

## Frequently asked questions about the 2019 UC health benefits review

### **Purpose and scope**

***Q: What is the UC health benefits review and why is UC undertaking it?***

A: UC has a longstanding commitment to providing quality health benefits to employees and retirees, and to keeping them as affordable as possible. To ensure the long-term sustainability of these offerings amid rising external costs and demographic changes of benefit recipients, we must periodically assess our health benefits portfolio and strategy.

Accordingly, UC is currently undertaking a strategic review of the health benefits offered to employees and retirees. To facilitate this work, the UC Executive Steering Committee on Health Benefits Programs (ESC), a group of senior UC leaders with fiduciary responsibility for UC's health plans, has established the Health Benefits Advisory Committee (Committee) to achieve the following:

- Develop a 3-5-year strategy for employee and retiree health benefits;
- Assess UC's current health benefits program relative to the longer-term strategy;
- Provide a set of recommendations and/or options for aligning benefits with the longer-term strategy.

***Q: What specifically is included in the Committee review?***

A: The Committee's review will cover the following:

- UC's current benefit plans (medical, dental and vision) for employees and retirees, and various health benefits models;
- The current methodology for employee and retiree contributions and rate setting;
- Provider networks;
- An overall strategy for sustaining quality employee/retiree health benefits into the future.

***Q: Is the Committee being asked to work toward specific savings or budgetary goals?***

A: There is no savings target or budget mandate set for the Committee. While current and future benefit options will be evaluated in part on their financial sustainability, many other factors — including the value of various health benefits to recipients and the impact to employees/retirees that would result from any changes — must be considered.

***Q: Who's represented on the Committee?***

A: Members represent a wide range of UC stakeholder groups and include:

- Academic Senate Representatives
- Campus Faculty Representatives
- Council of University of California Staff Assemblies (CUCSA) Representative
- Staff Assembly Representative
- Staff Advisor to the Regents Representative
- Council of University of California Retiree Associations (CUCRA) Representative
- Council of University of California Emeriti Associations (CUCEA) Representatives
- Medical Center CEO
- Medical Center CFO
- Union Representative
- Campus Executive Vice Chancellor
- Campus Vice Chancellor for Administration
- Campus Vice Chancellor of Planning & Budget
- Campus Chief Human Resources Officer
- President's Executive Office

***Q: Who will conduct the analysis for the project?***

A: A workgroup made up of representatives from Systemwide HR and Benefits programs, UC Health, and other subject matter experts are responsible for data analysis and preparing materials to be presented to the advisory committee for discussion.

### **Process and outcomes**

***Q: Will faculty, staff and retirees have the opportunity to provide input on proposed changes to the full benefit portfolio Committee recommendations?***

A: The Advisory Committee will work with their stakeholder groups to collect feedback for the Committee's consideration. Interested individuals may also send feedback directly to the Committee at HBAC@ucop.edu.

***Q: When will recommendations for the full portfolio assessment be delivered and to whom?***

A: The Committee is expected to deliver final recommendations and/or options to the ESC in spring or summer of 2020. A more specific timeline will be forthcoming once the work begins. Note that a separate recommendation specific to the potential addition of a Medicare Advantage Preferred Provider Organization with Prescription Drugs plan to UC's offerings is expected in late June of 2019. You can read more about that recommendation below.

***Q: How can employees and retirees stay informed on the Committee's work?***

A: Employees and retirees can stay informed on the Committee's work through UCnet, campus communications channels, New Dimensions, and stakeholder updates from Advisory Committee members. Any final decisions that impact health benefits will be communicated broadly, and directly to each employee/retiree.

***Q: Will changes stemming from this review affect union-represented employees?***

A: To the extent benefit changes result from the overall Committee review, UC will notify all employees/retirees. Bargaining obligations are subject to the terms of each labor agreement in effect at the time of the change.

***Q: How does this project relate to the recent work of the Retiree Health Benefits Working Group (RHBWG)?***

A: Formed in 2017 to explore potential strategies and options to sustain long-term viability of UC's retiree health benefits, the [RHBWG issued a preliminary report](#) in July of 2018, which included a recommendation for further study. Because retiree health benefits are part of the overall strategy, the Executive Steering Committee on Health Benefits (ESC) determined that it would be more effective to combine work that the RHBWG began in 2017 into the scope of the Committee. A number of the members of the RHBWG are now members of the Advisory Committee.

