Joint Benefits Committee Report
CUCRA/CUCEA Virtual Joint Meeting at UC Irvine
April 27-28, 2022

JBC would greatly appreciate an Executive Officer providing a formal response about the concerns we have expressed regarding Via Benefits after a number of years of posing many questions. This Report also gives examples of issues that overburden UCOP personnel, Retirement Center Offices and retirees, described in Sections on RASC, Navitus, and Recalled to Active Duty (RTAD) These will be amplified in future reports and answers sought, one at a time.

I. Via Benefits:

The JBC continues to have very real concerns about Via Benefits. In its April 2020 Report JBC stated: "Since 2013, Via Benefits [and predecessor exchanges]...has offered Medicare Supplemental Insurance to Non-California Medicare Retirees...an exchange where Retirees purchase individual policies for medical and prescription services...[paying] Part B premium and the cost of the supplemental insurance. UC has provided a $250 per month Health Reimbursement Account payment to partially pay for the healthcare...[which] has not changed since 2013...The JBC recommends that UC address the inequities inherent in the Via Benefits program".

The Deloitte Actuarial Valuation Report presented to the Regents annually has stated in its summary of policy "Program Provisions Summary" section every year since 2014: "Each year, the <u>administration</u> will reassess the maximum annual contribution [$3,000] to determine if an adjustment should be made".

Out-of-state retirees do not benefit from the full suite of UC health care benefits the administration offers to those who live in-state. The November 2013 Regents' Committee on Finance Minutes reflect some of the reasons why this appears to be the case. On November 14, 2013, The Regents' Committee on Finance, Item 8: Annual Actuarial Valuation of the University of California Retiree Health Benefit Program, discussed the move toward a Medicare Exchange Program for retirees living outside California, which reduced UC's long-term actuarial liability by $718 million.

Quoting from the Regents' Minutes from that discussion:

In response to a Regent's question, Mr. Duckett stated that "moving to extend health benefits for out-of-state retirees would represent saving for the University, a reduction from a cost of $5,000 per member to $3,000. Executive Vice President Brostrom added that this program would also transfer risk…This move would place a greater obligation on the retiree as a consumer of health care". The Regents' consulting health actuary explained that "the savings for out-of-state retirees were significant, an almost 50 percent reduction in total liability". These concerns were again brought to UCOP's attention in JBC's October 2020 Report.

In September 2021, the JBC wrote to Executive Vice President Nava and Vice President Cheryl Lloyd again advising that UC retirees and emeriti who move out-of-state do not benefit from the group health care benefits offered prior to retirement.

Questions that need answering include:

- What are the accumulated cash savings to both the University and the out-of-state retirees from transferring risk to the out-of-state retiree, i.e., placing a greater obligation on the retiree as a consumer of health benefits?
- When will the amount of $3,000 per year, per out-of-state Medicare member be reevaluated?
- Could parity be established to bring out-of-state retirees to the benefit level of UC United Healthcare (UHC) Medicare Advantage plan?
- Could out-of-state retirees be offered a UC negotiated Prescription plan?
- What are the barriers for UC to offer out-of-state retirees the (UHC) Medicare Advantage plan?
- Could out-of-state retirees choose between Via Benefits and UHC, since UHC has MA plans in every state and D.C.? As retirees age, UHC might be easier for them to manage and not present all the difficulties so aptly described by emeriti.

These questions are all related to the impact on this group of retirees who lost the ability to have the University negotiate for them. The JBC and others have asked many of these questions over the years without receiving answers from the President's Office.

II. RASC:

The CUCRA and CUCEA Leaderships continue to have an active dialogue with RASC about ongoing issues including information about reorganization changes (i.e., staffing, training and adoption of performance metrics, etc.) and current processing updates. RASC has also established ongoing communications with the campus Retiree Center Directors, as they often get questions only RASC can answer. These consultations and RASC Executive Director Bernadette Green's openness and responsiveness, as well as the strengthening of the RASC organization, have greatly improved the performance of RASC in processing retirement applications, the no lapse in pay program, and Survivor Benefits. A special thanks is warranted to the hard work of Todd Wipke (UCSC) in developing BENET and the willingness of RASC to recognize the benefits of a novel approach.

JBC observes that many of the problems CUCRA and CUCEA Leadership bring to RASC do not begin with RASC but are the result of problems created upstream and in other areas of the University's organization. In such instances, RASC is more of an "innocent bystander" than a perpetrator. As the administrative unit with customer-facing responsibilities, concerns regarding the impacts of decisions on retirees made by various UCOP units find their way to RASC for resolution. Such instances tie up RASC phone lines and slow their response time.

As an example, RASC was on track through the end of 2021 in building on the improvements noted above. Unfortunately, this progress stalled in January as RASC was beset with more than double the normal volume of calls as a result of the less-than-smooth transition to Navitus that occurred over the holidays when the University was closed (see III. Navitus below). This additional workload coupled with increased calls for password reset, access to retrieve 1099R forms and Survivor Benefit questions overwhelmed RASC to the extent that call waiting was hours long, call back times were increased by days, and the telephone system crashed, losing call back contact information. We understand RASC has a plan they are evaluating that would handle incoming calls and call-backs during peak periods.

This tsunami continues with impact on retirees, RASC and campus Retiree Centers. The Centers have very limited ability to assist distraught retirees as they try to navigate the changes brought on by actions initiated by other UCOP units.

JBC continues to believe that additional programming is needed to improve Redwood functionality to facilitate processes that can/should be automated or refined to reduce manual processing that results in delayed actions.

