

**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 UCI - 4/25-26/2012**

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.

With respect to various issues related to Health Care, we have a number of concerns and questions that we hope representatives of OP attending our April 2012 meeting can clarify.

(1) Health Care Benefits Work Group: We have been informed that Vice President Dwaine Duckett has appointed a new Health Care Benefits Work Group and we would like to know the names of the members, their charge, and the current status of their deliberations. We have made our feelings about Health Care known in past reports. Our retirement payments are fixed, and will not increase in order to cover additional costs of health care, in contrast to what will likely be done in future years for active employees through salary increases. Further, older people generally require far more doctor's visits and prescription drugs, so the higher the co-payments become, the greater impact on annuitants. In addition, we do not have the ability to fund health care costs from before-tax income, as do active employees through Flexible Spending Accounts. In addition to the questions (above) on the new Health Care Benefits Work Group, it would be good to know the forward thinking of the President's Office regarding annuitant health care coverage and costs we will be expected to cover.

(2) Generic Drug Quality And Formulary Changes: Concern has continued with respect to the rapid movement from brand-named drugs to generics, resulting from the expiration of drug patents. The quality of generics, many produced in a variety of foreign countries, varies widely, resulting in different results from using generics compared to the brand-named drugs. It is our belief that UC should have only the highest standards for accepting generic drugs. In addition, University attention is needed to problems created when a Plan, e.g., Anthem, changes prescription providers and brings in a whole new formulary. Provisions should be made to help those impacted beyond the minimal help required by Medicare

(3) Fidelity Withholding Requirement on MRDs: More than a year has passed, and Fidelity has maintained its corporate policy, which mandates that for MRD payments, State withholding must be 10% of Federal withholding. This matter has been raised by the JBC Chair directly with their Corporate Office, and UCOP has done likewise through their contacts, but no change has been made. While Fidelity has made a "one-time" exception two years ago that allowed an individual to name the specific amounts of both Federal and

State withholding desired, they said it would not necessarily be done again. This Corporate policy affects everyone residing in a State that collects Income Tax and must be changed to allow individuals to determine the exact amounts of both Federal and State withholding desired from each MRD payment. If they are unwilling to modify their policy, they should confirm that exceptions to this policy will be allowed at the request of affected individuals. If Fidelity is unwilling to cater to the interests of the University, the University should consider changing vendors.

(4) Federal Tax Laws - Lobby For Changes: Two issues have come before us that are related to current Federal Tax Laws. The first was raised by a retired member of a recognized single-sex relationship who was concerned that she had to pay Income Tax on the imputed value of the Health Care Insurance provided by the University for her partner. This is clearly a Federal Tax Code problem, which will likely only be resolved through legislative change.

The second concerns the differences in treatment between those who do not receive full Social Security retirement benefits, and those who do. The first group consists of those whose Social Security benefits are small because they did not coordinate with Social Security, but qualified through other means. Many of these people must relinquish most, if not all, of their Social Security benefits, and in some cases, they have to pay the Federal government monthly an additional sum to maintain their Medicare coverage. This group, and those who did not coordinate with Social Security at all, have saved the University significant amounts of money over the years of their employment.

The second group consists of those who receive full Social Security retirement benefits, because they are coordinated with Social Security. This group and those who have no Social Security benefits at all are treated in a much more beneficial fashion by the University than the first group.

With respect to these discriminatory laws, we believe the University should join other organized groups and take an active role in lobbying for changes in existing Federal Laws.

(5) JBC Reports And Coordination With Senate's Health Care Task Force: The Chair of the JBC has spoken with Robert May, Chair of the Senate's Health Care Task Force and they have agreed that it would be useful to coordinate related activities as appropriate with JBC. It was agreed that copies of our JBC Reports to CUCEA and CUCRA should be sent directly to the Chairs and Vice Chairs of the Senate and Faculty Welfare Committee, and to the Chair of the Health Care Task Force. This can either be done directly by the JBC Chair or through the CUCEA Chair, and should be resolved at this meeting.

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; Louise Taylor, UCB; Larry Pitts (on temporary leave); *Ex-Officio*: Marian Gade, UCB; Lee Duffus, UCSC; Ernest Newbrun, UCSF; Doug Morgan, UCSB