<u>REPORT FROM THE JOINT BENEFITS COMMITTEE (JBC) TO THE COUNCIL OF UC EMERITI ASSOCIATIONS (CUCEA) & THE COUNCIL OF UC RETIREES ASSOCIATIONS (CUCRA), AT THEIR MEETINGS - AT UCSF - 11/4 & 11/5/2013</u>

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. JBC, as an agent of both Associations, advises CUCEA and CUCRA by providing insights and information to aid in their partnership with the Office of the President.

We appreciated receiving an advanced copy of the Open Enrollment materials prior to our deliberations. Unfortunately, there are a number of statements, which are not completely clear, and which could likely have been clarified, if prior review by lay individuals had been included in the preparation process. For example, on page 3 it states: "Medicare members who change medical plans must complete additional paperwork and submit it by Dec. 6, 2013." And on page 12 it states: "If you are in a medical plan that is being discontinued and you do not enroll in a different plan during Open Enrollment, you will be automatically enrolled in a new plan." What is the character of the paperwork, how does that relate to the "automatic enrollment," and what would happen if the stated deadline for submitting paperwork is missed? In one prior year the JBC Chair was asked to perform a review of draft materials resulting in a number of changes in the original text. We are concerned about the lack of prior consultation in the process leading up to all the dramatic changes taking place this year.

- Providing input prior to decisions is far more important than reacting to announced changes after-the-fact. The decision process needs to be changed immediately to take this important recommendation into account and to reduce confusion and difficulty for the University.

The three most important issues deriving from our deliberations about the announced health plans for next year are:

1 - The major changes, which apply to those of us who live outside of California, appear to be ill conceived. It is unclear how the financial part of the arrangement will affect people. Likewise, the requirement to use Extend Health initially and beyond, even if they move back to California, is potentially a real problem. The JBC has expressed its concerns about Extend Health previously --- specifically in relation to the experiences of UC's annuitants who were employed at our National Labs. We have recently received several very negative reports from individuals about their specific experiences. A simple Internet review also provided some very interesting and disconcerting information on Extend Health. The following links bring to light comments from prior users and employees:

http://www.hallway.com/companies/extend-health-inc-employee-reviews?nt=30391
http://www.glassdoor.com/Reviews/Extend-Health-Reviews-E139690.htm

- We would like to know the terms of the contract with Extend Health, when it will expire, what objectives were specified, what evaluation will be done, and how the determination of the success or failure of their program will be determined.

- The permanent assignment of out-of-state annuitants to Extend Health is unfair. Those who move back to California in the future should be granted the same health care benefits as those living here continuously and not be required to use Extend Health.

- The possiblity that major benefits could accrue to UC and to annuitants living outside California if they were combined with the similar group of CALPERS participants should be explored.

2 - The problem at UCSB is well documented in the attached article from *The Chronicle of Higher Education*, and will not be repeated here.

- It is important that suitable alternatives be made available to the pre-Medicare and non-Medicare annuitants (in addition to active employees) living outside the areas serviced by our five Medical Centers.

3 - The Wellness Program is re-launched as UC Living Well and expanded to include Kaiser.

- We continue to believe a comprehensive evaluation of these programs is essential, and hopefully useful in negotiating lower rates with health care providers. We would like to see such an evaluation and hope one will be made available in the near future.

We are gratified that further changes have not been made in deductibles and co-payments after the dramatic increases that occurred for this year. It would appear that, with the exception of those items discussed above, and potential problems created with respect to pharmacies (for example, in the past when Anthem-Blue-Cross changed pharmacy providers, there were serious problems), the health plans remain highly competitive and appealing to those who are eligible.

It appears that our concerns about processes involved with Minimum Required Distributions (MRDs) have now been properly addressed and resolved. We thank you.

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. We want to particularly thank Joe Lewis for his constant and highly effective involvement and communications with the JBC and our two sponsoring Councils. We wish him a wonderful life in retirement, and will welcome him into our "special University family."

Adrian Harris, Chair, UCLA,

Julian Feldman, UCI; Jack Fisher, UCSD; Charles Hess, UCD; Richard Jensen, UCSC & UCSB; Larry Pitts, UCSF; Louise Taylor, UCB.
Ex-Officio: Roger Anderson, UCSC; Lee Duffus, UCSC; Doug Morgan, UCSB; Marianne Schnaubelt, UCI

Attachment: Article from *The Chronicle of Higher Education*, October 10, 2013

October 10, 2013

Changes in U. of California's Medical Plans Worry Some Employees

Wikimedia Commons

Faculty members at the U. of California at Santa Barbara (pictured) said the change in health-care plans constituted what one of them called "a substantial hardship" for employees on campuses, like Santa Barbara, that lack teaching hospitals.

