

**Joint Benefits Committee Report**  
**CUCRA/CUCEA Joint Meeting at UC Berkeley**  
**October 24-25, 2018**

<u>Action</u>	
Submitted by JBC	October 21, 2018
Approved by CUCRA	November 9, 2018
Approved by CUCEA	October 25, 2018
Response by Gary Schlimgen	

This JBC report presents our comments and questions about eight issues that are important for the members of the Associations represented by CUCRA and CUCEA. These issues are also of considerable interest to active UC employees because they may impact their expected post-employment benefits. We submit this report for approval by CUCRA and CUCEA before asking that the Chairs of CUCEA and CUCRA submit it to UCOP for their comments and answers to our questions and requests.

**I. Theft of Pension Payments**

Todd Wipke (UCSCEA President) learned on April 28, 2018, that a UCRS pension payment for a UCSC retiree was stolen. Someone had gained access to the retiree's AYSO account and changed the bank and account receiving the payment. After considerable effort by Todd, CUCEA, CUCRA, UCRS Advisory Board, and UCFW, the missing payment has been reimbursed by UC from its insurance company. Although there were reports of two other thefts of pension payments, we do not know their resolution.

While the JBC is relieved that the missing payment has been restored, we request answers to the following questions:

- What is the UCRS policy for possible future thefts?
  - Is the reimbursement being treated as an Ad Hoc instance, or is there actual stated policy?
- What are the plans and timetable for multi-step authentication?
  - When will UC start providing two step verification with the phone numbers that AYSO now collects?
  - Has UC considered distributing FIDO security keys for online security?

**II. Health Care Facilitator access to Retiree Information**

The JBC has concerns about moving all questions about Retiree health from the campuses to RASC. One consequence is that Health Care Facilitators no longer have access to Emeriti and Retiree health records on the individual campuses. Although there has been some modification of this policy change, CUCRA and CUCEA consider HCF access to retiree information to still be an open issue. As there are many variations in health insurance and medical providers on the different campuses, we request information about the success of moving all questions about Retiree health to RASC.

- How many contacts are now received by RASC per month compared to the number of contacts in the corresponding months in 2017?
- What percent of the communications can be resolved in the first phone call? What percentage require 2, 3, or more calls?
- What percent of issues take two or more days to resolve?
- An important part of advising health plan participants is the capability to handle calls about questions and requests for pre-authorization and problems with payments. How well is RASC able to deal with such requests, which may require detailed knowledge of local service providers?
  - How is RASC augmenting staffing in order to respond to these new health care related functions?
- Apparently RASC is now using the Redwood software for health care advising although the software may not be fully verified. Is the software increasing productivity and increasing client satisfaction?
  - If there are problems, when will you solve them?
- What are the relative cost savings of this centralization?

### **III. Retiree Health Working Group**

The Working Group met every two to three weeks from January through June 2018, and its work is partially summarized in its Interim Report:

<http://link.ucop.edu/2018/07/24/retiree-health-benefits-working-group-issues-report-president-supportive-of-recommendations/>

The Interim report states that most of the meetings were devoted to increasing the Group understanding of the rather complicated parts of UC Retiree Health Care. Some of this information is summarized in the slides that were posted in April 2018 on the CUCRA and CUCEA web sites:

<http://cucea.ucsd.edu/reports/documents/RetireeHealthBenefitsWorkingGroupSummary9-Apr-18.pdf>

Although the Working Group fulfilled its charge to provide recommendations for the 2019 enrollment period, the Working Group has not provided any major recommendations to contain cost increases for UC in future years. The Working Group has recommended some increases in the Non-Medicare premiums for retirees older than 65 and possible retiree contributions for a portion of dental insurance that might be part of cost containment in future years. However the Working Group had some unexpected good fortune because the cost of Retiree Health Plans is only increasing by 1.5 to 2% on average for 2019. When UCOP convened the Working Group the projection was that costs on a per retiree basis would be increasing by 5% per year over the next 5 to 10 years.

