

REPORT FROM THE JBC TO CUCEA & CUCRA, AT THEIR JOINT MEETING - 10/29/2009

CUCEA and CUCRA function, among other things, as partners and advisors to the Office of the President on matters relating to retirees, annuitants, and retirement benefits. We provide insights and information to aid in the implementation and conduct of programs. We are pleased with major strides that have been made with respect to our interaction with OP representatives, and we want to personally thank Randy Scott and Eleanor Skarakis for their significant contribution to our knowledge base upon which some of these recommendations are based.

Following are a number of important issues we discussed at our September 2009 JBC meeting and offer to the broader membership and UCOP:

1 - Future decisions about **annuitant health care benefit costs** to the individual should take into account: (a) the costs paid by annuitants for Medicare Part B coverage; (b) their generally larger co-payments related to doctor visits and prescriptions; and (c) the lack of ability to pay for health care costs using before-tax dollars, as is the case for active employees through the use of Flexible Spending Arrangements. The cost of health care is the sum-total of premiums, deductibles and co-payments, not just premiums. It would help, if the specific annual allocations of funds from the State to cover cost-of-living increases for all formerly State Funded annuitants were used by the University for the purpose intended by the Legislature and Governor. In addition, a comparison of the University health care programs with those provided to State and CSU annuitants should be undertaken on an annual basis.

2 - Concerns about the **drug programs** continue to exist, and need to be addressed in the near future. It would appear that the formulary available to annuitants is contracting rather than expanding since the beginning of Medicare Part D, despite assurances that this would not happen.

3 - We urge that consideration be given to inclusion of **hearing aid and accessory benefits** for those enrolled in the High Option program. This would seem consistent with the values of our health care coverage for an aging population.

4 - Consideration should be given to the modernization of the **dental coverage**, to include coverage of more of the costs of dental implants, which are now an important part of modern dentistry.

5 - The **plight of those who retired many years ago** has been materially clarified with the recent provision of significant data by Randy Scott and Eleanor Skarakis. The problem involves a relatively small number of individuals, but their identification is constrained by a lack of specific information on the selected survivors' continuance option, and whether individuals retired from active employment or inactive status. We discussed a series of options and have come up with three specific recommendations.

First, we propose that each campus and lab should rapidly determine their interest in and willingness to **provide services to those low income individuals** who could self-identify by responding to an article in New Dimensions about the availability of such assistance at an individual campus/lab. Each participating campus/lab would have to work out a confidential response mechanism for the individual, and proper method through which the campus/lab can offer assistance with specific programs available locally, and/or governmental programs that are available to such individuals.

Second, we propose that the **Task Force on Post-Retirement Benefits be asked to consider two recommendations** that might be included in their final report: 1) That The Regents formally adopt a policy that no UC annuitant with the equivalent of 20 years of eligible retirement service, and who retired from active status, should have retirement benefits that would place them below the poverty level; and 2) That the University should provide a retiree health option for all low income retirees, with no or minimum individual costs.

6 - It is hoped that, in the very near future, those who took the **PERS/VERIP** will be treated in like fashion to those who took VERIP I, as was the original intent of The Regents. The funding that was deliberately not provided originally to ensure **annual COLAs** on the "incentive," is now available due to excess earnings in the established "PERS/VERIP Trust Fund." These individuals are declining in number each year, and they have only had equitable treatment in two of the last 18 years, since the program began.

7 - With respect to the **GASB** (Government Accounting Standards Board) mandate, it is clear that the current health and retirement benefits amount to only a very small fraction of the projected billions of dollars required to provide for all

present and future obligated benefits. What is needed is a deliberate plan to establish a trust fund that could be fully funded over perhaps a 30 or 40 year period; it is clearly a long-term problem.

We are encouraged by the inclusion of the Chairs of CUCEA and CUCRA in the efforts of the Task Force on Post-Retirement Benefits. We continue to look forward to cordial and cooperative relations with OP staff with whom we deal, for the mutual benefit of the University and its family of annuitants.

Adrian Harris, Chair, UCLA,

Julian Feldman, UCI Jack Fisher, UCSD Richard Jensen, UCSC & UCSB
William Klein, UCLA Errol Mauchlan, UCB Louise Taylor, UCB
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[Note: Member Larry Pitts is on temporary leave.]