

**Joint Benefits Committee Report
CUCRA/CUCEA Joint Hybrid Meeting at
UC Riverside
April 23 and 24, 2025**

Overview:

The Joint Benefits Committee (JBC) was formed in 1994, responding to the need for the interests of both emeriti and retirees to be articulated more effectively to UCOP. Its ongoing purpose is to consider and make recommendations to CUCEA and CUCRA regarding the University's pension and benefit programs, policy issues related to health insurance and delivery systems, and other benefit programs.

The JBC is focusing its Spring 2025 report on 7 issues:

- (1) Return to Active Duty),**
- (2) New RASC (Retirement Administration Service Center) Leadership and Performance Update,**
- (3) RASC Survivor Benefits Processing,**
- (4) Out-of-state Retiree Health Benefits/Via Benefits),**
- (5) Delta Dental,**
- (6) UC Regents v. Sagitec, and**
- (7) Indirect Costs Cap.**

1. Return to Active Duty

JBC has repeatedly commented on the need for the University to modify recall appointments in light of federal regulations. This is an exceedingly complex matter, and the university procedures as well as FAQs are still being drafted. It appears nonetheless that the new procedures will be implemented as of July 1, 2025. Given the complexity of the implementation, the as-yet complex draft communications, and the as-yet-unseen training guides, we fear that the rollout will be deeply flawed.

The number of individuals who will be affected by the new procedures is greatly unknown. It is our estimate that there will be ~250 newly retiring faculty systemwide who would want to return to active duty (RTAD) one month after separation. We suspect an equal number of staff will be in a similar boat. Thus, roughly 500 people will be requesting guidance. The University's estimates forecast an even larger number (~1,100) who will be facing these issues in the coming months. It is not clear where or when that guidance will be forthcoming. Draft documents advise retirees to go to their Social Security office or else to call a generic RASC number. This will be inadequate.

There is potentially an easy path for such retirees, but it requires counseling, attention to detail, an

agile Academic Personnel office on each campus, a functioning UCPATH, and a responsive RASC counseling center. A substantial number of these retiring personnel will not be eligible for the No Lapse In Pay program (NLIP) at RASC, and this may complicate their file processing such that the tight deadlines may not be met. In lieu of such deadlines, individuals will be forced into a byzantine set of rules that determine their healthcare.

Recommendations: We offer the following suggestions:

1. RASC should extend the NLIP program to individuals who are planning on recall after a one-month separation.
2. RASC should immediately hire one or two additional subject matter experts to provide counseling for the anticipated peak retirement season. Perhaps current or former healthcare facilitators could be brought on for temporary duty
3. Because the process for faculty entails Recall paperwork, the Systemwide Provost must work closely with the various campus Academic Personnel offices to ensure that recall paperwork is completed and entered into UCPATH in time to meet the deadlines.

4. Campuses should have identified retirement counsellors to assist in this matter and all other matters concerned with retirement.
5. We suggest that HR publish its experience with RTAD retirement for relevant emeriti and staff during 2025 and 2026. This report should assess the magnitude of the problem, satisfaction by affected people, and plans to fix problems.

2. New RASC Leadership and Performance Update

The Joint Benefits Committee (JBC) extends a welcome to the new RASC Executive Director, William (“Bill”) Perez. Bill, who has replaced Bernadette Green, was formerly the Chief Benefits Officer for the California State Teachers’ Retirement System (CalSTRS), the second largest pension fund in the U.S. The Committee looks forward to meeting and working with the new Executive Director.

At the February meeting of the Emeriti/Retiree Advisory Committee (ERAC), CUCEA Chair Joel Dimsdale and CUCRA Chair Sue Abeles requested the resumption of bimonthly meetings with the RASC Executive Director and his management team. Vice President Cheryl Lloyd responded that she would coordinate with

Executive Director Perez to plan a resumption of these meetings.

The RASC management team presented their 2024 calendar year performance data to the UCRS Advisory Board at their meeting on February 28. The 2024 data regarding speed of answering incoming calls, (including survivor intake calls) indicates that, with the exception of seasonal upticks, the RASC is generally answering calls timely (in less than a minute or within a few minutes). Data for secure messaging indicates that RASC is performing near or above their service guarantee for resolution within two business days. Retirement processing data, as measured by the average days from receipt of an election to generating a confirmation of benefits statement, indicates an improvement of 14 business days on a year-over year basis. The average business days to confirm is now 28 business days as compared to 42 business days in the prior year. The 2024 average performance is better than the RASC service guarantee of 45 business days by seventeen days.

As requested in past JBC reports and in discussions with the RASC, additional distribution data was also presented for retirement processing that indicates that although 78% of retirements were processed within the 45-day service guarantee, the remaining 22% were processed within an average of 101 days. The distribution data further indicates that a small number of

applications took more than 150 days to process. The RASC management indicated in the discussion of this data that there are opportunities to increase use of “streamlined” retirement processing and the JBC encourages and supports this, including further expanding “No Lapse in Pay” to reduce processing delays. The RASC also reported that improving survivor processing time is a critical focus for them in 2025 as only 31% of applications received during 2024 were processed within their 30-business day service level agreement and 61% were processed within 60 days. RASC further reported that complex cases average 72 days to complete and provided distribution data for both monthly survivor benefit processing and one-time benefit survivor processing that indicate some extreme outliers. As indicated in our discussion of survivor benefits (see Section 3), a remedy for these delays needs to be found.

There was a great deal of discussion at the UCRS Advisory Board meeting regarding the lack of information that may be available to prospective retirees and existing retirees regarding the survivorship process and the types of issues that can cause delays in processing. It was recommended that a checklist be developed that could be shared during retirement counseling sessions and with current retirees to ensure that retirees and survivors can plan accordingly.

Finally, the RASC presented 2024 data regarding retirement counseling appointments scheduled and completed, which peaked at over 500 appointments completed per month in the lead up to July 1. The RASC also reported that they are taking proactive steps to manage peak demand by hosting weekly virtual “Retirement 101” live webinars starting in mid-March. They also are planning to enhance resources for members who are ready to retire by offering pre-recorded “How to retire July 1” informational videos, pre-recorded walk-throughs of the complete retirement process, and comprehensive process maps with step-by-step instructions. In addition, they are partnering with Fidelity to do outreach to Spanish speaking members and have “gone live” with a Spanish version of the RASC portal. JBC applauds these efforts to improve outreach to prospective retirees.

Recommendation: The JBC wants to understand the large delay in processing some retirements, and to this end we would like to see some details to better understand the origins and possibly common features of such time-consuming cases have in common. Better understanding of the causes of the delay will help allocate resources to lessen the delays. If HR already has such documentation, JBC would appreciate seeing it.

3. RASC Survivor Pension Processing

Retirees who receive a UC pension often have a dependent spouse. If the retiree dies, leaving a spouse, the spouse switches from dependent status to survivor status. Except for complicated family situations, that change in status should be seamless and rapid. Apparently, however, the transition can currently involve delays in continued designated pension payments that can stretch into months when additional information is requested by RASC.

RASC now has a telephone service for survivors that appears to work well in terms of making contact after the death of a retiree. However, making the contact should be followed by a swift change in the status of the dependent to survivor. All that should be required is proof of the death of the retiree, typically a death certificate. Once that proof has been received, survivor pension payments should immediately begin.

Note that at the time of retirement, any necessary information about the dependent spouse would be obtained, and indeed must be obtained, for actuarial adjustment of the basic pension. The information necessarily includes the age of the dependent and perhaps other documentation such as a marriage certificate. Thus, there should be no reason to request such information again after the

death of the retiree and before survivor pension payments can commence. Nevertheless, it appears that requests for such information contributes to creating delays in restarting pension payments.

Recommendations: As was the case for delays and interruptions in retiree health insurance for survivors, a remedy for survivor pension delays needs to be found. We have repeatedly pressed for timely responses on survivor issues. While there have been improvements, we have yet to see a detailed explanation for the determinants of such delays and how to address them

The JBC wants to understand the large delay in processing some survivor cases, and so we would like to see some details which time consuming cases have in common. Better understanding of the causes of the delay will help allocate resources to lessen the delays. If HR already has such documentation, JBC would appreciate seeing it.

Perhaps this detailed scrutiny is beyond the scope of summaries to committees. In this case we suggest that a survivor affairs group be empaneled, consisting of RASC personnel and members of CUCEA and CUCRA who will scrutinize every case - with identifying data removed - that did not meet service level

agreements so that common patterns may be observed and changes in practices implemented.

4. Out-of-State Retiree Health Benefits/VIA Benefits

While the JBC has been pushing this issue for several years, our Spring 2023 report essentially summarized the position that is currently held - the fact that the central issue is a philosophical one: Should the University be providing different benefit coverage for in-state versus out of state retirees? The JBC believes that there must be equity. Given this long history of the Committee making the same case year in and out, we suggest convening a committee (perhaps ERAC and HR) that will make a more detailed review of options going forward.

Recommendation: In the interim, however, we strongly urge that a cost adjustment to the current \$250 monthly reimbursement level be provided immediately to the out-of-State retirees. This amount has not been adjusted, even to match inflation, since the 2014 change in health benefit coverage.

5. Delta Dental

We are pleased to report that an RFP has been developed for Delta Dental and it is proceeding

well. Two emeriti/retirees have been included on the review team.

Many Emeriti would wish “to pay more to get more”. If there were a way for UC to offer different tiers of service, our emeriti would be very pleased to pay for having this option available.

It has also been noted that the dental practices listed in the Delta Dental network may not be current. Many have found a dental practice and then were disappointed when they called to make an appointment only to be told that the practice is no longer taking new patients. It’s important that the provider be encouraged to update their network list regularly.

The “Delta Dental Issues” were reported in the April 2023 and April 2024 JBC reports¹. The reports discussed several important topics, including”: An increasing dissatisfaction in the access to care provided by Dental PPO, the continuing exodus of dentists from the Delta Dental PPO, and dentists who are no longer accepting Delta Dental insurance.

Both reports offered suggestions for improving the dental plan for retirees including finding alternate plans or options for Delta Dental. To date, UCOP

¹ See the Appendix , which provides the appropriate section of the April 2023 and 2024 JBC Reports.

has not provided feedback to the JBC, although the new RFP for dental insurance is well received, particularly with the inclusion of retirees and emeriti..

6. UC Regents vs: Sagitech

The JBC believes that this lawsuit is relevant for Retirees and RASC. But we would like to get information about what this suit is about, and what UC hoped to accomplish with a Sagitech contract? When the Sagitech contract is voided, how will UC address the problems that led to hiring Sagitech? How did this problem occur? Was there a problem in the writing of the RFP and approval of the contractor? There seem to have been many serious problems with vendors in the past, and the JBC would like to know what steps are being taken to choose vendors who can do the job.

It might be useful for UC to scrutinize its own decision-making processes in selecting Sagitec in the first place. Who was responsible for selecting Sagitec and what processes did they employ? Obviously, it was a bad decision, and we need to learn from it. We will not spend much time on the handling of RFPs, as we are sure that UC knows about the failures.

7. Indirect Costs Cap

The Trump administration imposed an immediate 15% cap on indirect costs associated with NIH grants,. This would be a huge cut from the current research rates that average around 60% of direct costs. A Federal court has issued a temporary injunction against the immediate imposition of this cap, but even if imposing the cap on existing grants is ruled out by the courts it seems likely that the cap could be imposed on new grants going forward. Of course, the logic used to justify the 15% cap would seem to apply to all research grants to universities from NSF, Dept. of Energy, Dept. of Agriculture, Dept, of Health/Human Services, etc. Indirect cost recovery funds (F&A costs) are used by UC to pay for facility operations, maintenance and depreciation, compliance staff, and many other staff positions. The proposed cuts will have an immediate negative impact on UC's overall budget, and it is likely that campuses will need to lay off substantial numbers of staff and retrench a number of teaching programs supported by the research. Recalled retirees may have their positions terminated to save money, and staff who are laid off may retire earlier than expected.

Retiree pensions are protected, and early retirements will only have a small (and likely positive) impact on the overall funding of the UC

pension plan. However, the budgetary pressure resulting from a large reduction in indirect cost recovery may lead to calls to reduce retiree health care expenses and reduction in STIP with its implications for borrowing by UCRS (University of California Retirement System). A reduction in the size of STIP may also influence the funds available for MOP (Mortgage Origination Program).

Respectfully submitted by the Joint Benefits Committee:

| | |
|------------------------------|-----------------|
| Chair, Roger Anderson (UCSC) | Selected by JBC |
| Steven Drown (UCD/UCSC/UCOP) | Selected by JBC |
| Louise Taylor (UCB) | Selected by JBC |
| Bob Daly (UCR/UCI) | Appointed by |
| CUCRA | |
| Eric Vermillion (UCSF) | Appointed by |
| CUCRA | |
| David Brownstone (UCI) | Appointed by |
| CUCEA | |
| Dan Mitchell (UCLA) | Appointed by |
| CUCEA | |
| Emily Galindo (UCD) | CUCRA Chair- |
| Elect | |
| Amy Block Joy (UCB) | CUCEA Chair- |
| Elect | |
| Sue Abeles (UCLA) | CUCRA Chair |
| Joel Dimsdale (UCSD) | CUCEA Chair |

Appendix: Appropriate Sections of the JBC Reports:

April 2023 -- Delta Dental Issues:

An increasing number of UC retirees report that their dentists are no longer accepting Delta Dental insurance and are leaving the Delta PPO as a provider. Similar reports are emerging from current UC employees. We have been told, by dentists, that Delta has not published a rate schedule for their reimbursements and the dentists have been having to negotiate individual prices with Delta on each patient. To what extent is UC aware of these issues? We understand that the California Dental Association has sued Delta because of these and other issues. We would like to understand if there is any action plan to assist both Retirees and current employees who find themselves forced to seek a new dental provider?

Based on information provided by UCOP staff, we learned that last December, Delta conducted an assessment on provider attrition in the Bay Area, with focus on providers who previously treated UC employees and retirees and who left the Delta network in 2022. The Delta analysis revealed a small attrition of providers, but that estimate likely understates the gravity of the situation. Insurance company records of network adequacy are notoriously inaccurate because of the phenomenon of “ghost providers,” who list themselves as in network but reject patients when they call. One of the major things for retirees is the ability to maintain stable continuity of care with their long-standing providers. The effort to change to a new provider when someone is in their 80’s is quite different for a younger person.

Is the current PPO managed by Delta still the best option? What are alternatives?

Dental care needs to be discussed for both employees and retirees, taking into account the number of issues listed above.

Consideration should also be given to the following:

- Delta has historically been recognized by dentists to be one of the better plans and one of the last that a successful dentist drops.

- Dental insurance is a pre-payment system for basic needs, notably prevention, annual check-ups and biannual cleaning, etc. Big ticket dental procedures are not covered because of the low maximum limits for the policies.
- Some years ago, the Delta plan was expanded to cover implant dentistry, because more expensive implant bridges tend to last longer than tooth-supported bridges, and in the long term the increased initial utilization of this benefit could be balanced out by fewer replacements.
- Increasing the annual coverage cap might be more “perceived-value- efficient” than raising the reimbursement rates, but both should be examined, with possibly a balancing of both as the best choice.

April, 2024 -- Delta Dental Issues:

The issues regarding problems with Delta Dental PPO insurance were first mentioned in the JBC report of Spring 2023. Since that time there have been discussions with some UCOP staff, but little action resulted. During this past year, within the UC community of employees and retirees, there is increasing dissatisfaction in the access to care provided by Dental PPO, which is the University’s sole provider of dental insurance. Many dentists are continuing to leave the Delta Dental PPO because the reimbursement rate for the PPO plan is insufficient to compensate them for the current overhead rate for their practices. This dwindling number of dental providers affects not only general dentists but extends to dental specialty care providers as well. If an employee/retiree decides to seek treatment at a non-Delta “out of network provider”, the individual would be expected to pay for the care and then submit a claim to Delta Dental for reimbursement. Currently, Delta Dental does not give a guarantee of what percentage of the charged fee will be covered. Regardless, it will be much more expensive. This has recognizable limitations for a comprehensive dental care benefit. There are several potential options that UC could pursue listed below. While none of these options may be likely to reverse the exodus of dentists from the Delta program, they may help UC

and its active and retired employees prepare for further network deterioration:

- Establish a current employees Health FSA that could be utilized for most services provided by an out-of-network provider. Retirees would not have this option.
- Search for a new PPO carrier. This carrier needs to have an existing network that has an adequate number and geographic distribution of participating dentists to ensure a continuity of care. Insurers (such as Aetna, UHC, Blue Cross, Met Life, Premier Access to name a few) all have dental insurance plans.
- Offer a plan to employees and retirees that have several tiers of service:

Basic Tier Option:

Retain the current Delta PPO plan where UC pays all of the monthly premium.

Advanced Tier Options:

Offer one or more levels of services that employees and retirees could choose from that provide care above the base, but at a cost. These options could be from one or multiple insurance company-based plan(s). If the monthly premium exceeds the rate of the Delta Dental PPO plan, then the individual selecting this option would be required to pay the difference between the Delta plan and the plan they need. This option would require careful review to ensure it is superior to the Delta Dental PPO. In the same way that our UC Medical Plans have a level of variety to meet an individual's needs and health conditions, the Dental Plans could now do this as well. The benefits survey could be used to assess the need for this type of program. It is clear to many in the retiree community that offering a dental plan like the Delta PPO that dentists are dropping at an alarming rate, cannot be continued.