

4/14/2020 Joint Benefits Committee Report

CUCRA/CUCEA Virtual Joint Meeting at UC Santa Barbara

April 30, 2020 Virtual Meetings

This JBC report presents our comments and questions about seven issues that are important for the members of the Associations represented by CUCRA and CUCEA. We also wish to stress that issues are also of vital interest to active UC employees because they may affect their expected post-employment benefits.

We are all living in difficult times with the Covid-19 lockdown, and this pandemic has forced the University to make major changes in how it carries out its mission of teaching, research, and public service. These changes take a great immediate toll on UC employees, and have genuine impacts on the stress of families that now need more than ever to learn new technologies, to find resources to meet housing, debt, childcare, retirement planning and strategy, and Retirees also face new challenges due to isolation and worry about partners, children, grandchildren, and friends. The continued lockdown also affects mental health for all of the University community as its people try to brave the lockdown and sporadic shortages to obtain food and other necessities.

However, the JBC devotes all of this report to the future by emphasizing: Pension/Savings Choice, UC Choice Medicare Advantage (MA PPO) plan, RASC, Via Benefits, and Health Benefits Advisory Committee (HBAC).

Although we recognize the factors that prevented adequate UCOP response to our April 2019 issues, we do expect to see written response to our issues that we raised at the October 2019 UCD joint meeting. We wish to emphasize the importance of receiving some written acknowledgement of the issues raised by CUCEA and CUCRA as we represent all retirees and attempt to keep them informed through their individual Associations.

1. Comments, suggestions, and questions about Pension/Savings Choice

The JBC first raised this issue in its April 2019 report, and the recent chaotic stock markets make it much more important. Market valuations cause additional stress and worries for people who have chosen to enroll in the retirement savings plans. Although the University will definitely keep its obligations to employees covered by Defined Benefit (DB) pension plans, there is no similar assurance for those covered by Defined Contribution (DC) plans. Over the long term, we expect that there should be satisfactory returns for contributions, but the definition of “long term” or “satisfactory” cannot be accurately forecast. Everyone recognizes that there would be more risk in the DC pensions, but the University should do a better job providing advice for people needing to make a choice.

We advise UC to institute substantial discussion at the University of California Retirement System Advisory Board (UCRS AB) to revisit its reporting of the Pension/Savings choice issue to provide better policy and program definition. We summarize our observations and suggestions:

- Simply asking the employee for the reason for his/her choice would be the best way to determine why employees make their choice.
- Why do new employees at some campuses/units make more decisive choices evidenced by fewer default pension choice decisions?
- The JBC also suggests some improvements to the Pension/Savings modeler. We believe that the new hire client should have more control over the inputs and in viewing the results.
- The University should review the guidance for Pension/Savings Choice. The JBC notes that UC Benefits offers many resources that may be used by new hires. How many employees take advantage of the advice? How many use the estimator?
- A pension calculator should be designed to cover the wide variation in pension payouts for faculty in the Health Sciences Compensation Plan. The current pension savings modeler program is not configured to provide guidance to health science faculty. Affected people should be directed to a modeler that is more appropriate for their circumstances.
- Some further issues that should be summarized in the Pension/Savings report: Correlate choice with job titles. Keep track of the time that Savings choice members remain at UC. Compare the participation data per unit for the years 2016, 2017, 2018, ... to see if the percentage choosing Pension or Savings is constant. Report number of Savings Choice members who have asked to change to Pension Choice.
- UC should make sure that present enrollees in the Savings plan can switch their enrollment to the Pension Plan for up to five years after initial hire.

Readers of this report might want to read the University of Michigan's DC plans in their [report](#).

2. Experience with UC Choice Medicare Advantage (MA PPO) plan

Since January 1, 2020, the University has replaced Health Net Seniority Plus plan with a United Healthcare MA PPO) plan, and the JBC requests that the UC conduct and publish a survey about the experience of Medicare retirees with the new plan. The survey should be available in time to influence changes that might be made to the 2021 medical plans. We suggest the following for motivation for the survey:

- What is UC expecting as a successful outcome? Will some of these savings be “banked” to stabilize health insurance costs in the future? What is the effect on Rx prices and costs? How will this improve Retiree health care and control out-of-pocket costs?
- Specifically, survey questions might address:
 - Delays and/or denials in access to care or receiving approvals
 - Delays and/or denials in access to pharmacy benefit approvals

- Responsiveness of UHC to questions and concerns
- Degree to which the product brings promised benefits for health promotion
- Degree to which the product provides chronic disease management
- Might the results influence more Retirees to join the MA PPO plan?

