

**REPORT FROM THE JBC TO CUCEA & CUCRA, AT THEIR JOINT MEETING - 10/30/2008**

CUCEA and CUCRA function, among other things, as partners and advisors to the Office of the President on matters relating to retirees, annuitants, and retirement benefits. We provide insights and information to aid in the implementation and conduct of programs.

There are times in this partnership when CUCEA and CUCRA through the Joint Benefits Committee requests clarification and information so that we may provide realistic and informed advice. Several times recently, our requests for information went unheeded despite reassurances that a response would be forthcoming. It is our hope that we can improve the flow of requested information so as to strengthen the quality of our advice, to improve our understanding of the issues, and to better inform our constituents. Following are a number of important issues we discussed at our October 2008 JBC meeting and offer to the broader membership and UCOP:

1 - Future decisions about **annuitant health care benefit costs** to the individual should take into account the costs paid by annuitants for Medicare Part B coverage, their generally larger co-payments related to many more doctor visits and prescriptions, and the lack of ability to pay for health care costs using before tax dollars, as is the case for active employees through the use of Flexible Spending Arrangements. The cost of health care is the sum-total of premiums, deductibles and co-payments, not just premiums. It would help, if the specific annual allocations of funds from the State to cover cost-of-living increases for all formerly State Funded annuitants were used by the University for the purpose intended by the Legislature and Governor. In addition, a comparison of the University health care programs with those provided to State and CSU annuitants should be undertaken on an annual basis. Currently, and for many past years, those annuitants have enjoyed at least comparable benefits at significantly lower personal cost. For example, for Kaiser, which is the only plan offered to both University of California and PERS annuitants, we pay 50% more for each doctor's visit, double for each generic medication and 1/3 more for each non-generic medication. We are very pleased to see the recently released details on the annuitant health care program for next year.

2 - Concerns about the **drug programs** continue to exist, and need to be addressed in the near future. It would appear that the formulary available to annuitants is contracting rather than expanding since the beginning of Medicare Part D.

3 - The **plight of those who retired many years ago** continues to worsen, and should be brought to the President's attention. A "brain-storming" session, as previously agreed to by the University, should be arranged before the end of this year. The purpose should be to develop ways to allow those who are living at or below the poverty level to have a normal life in retirement, as originally envisioned by The Regents when the UCRP was created. For example, faculty and staff who retired between the periods of 1957 - 1987 could only receive a maximum annuity equal to 80% of their salary. Professor Vs, who retired between 1957 and 1977 and who were highly paid compared to other retirees, today have a computed retained purchasing power of between \$13,200 and \$19,600, using the April 2007 UCRP Advisory Council meeting's Attachment I to compute the retained purchasing power sum.

4 - It is hoped that, in the very near future, those who took the **PERS/VERIP** will be treated in like fashion to those who took VERIP I, as was the original intent of The Regents. The funding that was deliberately not provided originally to ensure **annual COLAs** on the "incentive," is now available due to excess earnings in the established "Trust Fund." These individuals are declining in number each year, and they have only had equitable treatment in

two of the last 17 years, since the program began.

We continue to look forward to cordial and cooperative relations with OP staff with whom we deal, for the mutual benefit of the University and its family of annuitants.

Adrian Harris, Chair, UCLA,

Julian Feldman, UCI  
UCSB

William Klein, UCLA  
Taylor, UCB

Jack Fisher, UCSD

Errol Mauchlan, UCB

Richard Jensen, UCSC &

Lawrence Pitts, UCSF

Louise