

University of California 2013 Retiree Health



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2013 Faculty, Staff, Retiree Health & Welfare Program

- 13 vendors
- 34 plan renewals
- \$1.9 billion annual premium

Medical (11 plans)
Anthem Blue Cross <ul style="list-style-type: none"> › PPO › Point of Service › Lumenos PPO w/ HRA › Core
Health Net <ul style="list-style-type: none"> › Health Net Blue and Gold HMO › Health Net HMO
Kaiser <ul style="list-style-type: none"> › California › Umbrella
Western Health Advantage
Behavioral Health
Optum
Wellness
StayWell

Medicare Retirees (10 plans)

Anthem Blue Cross

- › PPO
- › PPO no RX
- › Point of Service
- › High Option Supplement
- › Core

Health Net

- › Health Net HMO

Kaiser

- › California
- › Umbrella

Behavioral Health

Optum

Wellness

StayWell

Non-Medical (13 plans)

Dental

- › Delta Dental PPO
- › DeltaCare USA

VSP

- › Actives
- › Retirees

Liberty Mutual

- › University Paid Disability
- › Supplemental Disability

Prudential- LIFE

- › Basic Life
- › Core Life
- › Supplemental Life
- › Dependent Life (basic/expanded)

ARAG – Group Legal Plan

AIG - AD&D

- › Actives
- › Retirees

CONEXIS

- › HCRA/DepCare

2013 Retiree Health & Welfare Program

- 10 vendors
- \$350 million annual premium (Medical, Dental & Vision)

Non-Medicare (11 plans)
Anthem Blue Cross <ul style="list-style-type: none"> ➢ PPO ➢ Plus (Point of Service) ➢ Lumenos PPO w/ HRA ➢ Core
Health Net <ul style="list-style-type: none"> ➢ Health Net Blue and Gold HMO ➢ Health Net HMO
Kaiser <ul style="list-style-type: none"> ➢ California ➢ Umbrella
Western Health Advantage
Behavioral Health
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Medicare (10 plans)
Anthem Blue Cross <ul style="list-style-type: none"> ➢ PPO ➢ PPO no prescription drugs ➢ Plus (Point of Service) ➢ High Option Supplement ➢ Core
Health Net <ul style="list-style-type: none"> ➢ Seniority Plus
Kaiser <ul style="list-style-type: none"> ➢ Senior Advantage ➢ Umbrella
Behavioral Health
Optum
Wellness
StayWell

Non- Medical (5 plans)
Dental <ul style="list-style-type: none"> ➢ Delta Dental PPO ➢ DeltaCare USA
VSP – Vision
ARAG – Group Legal Plan
Chartis – AD&D

2013 Non-Medicare Medical Portfolio: Two-Tier Concept

Choice Tier
Higher cost to enroll

Health Net Full (HMO)

Choice	Contributions	Cost Share
+++	\$\$\$\$	\$

Best Member Fit:

- ✓ Want providers not available in Blue & Gold network, but don't need a non-network option
- ✓ Agreeable to HMO model, PCP role, staying in medical group
- ✓ Accept higher premium but want lower cost per service

Anthem PLUS (POS)

Choice	Contributions	Cost Share
++++	\$\$\$\$	\$\$

Best Member Fit:

- ✓ Want access to non-network providers, but accept PCP model for in-network care
- ✓ Accept higher premium but want fixed copays in-network

Anthem PPO

Choice	Contributions	Cost Share
++++	\$\$\$\$	\$\$\$

Best Member Fit:

- ✓ Want access to in & out of network providers
- ✓ Want direct access to all providers without PCP or medical group restrictions
- ✓ Accept higher premium and cost per service

Value Tier
Lower cost to enroll

Health Net Blue & Gold (HMO)

Choice	Contributions	Cost Share
++	\$\$	\$

Best Member Fit:

- ✓ Want lowest premium and cost per service
- ✓ Agreeable to HMO model, PCP role, staying in medical group
- ✓ Comfortable with smaller selection of providers