JBC strongly recommends that UCOP acquire software for RASC to check the internal consistency and completeness of client data in Redwood, UC Path, and any shadow data systems, at a minimum to ensure that files are complete and programming maps completely. Adequate time should be allowed for data mapping and testing prior to "go live" implementation to evaluate the effect of any acquisition or vendor change on software, computers, communications, and stress on retirees. It seems that these issues may greatly contribute to the problems that occurred in the transition to Navitus as the Anthem prescription drug manager. More complete and accurate data might also help solve many UCRAYS login problems.

III. Navitus:

Complaints about the new pharmacy benefit manager (PBM) Navitus are well documented, especially as recently discussed in a March 21st email letter from Executive Vice President Carrie Byington and Vice President Cheryl Lloyd. UC entered a relationship with Navitus with the expectation that it would save approximately $20M. The decision to switch PBM to Navitus exemplifies a number of issues that concern JBC:

- A major issue was a failure of the University's systems (primarily Redwood) in communicating with Navitus. In many cases, Redwood passed invalid data to Navitus. As a result, thousands of individuals were closed out from their pharmacy benefits. The University (RASC) has been working very hard on this, hand entering data, when necessary, but as of February 19, there were still approximately 200 individuals who lack pharmacy benefits.
- Delving into this issue further, the University revealed that Redwood in some instances was not capturing Social Security numbers or Medicare numbers—a further indication of the limitations of the Redwood system design. Many observers found this oversight in Redwood stunning and wondered about the quality of the University's original procurement of the Redwood contract. It seems likely that the $20M in supposed savings to the University will be reduced or eliminated by the costs to remedy

this situation.

- Any time there is a change in insurance, there is anxiety, stress and confusion. This is the fifth change of PBMs in seven years. The University, in its stewardship role for the retirees and their health care programs, needs to reflect upon what threshold of financial recovery is worth the resulting confusion and potential health consequences to retirees, as well as costs for assisting them. It is believed that continued manipulation of the Part D elements of the Original Medicare PPO plan also drives up health care costs for many retirees that was not intended when the '30/70' cost sharing protocol was agreed to in 2010.

- Did the University's procurement perform due diligence in evaluating the Navitus proposal, considering in detail the amount of disruption that would occur from eliminating the Ingenio formulary and moving to the new Navitus formulary? If Navitus saves the University money at least partially by rejecting a retiree's prior authorization requests, as is specifically mentioned in the March 21 memo, or imposing substantial barriers in obtaining required prescriptions, the University should have considered such information during the RFP evaluation. It would be very important to know what this due diligence identified and what criteria the University used in making a decision that has caused such an extreme level of disruption among its retiree community. Again, this suggests deficits in our procurement process and the consulting companies that advised on that procurement RFP.

- Health Care Procurement procedures should be analyzed:
    - The process seems always to be done quickly without any input from the retiree organizations at the early stages while an RFP is being prepared to get agreement on guiding principles and outcomes, and little time seems to be spent on analyzing the negative impacts that might arise.
    - Units that might be affected by the results of the contract award may not have been told about the procedure or asked to analyze it from their standpoint.
    - Decisions made by one group often tend to adversely affect others.
    - Procurement culture seems to focus on picking the least expensive choice without considering the consequences to the disruption probabilities to a retiree's health care.

- Given the extreme disruption that has occurred, as evidenced in the March 21st email letter from EVP Byington and VP Lloyd:
    - What criteria are the University using to ensure that Navitus can perform to the conditions of its contract?
    - What is the University doing to ensure this level of disruption does not happen again? And,
    - What is the University doing to ensure there is more stability in the current retiree health care programs so that this type of continual disruption is eliminated?

- What is the University doing to hold accountable consulting companies that advised the procurement without attending to the details of vendor capabilities?

- The University is currently considering a number of RFPs regarding health insurance. In addition, it is considering a surprisingly complex change in health insurance for retirees who have been recalled part-time to University service. Given the issues mentioned above, the JBC is very worried that similar failures will adversely affect thousands of employees and retirees.

IV. Health Benefits for RTAD retirees (recalled to active duty):

UC is presently concerned about compliance issues with the Affordable Care Act and the CMS (Medicare) guidelines in terms of retiree health insurance of individuals who were recalled within 6 months of separation from UC. One proposal under consideration is that such individuals must disenroll from Medicare and receive active employee health insurance during a portion of their recall period.

In JBC's view, resolving this complex issue will require time from RASC, HR, Academic Senate and Academic Personnel units already heavily involved with other complex issues. This issue should be set aside temporarily until these units can consider the complexity of the matter. It is vital that the plans be thoroughly reviewed, and the best options selected, lest an implementation be chosen that confuses retirees and jeopardizes RASC response times.

Respectfully submitted by the Joint Benefits Committee:

Eric Vermillion (UCSF)	Appointed by CUCRA
Joe Lewis (UCOP)	Appointed by CUCRA
Joel Dimsdale (UCSD)	Appointed by CUCEA
Dan Mitchell (UCLA)	Appointed by CUCEA
Louise Taylor (UCB)	Selected by JBC
Lawrence Pitts (UCSF/UCOP)	Selected by JBC
Chair, Roger Anderson (UCSC)	Selected by JBC
John Meyer (UCD)	CUCRA Chair
Henry Powell (UCSD)	CUCEA Chair
Sue Abeles (UCLA)	CUCRA Chair-Elect
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