Enlarge Image

By Don Troop

The University of California is overhauling its systemwide health-insurance plans to save on costs and better align with the Obama administration's Affordable Care Act, but some employees are angry over indications that they'll be paying more just to keep their existing level of service.

System officials say that the changes are needed to avoid looming cost increases and that, in most cases, employees who pick the plan that is right for them will end up saving money and getting better service.

Dwaine B. Duckett, vice president for human resources in the office of the system's president, said this week that the university would discontinue its Anthem health-care plans along with its Health Net Full HMO.

Replacing those will be the Blue Shield Health Savings Plan and UC Care, a three-tier preferred-provider plan that gives employees access to University of California doctors and medical centers as well as to the 88 percent of California doctors who belong to the Blue Shield PPO network, according to Mr. Duckett. He said about 10,000 of the 120,000 employees who are served by the university's health-care system would have to switch networks as of January 1, 2014.

"The big question everyone's asking," he said, "is, 'Is my doctor in or not?'"

In fact, he said, 97 percent of the providers who were available in the plans that are being scrapped will be available in the new ones too.

Mr. Duckett emphasized that he did not want to come across as callous: "We are completely sensitive to the fact that if you are in that 3 percent that does not have your doctor in, that's a tremendous deal for you."

'A Line in the Sand'

Five of the 10 University of California campuses don't have their own medical centers, meaning that Blue Shield, which will run the UC Care plan, had to negotiate fee structures with local hospitals and other health-care providers. In the end, negotiators got most of the providers to play ball—somettimes with a little nudging from senior university administrators.

Where negotiations were successful, such as around the University of California at Santa Cruz, people like Barry Bowman, a biology professor and member of the systemwide Academic Senate Committee on Faculty Welfare, feel a tremendous sense of relief. For employees on his campus, "it's a win-win," he said. "We have an even broader choice of doctors. For many people, our rates are actually going to go down."

But Peter J. Taylor, chief financial officer for the university system, said the provider that dominates the area around the University of California at Santa Barbara, Cottage Health Systems, is demanding fees that would exceed what the university pays its own doctors.

"Cottage has drawn a line in the sand and said they simply won't take less than what they want to get paid," Mr. Taylor said.

Many of the Cottage providers will still be available, for a modest copayment, to members of the Health Net Blue & Gold HMO. But for members of the UC Care PPO, the providers will be "Tier 2," meaning the members will be paying a percentage of the full cost of service rather than a fixed copayment.

That has angered some employees at Santa Barbara, who argue that the costs and deductibles will fall more heavily on them than on their peers at other campuses.

Henry T. Yang, chancellor of the Santa Barbara campus, said in a statement on Tuesday that administrators were "deeply concerned" that UC Care's first-tier provider network did not include local physicians and services.

'Trying to Find a Balance'

Others were more explicit in their criticism.

Nelson Lichtenstein, a history professor at Santa Barbara, said the change in plans constituted "a substantial hardship" for employees on campuses without teaching hospitals.

Mr. Lichtenstein, who is president of the UCSB Faculty Association and is an occasional contributor to The Chronicle Review, was among the speakers last week at a town-hall forum where employees confronted Mr. Duckett about the shift in coverage.

Chief among their complaints was the apparent lack of comparably priced services among the 10 campuses.

But Mr. Taylor, the chief financial officer, said that Cottage's unwillingness to negotiate put the university in a difficult position. Simply subsidizing the Santa Barbara employees' costs was not an option, he said, because it would raise individual premiums systemwide by $323 a year.

"That's asking 18,400 non-UC-Santa Barbara employees to pay out of pocket tremendously so that about 600 Santa Barbara employees would have access to this," he said. "We're trying to find a balance. We don't have an inexhaustible supply of money, and yet we want to provide a solid benefit to our faculty and staff."

Nathan Brostrom, the university system's executive vice president for business operations, said administrators also wanted a plan that would align better with the Obama administration's Affordable Care Act, which emphasizes greater medical management and focuses on preventive care and wellness. And looking at other large employers, he said, "we were really the outlier in not having a self-funded, self-insured plan."

Christopher Newfield, a professor of American studies at Santa Barbara and an author of the influential Remaking the University blog, described his concerns over the new plans on Wednesday in a detailed post that examined how his partner had fared in the existing Anthem insurance system after suffering a deep cut in a kitchen accident.

Mr. Newfield, also an occasional Review contributor who is now on sabbatical in Britain, said in an e-mail message that the potentially higher costs for out-of-network care under the new plan are another significant issue for Santa Barbara employees.

"This is a big deal for a lot of faculty who are gone a lot (as I am, as are many lab scientists on big collaborations, etc.)," he wrote by e-mail.