Anthem Lumenos PPO w/ HRA

Choice	Contributions	Cost Share
++++	\$	\$\$\$\$

Best Member Fit:

- ✓ Want lower premium without limiting access to providers
- ✓ Accept need to learn and manage plan; risk of incurring greater out of pocket costs
- ✓ See opportunity to grow balance in health care reimbursement account for future use

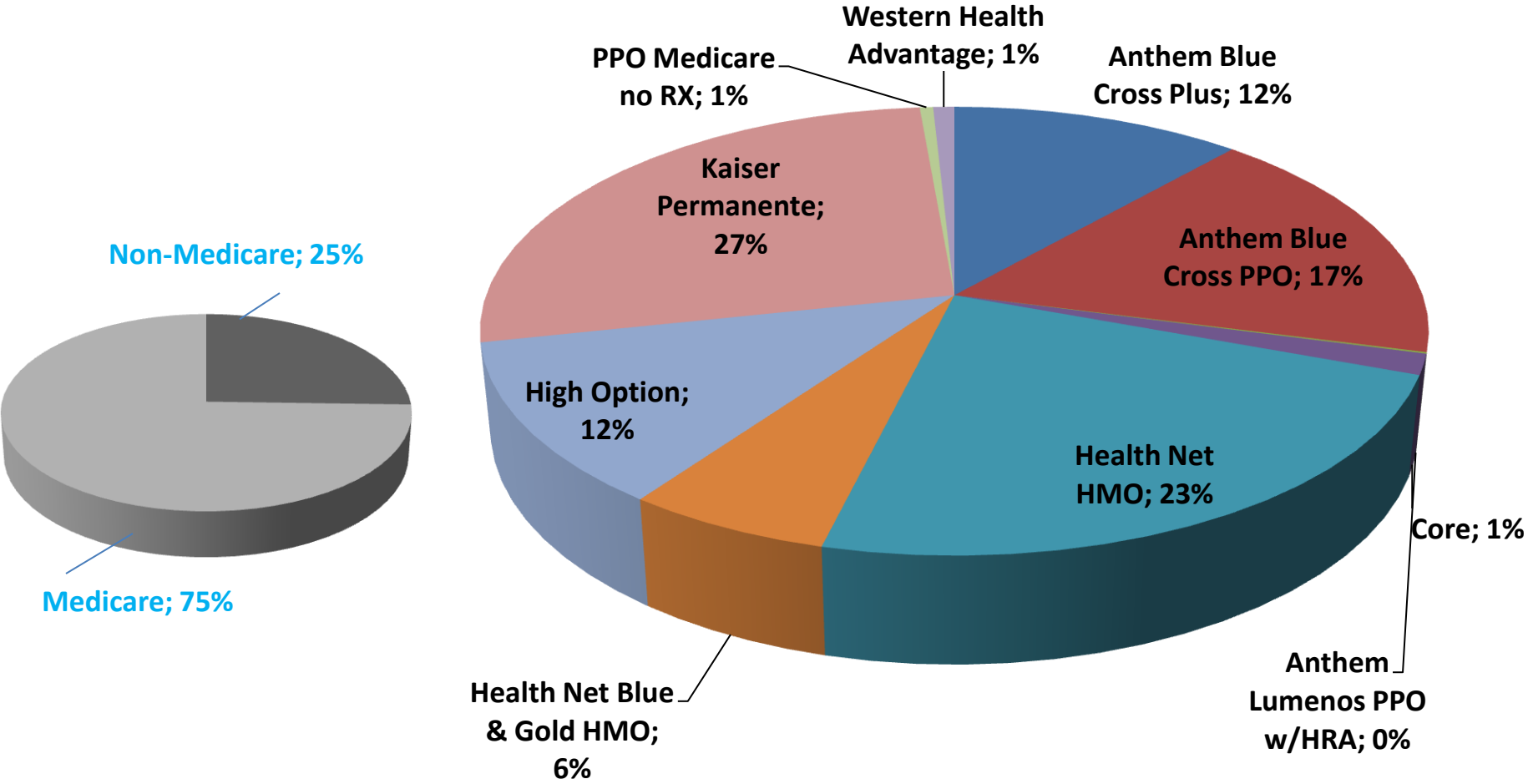
Kaiser (HMO)