The analysis should also include discussion about problems identified either through the UC-RASC or UCOP Benefits. The report should also present enrollment numbers: How many Health Net subscribers moved to MA PPO? How many Health Net subscribers moved to other Medicare plans? How many people moved from other Medicare plans to MA PPO, and is this enough to decrease the UC contribution for 2021?

3. RASC

The JBC is looking forward to hearing the RASC report at the April 2020 meeting. Since our last joint meeting, the RASC had several major challenges: MA PPO, UCRAYS, and Covid-19. Additionally, they must deal with their responsibilities: retirement applications, survivor benefits, and general interface for many questions from Retirees and soon to be Retirees. We have asked many questions and requested information about RASC in many previous JBC reports, and we ask that RASC review these reports while preparing their presentation. RASC may wish to provide more detailed and quantitative information about the topics that they discussed in the March 17, 2020 meeting with the leadership of CUCRA and CUCEA.

We also would like to hear more RASC response to some updated suggestions from the JBC report at UCD in October 2019:

- RASC should report progress on problem elimination, and these reports should be published on the Benefits web site. Metrics are needed to show where there is progress, and where there is none.
- RASC should publish a timeline for problem resolution, and indicate which issues will have immediate, intermediate, and long-term solutions.
- Is RASC considering operational changes that might better respond to present and future challenges?
- What fraction of eligible people has successfully created a UCRAYS login? How many people have been able to login for a later session after they create a login?
 - We would like to see the final report about the RASC experience with modernization, with recommendations for improvements. This report would be useful for other UC systemwide and campus software projects. Other Universities might also want to see the report.

We also want to remind Retirees about [new features for UCRAYS](#).

4. Via Benefits

Since 2013 Via Benefits (previously with different names) has offered Medicare Supplemental insurance to Non-California Medicare Retirees. Via Benefits essentially operates as an exchange where Retirees purchase individual policies for medical and prescription services. The retiree must pay his or her Part B premium and the cost of the supplemental insurance. UC has provided a \$250 per month Health Reimbursement Account payment to partially pay for the healthcare. This \$250 payment has not changed since 2013, and the Via Benefits program has many shortcomings compared to the Medicare Plans offered to California retirees. The JBC recommends that UC address the inequities inherent in the Via Benefits program.

The Medicare Exchange program (Via Benefits) for out-of-state Medicare retirees lacks the following benefits offered to in-state retirees:

- Plans vetted and negotiated by expert University staff
- The opportunity to change plans with pre-existing conditions
- Group health prescription plans negating the need for separate Part D Medicare plans
- Greater pharmacy formulary coverage options
- An advocate and support in decision-making
- Higher rates related to age are averaged among all employees
- No claims to be reimbursed dependent on plan

Removal from University health benefits denies the out-of-state Medicare-eligible, retiree group health coverage, puts the risk on the retiree for selecting the right options, and denies the retiree the same rights and privileges in retirement granted to in-state retirees.

Furthermore, there have been no cost of living or age adjustments since 2014! Meanwhile, the Retiree cost of Part B insurance has increased from \$104.90 to \$144.60 (38% increase) and age adjustment increases premiums for Supplemental Medicare insurance by at least 4% per year.

The JBC has two recommendations:

- We suggest that UC increase its HRA payment to \$325 per month for each Medicare subscriber.

In 2020 UC is paying \$325 per month for a California Medicare subscriber, and this represents 70% of the average total cost of health insurance including Part B for the UC offerings: United Health MA PPO, Kaiser, UC PPO, and High Option. The California retirees are responsible for the remaining 30% or \$139, but this retiree cost will be larger for those with higher income. This increase in the HRA contribution will help retirees pay for Medicare, but it will not address the bulleted points above.

- We also request that UC do a thorough investigation to determine if enrollment in the new MA PPO plan can be extended to Out-of-State retirees.

This change would address the deficiencies enumerated in the bulleted points. It would be a great improvement in retiree health care if the MA PPO plan could only be extended to a few of the States popular with retirees.

5. HBAC

Roger Anderson (CUCEA) and Frank Trueba (CUCRA) are Emeriti and Retiree representatives to the Health Benefits Advisory Committee. This group has met during most months from June 2019 to the present and talking points from the Committee meetings are found in the Appendix.

The HBAC primary interest is Active employee health benefits, but these benefits are used by a significant fraction of Emeriti and Retirees. These Retiree beneficiaries include pre-Medicare people who are too young to collect Medicare benefits and non-Medicare people who are older than 65, but do not have Medicare. Over time the population in these groups will decrease, but now they must be recognized. Any increase in the employee costs for health insurance will most likely affect Retirees.

