

**REPORT FROM THE JOINT BENEFITS COMMITTEE (JBC) TO THE COUNCIL OF UC EMERITI ASSOCIATIONS (CUCEA) & THE COUNCIL OF UC RETIREES ASSOCIATIONS (CUCRA), AT THEIR MEETINGS - AT UCSC - 10/31 & 11/1/2012**

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. JBC, as an agent of both Associations, advises CUCEA and CUCRA by providing insights and information to aid in their partnership with the Office of the President.

(1) With respect to various issues related to **Health Care**, we have a number of concerns and questions based on an advanced copy of the draft Open Enrollment materials that were recently shared with us, recognizing that some portions were incomplete:

(a) We are concerned that **co-payments** are significantly increasing, some by as much as 50 percent. This has a great impact on annuitants, because they typically have many more doctor's visits and prescription drugs than those who are younger. Further, annuitants do not have available to them the benefits of using before tax dollars to cover such costs, as is the case for active employees, with Flexible Spending Arrangements.

(b) A **UC/PERS comparison** of Kaiser coverage, the only University plan which is fully comparable to Kaiser offered to CSU and State annuitants by PERS, shows that the new University co-payment for a doctor's visit will be double the amount paid by PERS covered members. While PERS co-payments have remained the same for several years, the University has increased the co-payment two times, first by 50% and now by 33%. This difference is hard to justify. The State budget has always provided for comparable line-item allocations to UC and PERS for annuitants health care costs. We believe the President's Office should undertake a systematic study of annuitant health care program costs and benefits that compares UC with CSU and other State employees through PERS, and report the findings periodically to CUCEA and CUCRA.

(c) For many years, the University has provided **a variety of levels of support** for the various health plans. For example, during 2012 the University provided for those in Group 2, \$503.94 for all plans except Anthem Lumenos PPO for which they provided \$476.97, Kaiser with a payment of \$460.27 and Western Health that received \$469.27. In our October 26, 2006 report, we inquired about the rationale for such differences. There has never been a response, and such differences continue to exist. We ask again for the rationale for these differences.

(2) Concerns remain about the University and Fidelity processes by which annuitants are informed about and can arrange for **Minimum Required Distributions** (MRDs) from their UC deferred compensation program accounts. It is important that individuals be fully informed, so they can determine from which funds they want the withdrawal, and the desired payment timing.

The two most important unresolved issues are: (a) the statement of the **timing deadline** for an individual to notify Fidelity what they would like done; and (b) the ability to name the exact amount of California **withholding** desired---the automatic application of 10 percent of the Federal withholding is unacceptable. If Fidelity is unwilling to modify their withholding policy, they should confirm that exceptions to this policy would be allowed at the request of affected

individuals. If Fidelity is unwilling to alter its corporate policy to meet the needs of its account holders, the University should consider changing vendors.

(3) It has been reported by Fidelity representatives who present informative sessions on the various campuses that the **visuals Fidelity uses** are approved by OP representatives and cannot be changed. Unfortunately, these visuals are all cluttered with many specific data and information items, which render them impossible to understand. Good visuals should contain no more than 6 or 7 data elements, unless they are produced in hard copy form for use in these sessions. OP should assure that approved visuals are useful for their intended purposes. Ideally, material should be posted for participants to review in advance of the sessions.

(4) We look forward to receiving soon an interim report on the membership, the charge and the status of the deliberations of the **Health Care Benefits Work Group** appointed by Vice President Duckett.

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; Charles Hess, UCD; Richard Jensen, UCSC & UCSB; Larry Pitts, UCSF; Louise Taylor, UCB; *Ex-Officio*: Marian Gade, UCB; Lee Duffus, UCSC; Doug Morgan, UCSB; John Marcum, UCSC