Choice	Contributions	Cost Share
+	\$	\$

Best Member Fit:

- ✓ Want lowest premium and cost per service
- ✓ Comfortable with getting care only within Kaiser system

2012 Retiree Medical Enrollment



2013 Medical Renewal Process for Staff, Faculty, Retirees

2013 Initial Renewal Increase to Rates = \$83.7 million

Measures Used to Reduce Increase:

- ✓ Plan Design Changes
- ✓ Application of UCMC Discounts
- ✓ Application of ERRP Funds

2013 Final Renewal Increase to Rates = \$16 million

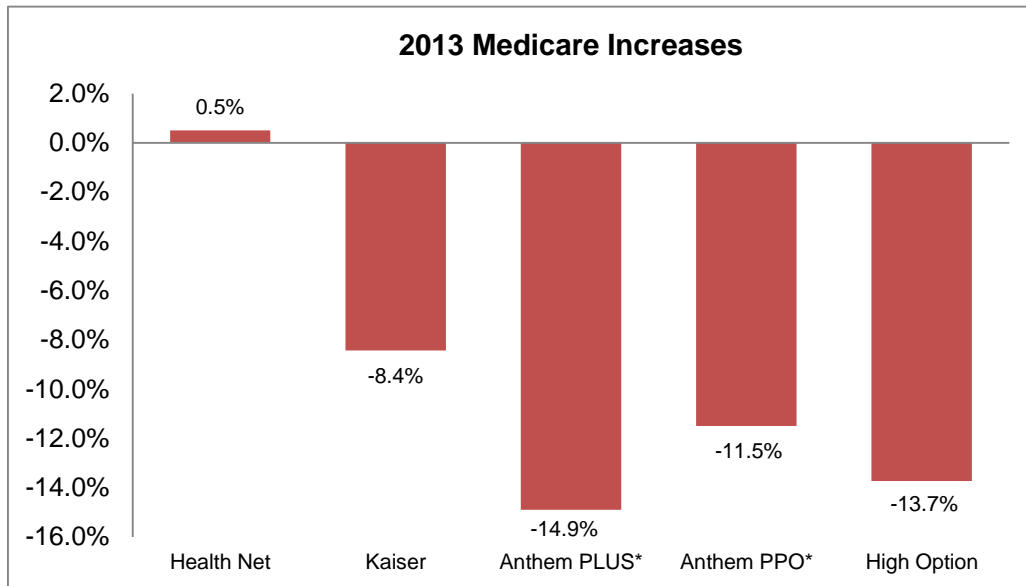
(Actives: \$30.9 million; Retirees: -\$14.9 million)

2013 Rates – Final Medicare Rates

The final 2013 Medicare renewal positions are shown below reflecting plan design changes and use of ERRP funds.

- The 2013 Medicare decreases result from a change in Medicare Part D programs known as the Employer Group Waiver Plans (EGWP) plus wrap. The provision for Health Net was already in place for 2013.
- The 3 percentage-point reduction in UC’s cost share for retirees affects only those Medicare retirees enrolled in High Option; all other plans are contribution-free for Medicare members. For those in High Option, the cost of that 3 percentage point shift was mitigated this year by the overall reduction in premiums.
- **Only Medicare retirees enrolled in High Option pay a premium contribution; all other plans are contribution-free.**

8.7%* Aggregate Decrease



	Medicare Single Rates (Payroll)		
	2012	2013	\$ Change
Health Net	\$331.89	\$333.58	\$1.69
Kaiser	\$238.01	\$217.93	(\$20.08)
Anthem PLUS*	\$399.81	\$340.23	(\$59.58)
Anthem PPO*	\$345.84	\$306.07	(\$39.77)
High Option	\$449.96	\$388.16	(\$61.80)

* Includes Optum component

UC Contributions to Retiree Medical

	Pre-Medicare Retirees (under age 65)	Retirees with Medicare	Retirees without Medicare (65 or older)
2012	78%	86%	Same UC contribution as for employees in pay band # 2
2013	75%	83%	Same UC contribution as for employees in pay band # 2

- Applies to retirees not subject to graduated eligibility.

Health Care Benefits Work Group (HCBWG)

Purpose: To find ways to continue to deliver high value health and welfare benefits programs while controlling these costs.

Members:

Dwaine Duckett, UCOP – Chair	Vice President	Santiago Muñoz, UCOP	Former Associate Vice President
Mike Baptista, UCOP	Executive Director	Debora Obley, UCOP	Associate Vice President
Gretchen Bolar, UC Riverside	Former Vice Chancellor	William Parker, UC Irvine	Professor and Department Chair
Grace Crickette, UCOP	Chief Risk Officer	Mark Peterson, UCLA	Professor
Steve Chilcott, UCD Medical Ctr	Executive Director	John Plotts, UC San Francisco	Senior Vice Chancellor
Ron Cortez, UC Santa Barbara	Associate Vice Chancellor	Thomas Rice, UC Los Angeles	Distinguished Professor
Paul Craig, UC SD Medical Ctr	Director & Chief Risk Officer	Saul Schaefer MD, UC Davis	Professor
Joel Dimsdale, UC San Diego	Professor Emeritus	Jack Stobo, UCOP	Senior Vice President
Mark Esteban, UCOP	Director	Gene Washington, UCLA	Vice Chancellor Medical Center
Patricia Ganz, UC Los Angeles	Professor	John Wilton, UC Berkeley	Vice Chancellor
Robert May, UC Davis	Professor	Randi Brookes, UCOP	Coordinator
Alison Galloway, UC Santa Cruz	Campus Provost & Executive Vice Chancellor	Karla Campbell, UCOP	Director
		Kobie Crowder, UCOP	Director
		Terri Flock, UCOP	Senior Consultant
		Paul Master, UCOP	Project Lead

Health Care Benefits Work Group (HCBWG)

Work Group Process:

- First evaluated the feasibility of keeping the UC health benefit budget flat.
- Then explored mitigating gaps between needed premium costs and UC budgetary pressures.

Accomplishments:

Levers agreed to by work group to use if needed for cost savings:

- a) Plan design changes
- b) UC medical center discounts/ support
- c) Step-reduction of UC contribution towards employees
- d) Extend Health exchange model
- e) Part-time employee eligibility reductions
- f) Decrease UC contribution for dependents

Future of UC-provided Health Care

- Portfolio Changes
- Plan Consolidation
- Explore Self-Funded Opportunities
- UC Medical Center Partnerships



Future of UC-provided Health Care – Medicare Exchange Model

Medicare Exchange Model: Retiree works through Medicare exchange vendor (such as Extend Health) to enroll in an individual health plan with benefit dollars funded by UC.

Sometime next year UC will reevaluate the value of a Medicare exchange model.

Advantages of Medicare Exchange Model:

- Reduction in UC GASB liability
- Benefit cost may be lower
- Retiree plan choice (especially in underserved locations)
- Guarantee issue and pricing for retirees
- Reduced UC administrative requirements



Retirement Savings Program Fund Menu Changes



Retirement Savings Program Fund Menu Changes: Why?

- Enhance value for participants: fee control / reduction
- Reinforce oversight & monitoring: smaller menu allows more efficient monitoring
- Improve participant experience and plan effectiveness: simpler menus are easier to understand and use; less duplication
 - A smaller number of choices can alleviate confusion; studies have shown that too much choice can prevent participants from making appropriate decisions
- Reflects a more retirement appropriate product focus investment choices

Who is Impacted?

- Approximately 43,000 active, retired, and previous employees invested of the over 300,000 are in impacted funds (only 4,400 age 60 or older)

What You'll See

- Announcement in January
- Brochure and decision guide in February (impacted individuals only)
- Non-menu funds frozen to new investments April 1
- Fund action effective June 28; any balances will be defaulted to UC Pathways Target Date Funds based on age; those 65+ will default to the Pathway Income Fund