In the past there have been modest increases in the employee costs for health insurance, but there may be significant increases in the cost of employee insurance due to the cost of insuring the Covid-19 pandemic. Although this source of cost increase has not been a discussion topic for the HBAC, it is likely to be soon. The HBAC will also have to decide how much of employee health care will be provided by the UC Medical Centers (UCMC). This decision will pit the popular Kaiser Health Insurance against the UCMC Care. There are concerns about the UCMC primary care and the Kaiser high level specialty care capabilities. In the past the UCMCs have been worried that UC employees “over used” medical resources. It will be fascinating to learn about how this all works out, so stay tuned!

6. Required Minimum Distributions

The JBC reminds Retirees and Emeriti/ae that there are new changes in Required Minimum Distributions (RMD) from tax deferred retirement accounts: Please see page 2 of the [February New Dimensions](#) and the [Fidelity FAQ](#) for more information.

7. Guidelines for New Dimensions “share your stories”

The JBC requests that the articles in New Dimensions should not be interpreted as an advertisement for a commercial enterprise.

Respectfully submitted by the Joint Benefits Committee:

Adrian Harris (UCLA)	Appointed by CUCRA
Randy Scott (UCOP)	Appointed by CUCRA
Joel Dimsdale (UCSD)	Appointed by CUCEA
Dan Mitchell (UCLA)	Appointed by CUCEA
Louise Taylor (UCB)	Selected by JBC
Larry Pitts (UCSF/UCOP)	Selected by JBC
Chair, Roger Anderson (UCSC)	Selected by JBC
Marianne Schnaubelt (UCI)	CUCRA Chair
Joe Lewis (UCOP)	CUCRA Chair-Elect
Henry Powell (UCSD)	CUCEA Chair-Elect
Caroline Kane (UCB)	CUCEA Chair

¹To view the reports one should open the agenda.pdf file and download it to your digital device. You can then easily view all the parts of the overall agenda and open them with Adobe Reader.

Appendix:

Some activities of the Health Benefits Advisory Committee (HBAC)

Here are some talking points from the HBAC meetings since October 2019. Frank Trueba has also circulated a similar summary for the meetings through January 2020.

10/17/2019 HBAC Meeting

The HBAC continued a discussion of the design principles that currently guide how health benefits for UC faculty and staff and retirees are designed and managed. The committee determined several potential opportunities to clarify or improve the application of these principles as the group considers a long-term strategy. The HBAC will continue this discussion and review supporting analysis at their next meeting including how the design principles align to the ESC objectives. Once determined, the HBAC intends to share an updated set of principles to the Executive Steering Committee for review.

11/19/2019 HBAC meeting

Discussion that the HBAC will no longer be utilizing the consulting services of Milliman. The ESC will identify and retain new consulting support that will bring the experience and skills required for this complex project. The intent is to onboard a new consultant in December or January. The project is likely to be extended by one or two months as a result. There was a presentation on the current UC health benefit plans as well as a deep dive into some of the data behind the plans.

No December 2019 meeting

1/15/2020 HBAC meeting

The HBAC welcomed CEOs and executive representatives from the five UC Medical Centers,

who provided background on the role of medical centers within the UC system and the impact of the training, research, and care delivery on the communities they serve. Following the CEO discussion, the HBAC discussed “analysis areas” to assess over the course of the project to inform final recommendations and/or options for the ESC. These analysis areas were based on HBAC discussions to-date on potential improvement opportunities to investigate. Also, Deloitte Consulting was announced as the HBAC’s partner 1) to conduct research and analysis for the identified areas and 2) to help define options for the HBAC’s consideration. A sequenced timeline to conduct the analyses is currently in process.

2/19/2020 HBAC Meeting

At the February HBAC meeting, representatives from Deloitte Consulting, the firm recently selected to assume analysis and research responsibilities for the project, provided historical background and external benchmarks on employer and employee contributions to health benefits. For the upcoming March meeting, Deloitte consultants will share further analysis and will also begin discussion on the UC portfolio structure.

3/11/2020 HBAC Meeting

Most committee members participated via Zoom for this meeting because of fears about Covid-19.

Deloitte Consulting provided an overview of the current UC health benefits portfolio design and information on alternative plan types for consideration. Deloitte Consulting also shared modeling of hypothetical alternative employee contribution scenarios. Assessing these scenario impacts with future analysis will inform design of viable options. The HBAC will formulate and discuss these options at future meetings.

No April 2020 Meeting

This recognizes that it is important to have as many members of the committee to be physically present at the meetings. But with “shelter in place” orders this is not possible. However, the HBAC is presently scheduling monthly meetings from May through September.