are creating a dedicated team to help members with their insurance-related needs, questions and concerns to help ensure continuity of benefits as employees transition into retirement and to help troubleshoot any issues with carriers.
- **No Lapse in Pay** — as you know, last year we implemented the No Lapse in Pay program to help ensure continuity of income for employees transitioning into retirement. By all measures, the program has been very well-received and we are continuing it while we work on other retirement-related processes. Here are some noteworthy highlights from this year's program:
 - 2022 was our busiest year for July 1st retirements — as of October 10, we received 2,133 retirement elections, representing a 4% increase over 2021.
 - We expanded eligibility criteria for participation in NLIP in anticipation of more prospective retirees choosing the program, which now includes:
 - UCRP service credit in more than one tier
 - Partial-year career status
 - QDRO with no adverse claims
 - As of July 11, we received 1,344 applications for NLIP. This represents 63% of total retirement elections received to date.
 - Eighty-five percent of NLIP retirements were processed before payroll deadline and were scheduled for payment on August 1.
 - Of the elections received before June 1, 90% were processed and scheduled for August 1 payment.
- **Improved stakeholder communications** — we took to heart the feedback we received from stakeholders about the need for more information and greater transparency from SHR generally, and the RASC specifically. Both Bernadette and I have implemented a number of communications vehicles (standing meetings, newsletters, ad hoc briefings, etc.) to help our constituents feel better informed and a greater sense of partnership with us.

In addition to what we have done and are doing in the abovementioned areas, I also want to share with you the following actions I am pursuing to better serve and support retirees:

- Establishing a post-employment benefits advisory committee – to include representatives from the JBC — to help guide future decisions about retirement benefits;
- Directing our new Associate Vice President for Total Rewards to engage with all our stakeholders, including retirees, to reexamine all of our benefits offerings;
- Partnering with our new Chief Procurement Officer to ensure our procurement process is smooth and includes representatives from the retiree community whenever we look at changes to benefits;

- Establishing a mechanism that enables Systemwide Human Resources to own and deliver all health and welfare benefits via both insured and self-insured plans.

I am proud of our progress thus far, and I believe we are moving in the right direction. We have achieved a lot but we have a lot more to do, and we are working on it every day.

Thank you again for your report, and for your ongoing partnership in helping us make Systemwide Human Resources the service organization we all want it to be. I look forward to seeing you soon in person.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cheryl Lloyd".

Cheryl Lloyd
Vice President, Systemwide Human Resources

cc: