

Joint Benefits Committee Report

CUCRA/CUCEA Virtual Joint Meeting at UC Santa Barbara

April 26-27, 2023

Overview:

The JBC, which represents the Council of UC Emeriti Associations and the Council of UC Retiree Associations, is focusing its Spring 2023 report on four issues: I. RASC (Retirement Administration Service Center), Band-Aids, and Survivor Benefits; II. Via Benefits and some response to the Fall 2022 letter from VP Cheryl Lloyd and RASC Director Bernadette Greene); III. Delta Dental; and IV; The need for an advisory committee to facilitate discussions about retiree benefits and UC Human Resources.

I. RASC:

RASC has had severe operational problems for the last three years. Its slow response time has created enormous hardships and personal challenges for UC retirees, survivors, and beneficiaries. The deficiencies are so profound they raise questions about a failure in the University's fiduciary responsibility.

In response to these failures, new leadership has been hired, the Redwood software has been tweaked, and enormous efforts have been expended in developing procedures to ensure that RASC will be able to handle retirement and survivor files in a timely manner. Those procedures however are only partially operational, nor will they be ready by the time of the 2023 spring retirement surge.

- The JBC greatly appreciates the quarterly reports that it receives from RASC, and we hope that the updates will continue to include the hiring

progress for staff vacancies.

- We would also like to have monthly updates on call wait times. While RASC has reported that they are improving their telephony, the complaints continue. Retirees cannot reach a human being, and, if they do so, the receptionist is a message taker without access to the Redwood system or the ability to make decisions.
- Given the continuing volume of complaints, one is unsure what to make of RASC reports of improvement. Perhaps it would be appropriate to obtain an analysis from people who are independent of RASC or the consulting firm (Chazey Partners) that is advising RASC.
- RASC has refused countless requests and suggestions for delegating some responsibilities to the local campuses. Given that RASC is still not staffed in terms of call center operations and, given the spring surge in retirements, RASC should empower local campuses to assist. At minimum, local retirement counsellors can assist people with “first pass” questions about how to fill out forms, etc. Such availability would, in turn, reduce some of the call pressure on RASC.

The Importance of Band-Aids

RASC has focused on fixing long-term issues in retirement processing and ignored “band-aid” short-term fixes, except for No-Lapse in Pay which has been remarkably successful. RASC should immediately activate other measures like those suggested below so that cases can be handled responsibly.

- The No-Lapse in Pay program (NLIP) was introduced to facilitate approximate payments of pensions while RASC calculated the precise payments. Initially, the program applied only to retirees with “simple” files but subsequently, eligibility was liberalized so that more retirees could be eligible. This is an outstanding temporary solution which should be expanded further.

We highlight below some short-term band-aid solutions which will decrease the number of retirees or survivors who are suffering while RASC focuses on long-term processes.

- NLIP eligibility recommendation #1 for highly reimbursed employees who are eligible for 415m and are currently precluded from participating in NLIP.
 - They receive no pension payments at all while the 415m is being calculated; this process currently takes months. Instead of delaying payments, RASC should pay such individuals up to the IRC cap and then settle with them later in terms of the 415m amounts they are due.
- NLIP eligibility recommendation #2 for individuals who have complex service year calculations or disagreements about the service years.
 - These individuals should be paid under NLIP using the most conservative projections (i.e., the smallest number of service years). If it is found subsequently that they are due an increase in service years, they should be paid the balance.

Survivor health benefits

- Currently, survivors are informed that their health insurance is no longer valid. Then, it is explained to them that the health insurance can be continued for another 90 days. The communications are unacceptable, particularly because RASC is unable to complete processing survivor claims until 5 months or worse. RASC should seek guidance from JBC about the wording of letters to survivors.
- RASC should follow CALPERS' practices and automatically approve health insurance for pending survivors. If we know the retiree has died and the survivor is listed as the beneficiary, insurance should automatically be continued. The Plan Administrator Cheryl Lloyd can and should approve such actions immediately. The University declined to pursue this course. Instead, the new survivor team at RASC forwards such cases to the insurance benefits group. There is no assurance and no data that this referral process will improve processing time.

- It may be that certain insurance situations may be easier to handle than others. For instance, if both the deceased and the spouse were on the same health insurance policy, it should be easy for RASC to approve coverage. Other situations (retiree and spouse on different insurance) may not be amenable for expedited review, but the majority of retirees and spouses share the same insurance.
- The survivor team appears to be on a path towards acceptable performance, but neither the UCRAYS nor the RASC home page offers a direct information box concerning the number to call in the event of a death.
- RASC has unveiled a new phone service for survivors: <https://uclafacultyassociation.blogspot.com/2023/03/new-phone-service-for-survivors.html> . However, we have received anecdotal evidence indicating that the new phone system is not working as was promised. An independent review is needed to assess whether there has been an improvement in service.

II. Via Benefits:

We appreciated finally getting a response on the needs of the Out-of-State Retirees (OOSR) and the acknowledgement regarding the delay of a review. The response, though, was much less than ideal. Statistics from a voluntary telephonic poll managed by the VIA organization may not reflect true satisfaction. The rosy picture of satisfaction with VIA does not jibe with the many emails and letters the campus retiree organizations and Health Care Facilitators, have received over the past several years. We believe that greater discussion within the new retiree advisory structure is a helpful way to begin to look at VIA and other options.

It is helpful to remember that when the out-of-state retirees (OOSR) were moved into what is now called the VIA Benefits program about 10 years ago, there was no real consultation done by UCOP with anyone representing the OOSR as constituents. The minutes of the Regents Finance Committee (November 14, 2013 - Item 8) reflect that this move was made in reaction to a new financial reporting rule that would require the University to report the statistically derived unfunded actuarial

liabilities for its retirement system and its health benefit programs. Regardless of the reasons why UCOP made the major change, little consideration was given to the significant disruption these retirees would face.

In addition to the \$3,000 reimbursement and lack of cost adjustment, the OOSR report difficulty with the entire reimbursement process. The needed review should start with a thorough understanding of the problems and then a discussion of the best possible solutions. We look forward to joining you in that review in conjunction with representatives from the OOSR population.

The suggestion that, because few HRA balances are depleted, then the \$3,000 allocation is still adequate, is misleading for at least two important reasons.

First, the HRA balances must be interpreted in a consistent manner. One needs to know whether the OOSR are getting reimbursed for their Part B and/or Part D Medicare insurance. If a retiree does not reimburse for Medicare, it is not surprising that they will accumulate funds in the HRA.

Second, the response also misplaces the emphasis on the cost of retiree health insurance rather than on the benefits of such insurance in reimbursing claims.

Setting the past and a number of details about this issue aside, it is critically important to engage in a comprehensive review about the OOSR health plans. The JBC believes that there should be equity and parity in the value of benefits that in-state and OOSRs receive from their different retiree health plans, and the value of such benefits cannot be judged only from the size of the employer contributions made to the retirees' health care plans. In short, like all insurance, the value of any plan is not defined by the size of the premium paid, but what benefits the premium purchases.

Different retiree health plans, like the health plans of active employees, can be valued only through a comprehensive comparison of the expected value of claims reimbursements net of deductibles, co-insurance, and co-pays (see numbered page 59 of the [2014 Total Remuneration Study For Faculty](#)). To compare the value of UC's in-state vs. out-of-state retirement plans, the

average values of the two types of plans must be calculated separately. This actually was done for the 2014 Total Remuneration study, but the values were not reported separately. Instead, the values were used to calculate an average value of retiree health benefits for future retirees assuming that about 10% of current faculty would retire out-of-state (see Page 45 of the [2014 Total Remuneration Study For Faculty](#)).

That study suggested that the switch to exchange-based retiree health plans for OOSRs contributed to the overall reduction of the value of retiree health benefits for 2014 compared to previous years. Because there has been no change to UC's \$3,000 HRA contribution over the last 10 years, it is safe to assume that the value of out-of-state retiree health plans has continued to decline relative to the value of in-state retiree health plans.

The JBC is aware that the UC Academic Senate Committee on Faculty Welfare (UCFW) has called for a long-overdue [comprehensive study of total remuneration for faculty and staff](#). The JBC seconds that request. Moreover, when the retiree health benefits are valued, the JBC further requests that the values of in-state and OOSR health plans be reported separately. A comparison of the two valuations could then be used to suggest what changes are justified for the out-of-state plans. Such changes could range, for example, from increasing the HRA contribution so that the OOSRs could purchase more comprehensive health care, to the adoption of national plans (like United Health Advantage PPO) whose retiree health benefits are analogous to the benefits provided by UC's in-state retiree health plans.

III. 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 a different for a younger person.

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

IV. The need for and benefits of a retirees advisory committee with the UC Office of the President:

Over the last year, both CUCEA and CUCRA have discussed the benefits of establishing a formal advisory committee with the Office of the President. After Vice President Cheryl Lloyd expressed general support for this concept in the spring of 2022, CUCEA and CUCRA leadership submitted draft documents in the summer to assist in the launch of this initiative. Further action was paused pending appointment of the new Assistant Vice President for Total Rewards (Jay Henderson). An organizational meeting to discuss this initiative was held at UCOP with CUCEA/CUCRA leadership on March 29. Vice President Cheryl Lloyd remains supportive of forming such a group and will now complete a draft charter for the advisory committee.

CUCEA and CUCRA leadership believe a standing advisory committee with UCOP leadership will have several positive attributes and more efficiently address issues and improve communications. Currently, the principal way policy issues and concerns are raised is through our Joint Benefits Committee (JBC, a committee with members from both CUCEA and CUCRA). This committee convenes before each spring and fall conference. A report is prepared and submitted to the UC Office of the President for response. Until recently, responses from UCOP were often lacking, not timely or raised more questions. Recently, Executive Vice President Rachael Nava has pledged to coordinate responses and has been ably supported by Vice President Cheryl Lloyd and Retirement Administrative Services Center (RASC) Executive Director Bernadette Green. Even with this new effort to respond more quickly, this format of biannually exchanging reports and responses is no longer adequate to address the wide array of issues that affect retirees.

A forum to routinely have face-to-face conversations to understand and provide counsel on benefits and other issues would better serve both

retirees and UCOP by being more efficient and timelier. One recent example: the selection and implementation of a new pharmacy benefits manager (Navitus). This entire process, from conception of need to vendor selection and implementation, would have benefitted from opportunities routinely to discuss this matter.

We anticipate that this committee will meet quarterly, will be staffed, and supported by UCOP, and will include representatives of CUCEA, CUCRA, and JBC. The committee will also include others who are familiar with retiree benefits issues. The agenda for the meetings will be determined jointly by UC Human Resources and the committee members. Human Resources will provide minutes.

Retirees and emeriti want to support this world-class institution and believe routine opportunities to discuss matters with UCOP leadership will lead to better understanding of needs and issues and to working more swiftly and cooperatively to meet our mutual objectives. We are hopeful such an advisory committee can now be promptly established and begin its deliberations.

Respectfully submitted by the Joint Benefits Committee:

Chair, Roger Anderson (UCSC)	Selected by JBC
Lawrence Pitts (UCSF/UCOP)	Selected by JBC
Louise Taylor (UCB)	Selected by JBC
Jack Powazek (UCLA)	Appointed by CUCRA
Eric Vermillion (UCSF)	Appointed by CUCRA
Dan Hare (UCR)	Appointed by CUCEA
Dan Mitchell (UCLA)	Appointed by CUCEA
Sue Abeles (UCLA)	CUCRA Chair-Elect
John Meyer (UCD)	CUCRA Chair
Jo Anne Boorkman (UCD)	CUCEA Chair
Joel Dimsdale (UCSD)	CUCEA Chair-Elect