

Council of University of California Emeriti Associations
Council of University of California Retirees Associations
Joint Meeting
October 26, 2017
Oakland Hilton Airport Hotel

Attendance

UC Berkeley: Lynn Bailiff, Marian Gade, Caroline Kane, Cary Sweeney, Antonia Sweet, Louise Taylor, Kris Thornton

UC Davis: Marjorie Ahl, Jo Anne Boorkman, Mike Chandler, Becky Heard, Richard Keller, John Meyer, G. Tom Salee, John Vohs

UC Irvine: Jim Danziger, Jill Halvaks, William Parker, Marianne Schnaubelt, Bernadette Strobel

UC Los Angeles: Sue Barnes, Stephen Cederbaum, John Dahl, Adrian Harris, Rod Rose

UC Riverside: Bob Daly, Victor Lippit, Mary Johnson

UC San Diego: Richard Attiyeh, Marjorie Caserio, Shem Clow, Henry E. Powell

UC San Francisco: John Greene, Gail Harden, Robert Levin, Ernest Newbrun, Sandra Norberg

UC Santa Barbara: William Ashby, Robert Mann

UC Santa Cruz: Roger Anderson, Lee Duffus, Frank Trueba, Richard F. Vasquez, Todd Wipke

LBNL: Janis Dairiki

LLNL: Jeff Garberson

UCOP: Michael Baptista, Myrna Davis (RASC), Jim Dolgonas (PARRA), Joe Lewis (PARRA), Ellen Lorenz (RASC), Stephanie Rosh (RASC), Anne St. George (RASC), Gary Schlimgen (Retirement Programs & Services), Michael Waldman (RASC),

Guests: Trudy Fernandez (Florida International University)

Call to Order and Campus Welcome

The meeting was called to order at 8:45 a.m. by co-chair Marianne Schnaubelt, who thanked our co-hosts, UC San Francisco and the UC Office of the President.

Joint Benefits Committee Report¹

Marianne Schnaubelt called upon Roger Anderson, Chair of the JBC. Roger noted that he had already presented the report at meetings of each association, but offered to answer any remaining questions. Questions focused primarily on the proposed change in UC funding of retiree health care. Following some discussion, Marianne thanked Roger for the clarity and thoroughness of the JBC Report.

UCSF Welcome

Robert Levin welcomed guests on behalf of UCSF. He then introduced Chancellor Sam Hawgood.

Chancellor Hawgood began by outlining three major political issues that have impacted UC in recent months. The first issue was the “skinny budget” proposed earlier this year by the Trump administration, which included a proposed cut of \$7 billion in NIH research funding and a cap on indirect (overhead) costs to UCSF and other institutions. Thanks to the UC advocacy effort led by President Napolitano and “heartening support” from the Legislature, concerns have recently been attenuated.

The second issue related to health insurance. In order to align practice with the philosophy and provisions of the Affordable Care Act, the UC Medical Centers have been working to implement a new model of delivery that focuses on wellness. This strategic planning effort was disrupted earlier this year, when the “repeal and replace” movement got underway after President Trump’s election. Chancellor Hawgood noted that UCSF runs a \$4 billion health care delivery business. The largest threat from the “repeal and replace” movement was a large proposed cut in Medicaid (Medical in California), since one-third of UCSF patients are Medical patients, and since Medical payments now cover only 60% of costs.

The third political issue has been the immigration debate, particularly as it relates to undocumented students whose numbers are approximately 4000 in UC (approximately 15 to 20 at UCSF). Chancellor Hawgood expressed concern for the “anxiety” caused among these students. He then praised President Napolitano’s leadership on this issue, noting that UC has filed suit against the Federal government on behalf of the DACA students. He also noted that UC has increased its advocacy efforts in Washington, D.C., including the establishment of a UCSF office to advocate for research funding.

¹ The order of the Agenda was altered, since Chancellor Hawgood was delayed. The JBC Report is posted on the CUCEA website: <http://cucea.ucsd.edu/reports/other-reports.shtml>. It is also available on the CUCRA website: <http://cucra.ucsd.edu/records/jbc.shtml>.

Chancellor Hawgood then offered remarks more specific to UCSF, noting that it is relatively small with approximately 4500 students (all enrolled in professional and graduate programs). While UCSF is an integral part of UC, the State currently provides only 2% of its funding, with tuition providing less than 1%. In a “competitive market place” for health care and research funding, UCSF strives for efficiency and cost-effectiveness. Chancellor Hawgood believes that we are in an “accelerating” phase in our understanding of life, due to a convergence of the biological sciences with technology (software) and big data. This convergence now allows disease to be defined at the molecular level, with precision targeting at the individual level. This constitutes an accelerating “revolution” in health care. UCSF’s Bay Area location is fortuitous, in that it facilitates collaboration with enterprises at the forefront of data science. Chancellor Hawgood is actively promoting such “transformational partnerships” with private enterprises. One example is the Parker Institute for Cancer Immunotherapy, which has formed a research consortium of six institutions (led by UCSF). Another example is Accelerating Therapeutics for Opportunities in Medicine (ATOM), the formation of which Chancellor Hawgood planned to announce at a press conference on October 27. This consortium, with physical presence on the UCSF campus, includes private pharmaceutical companies, along with Lawrence Livermore Laboratory. The focus is on drug design, with the goal of shortening the time that drugs come on the market.

Also on October 27, UCSF kicks off a \$5 billion campaign (the largest in UCSF history).

Chancellor Hawgood concluded by acknowledging the positive involvement of emeriti. He then invited questions.

Bill Parker asked that Chancellor Hawgood speak about governance, and whether there was commitment to keeping UCSF within the UC. Chancellor Hawgood noted that alternative models were examined by a UCSF committee in 2012, but that the unanimous view was that UCSF derived “power and benefit” by being part of UC. The committee did offer some recommendations, some of which have, over time, been adopted by the Regents, e.g., establishment of a Regents’ health systems committee. Chancellors have been added to Regents committees.

Approval of Minutes, April 27, 2017

CUCRA Secretary Gail Harden presented the minutes, which were unanimously approved as written.

Richard Attiyeh then introduced Ellen Lorenz, Director of RASC, who introduced members of the UCOP team who would be making presentations.

Redwood Project and Emerging Trends in Technology Usage

Esther Cheung Hill, project director of the Redwood Project, explained that this multi-year project to improve operations and user experience is expected to go live in 2019. The project was necessary because the current ageing platform is unable to accommodate recent changes in the retirement program (i.e., new retirement tiers and options). For retirees, the new on-line interface will become UCRAYS (UC Retirement at Your Service). New functions will be added over time, with the goal of accommodating more on-line transactions; enhanced security features will be incorporated.

Todd Wipke again raised an issue that has been a topic of discussion at Joint Meetings for several years: Will the new system allow for the release of retiree contact information (specifically, email addresses) to the campus associations? It was confirmed that the new system will support this, but discussions with General Counsel are still on-going. Ellen Lorenz will consider adding a person from CUCRA/CUCEA when this topic is discussed.

Esther Cheung Hill reported that, in advance of the rollout of the new system, there has been a survey of retirees and emeriti, as well as focus groups that have included retirees and emeriti.

Open Enrollment

Stephanie Rosh (RASC, retirement insurance) noted that Open Enrollment began on October 26 and continues until November 21. A new website with information about the UC PPO plans has been launched: <https://www.ucppoplans.com>. A major change is that Anthem Blue Cross will become the provider prescription medication.

70% Floor and Work Group

Gary Schlimgen (Executive Director, Retirement Programs and Services) began by presenting some information about the UCRP. Some \$3.3 billion dollars in pension benefits are currently paid out per annum. Currently the plan is at the 85% funding level. The investment return in FY 2016-17 is 14.5%. UCRP is funded by an 8% contribution of active employees, a 14% contribution from UC (going to 15% next year), and by STIP transfers.

Health benefits are currently provided to 43,000 retirees, disabled, and survivors; 21,500 dependents are also receiving benefits. In 2018, UC's contribution will increase by 7.2% (some \$20 million). For 2018, it is expected that UC's retiree health cost will be on the order of \$315 million. The payroll assessment will be at 2.93%, leaving an "unfunded liability" of \$18.6 million.

Gary Schlimgen reported that the 70% floor will be maintained for 2018. A Retiree Health Benefit Work Group will be formed in early 2018, with broad representation, to explore potential strategies for dealing with the projected sharp rise in health benefit costs. Gary Schlimgen noted that advocacy on the part of

the Senate, the Staff Assembly, retirees and emeriti had been “instrumental” in the decision to establish the Work Group. (UC was planning to recommend to the Regents in July 2017 that the 70% floor on contributions from UC be removed. In response to calls for more extensive consultation on the part of the Academic Senate, UC staff, CUCEA, CUCRA, and individual emeriti and retirees, the item was taken off the Regents’ July agenda.)

President Napolitano will solicit nominations (including from our associations) for membership on the Work Group. It is anticipated that the Work Group will include 10 – 12 members.

Michael Baptista (Executive Director, Benefits Programs and Strategy) stated that the Work Group is to assume that the 70% floor will be maintained. The charge will be to figure out how to keep cost increases below 4% per annum. The Work Group will be asked to present its report by June 2018. No changes will be implemented before 2019.

Adrian Harris asked whether UC was acting too precipitously, given uncertainty about the future of health insurance on the National level. Michael Baptista responded that there is an ongoing annual review of UC health care costs. The only difference this year is that there will be wider participation in the process.

Ernest Newbrun decried the “gross distortion of trust” brought about by the OP’s initial decision to place a proposal to remove the 70% floor on the Regents’ July agenda before broad consultation.

Caroline Kane asked about the composition of the Work Group and when to send nominations. Michael Baptista said that OP is currently working on the charge statement. Once it is complete and President Napolitano has approved, nominations will be invited.

Roger Anderson recommended that the Work Group issue periodic progress reports before it issues its final report. Gary Schlimgen noted that the members of the Work Group will be representing their constituents, with whom they will likely be in touch as the group does its work.

2018 Health and Welfare Program

Susan Pon-Gee outlined 2018 plan changes in Medicare PPO. She also spoke about the Aetna WISDOM survey, a breast cancer study funded by UCSF. Participation is voluntary. Notable changes are that there will be a \$0 co-pay for certain generics, along with a \$10 co-pay for other generics.

One Exchange Update

Lisa Wagner (Vendor Relations) noted that there were 3577 participants, 85% of whom are able fully to cover their medical costs with the \$3000 contribution made by UC.

CUCRA Staff Survey

Sue Barnes and Lynn Bailiff briefly summarized the results of the survey, which has just been published. A notable finding is that 63% of staff retirees are engaged in volunteer activities, but only 20% volunteer for service at UC. This suggests that UC has the capacity to tap into this valuable resource. The survey also showed that staff retirees remain engaged professionally, including many who have part-time employment. This suggests that UC could perhaps more fully engage retirees to meet peak-time needs.

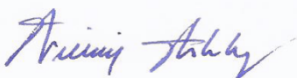
Spring 2018 Meeting

Robert Daly and Victor Lippit distributed a flyer about the Spring 2018 meeting. Meetings will be held at the historic Mission Inn in Riverside. The April 25 (Wednesday) dinner will be held on campus. The Joint Meeting will be held on Wednesday afternoon, with association meetings scheduled for the morning of April 26 (Thursday).

Adjournment

There being no further business, the meeting was adjourned at 11:58 a.m.

Respectfully submitted,



William J. Ashby
CUCEA Secretary

First draft: 10/29/17
Second draft: 10/30/17