### **Medicare Advantage PPO RFP**

***Q: UC recently issued a Request for Proposal (RFP) regarding a Medicare Advantage Preferred Provider Organization (MA PPO) — why is UC exploring this kind of plan for retirees?***

A: Health care costs continue to rise, and for retirees, costs are rising at a faster pace, putting financial strain on retirees and UC. Over the past three years, Systemwide HR has been monitoring the evolution of MA PPO plans and their use by other organizations, such as CALPERS. UC's initial observations indicate that an MA PPO may be a solution to better manage costs for longer-term sustainability, while offering comparable, if not enhanced, benefits with the same provider networks as UC's current plans. Accordingly, UC issued an RFP to explore more deeply whether or not an MA PPO might work for UC, and a working group was established to assess the RFP responses.

***Q: Who has been involved in reviewing responses to this RFP?***

A: Representatives from the Academic Senate and CUCRA/CUCEA are part of the RFP working group with the ESC, and have been participating in weekly meetings since February. Several members of that working group have also been folded into the Health Benefits Advisory Committee. The working group is scheduled to draft recommendations to the ESC, including comments and positions from all members of the RFP Committee, in June.

***Q: Why is the MA PPO review moving more quickly than the overall Committee review?***

A: While health care costs as a whole continue to rise and the number of retiree health benefit recipients is expected to rise in coming years, UC anticipates high single/low double digit increases to retiree health costs in 2020. Should an MA PPO be selected, it would go into effect for the 2020 plan year to address those higher costs.

***Q: What would be the advantages of adopting an MA PPO option?***

A: In addition to cost savings, an MA PPO covers all of the care covered by Medicare Parts A, B and D, allowing retirees to maintain comprehensive coverage. Other large pension systems have adopted an MA PPO plan into their retiree health program to control costs with minimal disruption to their retirees. Over the past few years, CalPERS and City & County of San Francisco identified a sizable savings opportunity and added the plan as a program offering for their retirees.

***Q: How would I be affected by an MA PPO option?***

A: See below for some of the common questions about MA PPOs. The RFP review workgroup is evaluating the overall value of this option to benefits recipients as a whole, as well as to their financial sustainability.

**Medicare Advantage PPO**

***Q: Will I be able to continue to use my current providers under an MA PPO?***

A: Yes; retirees are expected to be able to continue to use their current providers. While providers may always choose to change their participation in plans based on their own business needs, other employers who have switched to a Medicare Advantage PPO have not reported any problems with access to providers who participate in Medicare.

***Q: Will I need to select a primary care physician (PCP) and will PCP referrals be needed to see specialists?***

A: No; MA PPO plans do not require the selection of a PCP for specialist referrals.

***Q: Are my benefits lower if I use an out-of-network provider?***

A: No; unlike typical PPOs plans, the benefit levels will be the same whether you use in- or out-of-network providers.

***Q: Will my prescription drugs still be available at the same price?***

A: Our goal is to minimize disruption to patients and ensure access to current prescriptions. Any exceptions and strategies to address them would be clarified as the exact potential impacts are identified with a new plan.

***Q: Will I be able to use my same pharmacy?***

A: Yes, with very few exceptions. Our analysis shows that less than 0.5% of all patients used a pharmacy that would be out-of-network in the MA PPO plan.

***Q: Are similar services covered under MA PPO plans as traditional Medicare?***

A: Yes, MA PPO plans are regulated by Medicare and required to cover the same services as traditional Medicare. One difference is that in traditional Medicare, the Medicare program makes decisions about whether a service is 'medically necessary,' which is not universally defined. Under an MA PPO plan, the insurer offering the plan makes those decisions. High-quality evidence does not currently exist concerning how, if at all, medical necessity decisions differ between traditional Medicare and MA PPOs. In both traditional Medicare and an MA PPO, patients have the right to appeal any decision that they believe is made in error.

***Q: Will benefits beyond Medicare currently covered by my plan be covered under the MA PPO plan?***

A: Yes, the intent is to cover benefits beyond Medicare similar to today.