It is good that UC will continue the Working Group during the coming year, because it will have several important functions. First the Group must decide how to contain cost increases above some percentage (3%, 4%, 5%, or whatever). One possibility is to keep existing plans and have Retirees pay somewhat more for insurance. Another option would be to eliminate expensive plans so that Retirees would need to enroll in less expensive plans or in plans that insure fewer medical costs. One problem with the latter

approach is that most of the cuts to make plans cheaper are likely to be “one-time” cuts, and similar cuts would be needed whenever the plans cost more than some percentage increase. UC would have to decide each year how to make benefit cuts to maintain the 70/30 funding ratio.

Quoting from the April 2018 Report: “The Working Group should also offer realistic projections for the costs for whichever plans are adopted. The Retirees need to know future costs that are generated by the general health care inflation and the aging of individuals. The “quality” of potential plans needs to be compared with present plans.”

Perhaps the most important task for the Working Group in 2019 is public outreach to Emeriti, Retirees, and active employees about possible changes to the retiree health plans. This outreach will help provide essential consultation and education. Among the hundreds of letters sent to the Working Group, most advocated public consultation and discussions.

- When will the Working Group start meeting during 2019?
- What is the process to develop the charge for the Working Group for 2019?

#### **IV. Mandatory Required Distribution (MRD)**

The JBC does advocate for Retiree education about tax deferred retirement accounts, and we hope that *New Dimensions* will continue publishing this information about MRDs. We also suggest that the same yearly statement should announce the deadline for making custom withdrawals.

The JBC would also like UC to alert its community about changes to the MRD amounts, age when required, and penalties for missing the withdrawal date. There may be some changes coming soon, and information about them are found by following the links:

<https://www.forbes.com/sites/mattcarey/2018/09/04/the-3-major-changes-in-trumps-retirement-executive-order/#67c5dbe46a91>

<https://www.kitces.com/blog/proposal-reduce-rmd-obligation-update-life-expectancy-eliminate-age-limit-50000-threshold/>

Obviously, any such changes will also affect active employees and especially those in Defined Contribution retirement plans.

- How does UC propose to educate its active and retired employees about actual changes in the MRD requirements?

#### **V. Huron Report**

Much of the April 2018 JBC report was devoted to our concerns about the Huron Consulting report:

[http://cucea.ucsd.edu/reports/documents/Huron\\_Report2018.pdf](http://cucea.ucsd.edu/reports/documents/Huron_Report2018.pdf)

As we have received no feedback from UCOP about possible actions that may result from this report, we request some answers to the following questions:

- Which if any parts of the Huron Report are being considered for adoption at UC? We are particularly concerned with those that might affect Retirees and Emeriti.

- What is the consultation process?
- Is UC considering other consultant reports about reorganization of the Units of the University?
  - If so what are they?

## **VI. LLNL Lawsuit about Retiree Healthcare**

The JBC has been following the progress of this lawsuit since it started with a single plaintiff and later as a class action suit. The suit continues without settlement, so we believe that neither JBC nor UC need comment about the legal action. Interested people can find the filings in the case on the Alameda Superior Court Domain Web (case number RG10530492). To view the filings use the following link and choose search by case number:

<https://publicrecords.alameda.courts.ca.gov/PRS/>

There are many documents with some more than 200 pages long. However, someone cannot read an entire document without paying a fee. We encourage people to at least look at the filing dates for the documents to see that there is much recent activity.

The JBC expects to offer comments about the implications of the lawsuit on UC Retiree Health Plans in a future Report.

## **VII. Forecasting Tools For 2016 Tier**

We have learned that some 2016 Tier employees with Defined Contribution plans are not satisfied with the available forecasting tools.

- What is the schedule for updating and improving the forecasting tools?

## **VIII. Some Medical Center Titles in the 2016 Tier do not have access to the 5% DC Contribution**

We note that there is some confusion regarding which job titles are considered “faculty” in the new tier. For instance, MSP staff physicians are not considered faculty and receive a 3%, rather than a 5%, contribution to their Defined Contribution. This information is not being clearly transmitted. It also raises the broader question of whether such titles are appropriately considered as “staff lines.”

- What was the review process for including titles in the 5% contribution program?
- Might some titles be incorrectly classified?

Respectfully submitted by the **Joint Benefit 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