University of California
2013 Retiree Health

Michael Baptista
Executive Director,
Benefits Programs & Strategy
2013 Faculty, Staff, Retiree Health & Welfare Program

## Medical (11 plans)

<table>
<thead>
<tr>
<th>Provider</th>
<th>Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anthem Blue Cross</td>
<td>PPO, Point of Service, Lumenos PPO w/ HRA, Core</td>
</tr>
<tr>
<td>Health Net</td>
<td>Health Net Blue and Gold HMO, Health Net HMO</td>
</tr>
<tr>
<td>Kaiser</td>
<td>California, Umbrella</td>
</tr>
<tr>
<td>Western Health Advantage</td>
<td></td>
</tr>
</tbody>
</table>

## Medicare Retirees (10 plans)

<table>
<thead>
<tr>
<th>Provider</th>
<th>Plans</th>
</tr>
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<tbody>
<tr>
<td>Anthem Blue Cross</td>
<td>PPO, PPO no RX, Point of Service, High Option Supplement, Core</td>
</tr>
<tr>
<td>Health Net</td>
<td>Health Net HMO</td>
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<td>Kaiser</td>
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## Dental (9 plans)

<table>
<thead>
<tr>
<th>Provider</th>
<th>Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delta Dental PPO</td>
<td></td>
</tr>
<tr>
<td>DeltaCare USA</td>
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</table>

## VSP (2 plans)

<table>
<thead>
<tr>
<th>Provider</th>
<th>Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actives</td>
<td></td>
</tr>
<tr>
<td>Retirees</td>
<td></td>
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</table>

## Liberty Mutual (2 plans)

<table>
<thead>
<tr>
<th>Provider</th>
<th>Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Paid Disability</td>
<td></td>
</tr>
<tr>
<td>Supplemental Disability</td>
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</tr>
</tbody>
</table>

## Prudential - LIFE (4 plans)

<table>
<thead>
<tr>
<th>Provider</th>
<th>Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Life</td>
<td></td>
</tr>
<tr>
<td>Core Life</td>
<td></td>
</tr>
<tr>
<td>Supplemental Life</td>
<td></td>
</tr>
<tr>
<td>Dependent Life (basic/expanded)</td>
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</tr>
</tbody>
</table>

## ARAG – Group Legal Plan

<table>
<thead>
<tr>
<th>Provider</th>
<th>Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIG - AD&amp;D</td>
<td>Actives, Retirees</td>
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</tbody>
</table>

## CONEXIS

<table>
<thead>
<tr>
<th>Provider</th>
<th>Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCRA/DepCare</td>
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</tbody>
</table>
### 2013 Retiree Health & Welfare Program

#### Non-Medicare (11 plans)

<table>
<thead>
<tr>
<th>Plan</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Anthem Blue Cross</strong></td>
<td>PPO, Plus (Point of Service), Lumenos PPO w/ HRA, Core</td>
</tr>
<tr>
<td><strong>Health Net</strong></td>
<td>Health Net Blue and Gold HMO, Health Net HMO</td>
</tr>
<tr>
<td><strong>Kaiser</strong></td>
<td>California, Umbrella</td>
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#### Medicare (10 plans)

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<th>Plan</th>
<th>Options</th>
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<tr>
<td><strong>Anthem Blue Cross</strong></td>
<td>PPO, PPO no prescription drugs, Plus (Point of Service), High Option Supplement, Core</td>
</tr>
<tr>
<td><strong>Health Net</strong></td>
<td>Seniority Plus</td>
</tr>
<tr>
<td><strong>Kaiser</strong></td>
<td>Senior Advantage, Umbrella</td>
</tr>
</tbody>
</table>

#### Non-Medical (5 plans)

<table>
<thead>
<tr>
<th>Area</th>
<th>Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental</td>
<td>Delta Dental PPO, DeltaCare USA</td>
</tr>
<tr>
<td>VSP – Vision</td>
<td></td>
</tr>
<tr>
<td>ARAG – Group Legal Plan</td>
<td></td>
</tr>
<tr>
<td>Chartis – AD&amp;D</td>
<td></td>
</tr>
</tbody>
</table>

- 10 vendors
- $350 million annual premium (Medical, Dental & Vision)
# 2013 Non-Medicare Medical Portfolio: Two-Tier Concept

## Choice Tier

- **Health Net Full (HMO)**
  - **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)**
  - **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**
  - **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

- **Health Net Blue & Gold (HMO)**
  - **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**
  - **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)**
  - **Best Member Fit:**
    - Want lowest premium and cost per service
    - Comfortable with getting care only within Kaiser system
2012 Retiree Medical Enrollment

Source: July 2012 University of California Quarterly Statistical Report
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)
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

<table>
<thead>
<tr>
<th>Plan</th>
<th>Medicare Single Rates (Payroll)</th>
<th>2012</th>
<th>2013</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Net</td>
<td></td>
<td>$331.89</td>
<td>$333.58</td>
<td>$1.69</td>
</tr>
<tr>
<td>Kaiser</td>
<td></td>
<td>$238.01</td>
<td>$217.93</td>
<td>($20.08)</td>
</tr>
<tr>
<td>Anthem PLUS*</td>
<td></td>
<td>$399.81</td>
<td>$340.23</td>
<td>($59.58)</td>
</tr>
<tr>
<td>Anthem PPO*</td>
<td></td>
<td>$345.84</td>
<td>$306.07</td>
<td>($39.77)</td>
</tr>
<tr>
<td>High Option</td>
<td></td>
<td>$449.96</td>
<td>$388.16</td>
<td>($61.80)</td>
</tr>
</tbody>
</table>

* Includes Optum component
## UC Contributions to Retiree Medical

<table>
<thead>
<tr>
<th></th>
<th>Pre-Medicare Retirees (under age 65)</th>
<th>Retirees with Medicare</th>
<th>Retirees without Medicare (65 or older)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2012</strong></td>
<td>78%</td>
<td>86%</td>
<td>Same UC contribution as for employees in pay band # 2</td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td>75%</td>
<td>83%</td>
<td>Same UC contribution as for employees in pay band # 2</td>
</tr>
</tbody>
</table>

- Applies to retirees not subject to graduated eligibility.
Purpose: To find ways to continue to deliver high value health and welfare benefits programs while controlling these costs.

Members:

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