MEMBERS OF THE RETIREE HEALTH BENEFITS WORKING GROUP

Dear Colleagues:

I write to provide an update on the review of retiree health benefit programs and next steps. As you are aware, the Retiree Health Benefits Working Group was established in January 2018. After reviewing the retiree health benefits programs and modeling of program alternatives, the Working Group submitted an interim report in July 2018. The Working Group’s recommendations included modifying the contributions of non-Medicare retirees over 65; making no other immediate plan changes due to that year’s modest cost increase; and continuing its work to address longer-term issues. The knowledge and perspectives of the Working Group members has provided important counsel to the University.

A meeting was recently scheduled for the Working Group and then subsequently postponed due to scheduling conflicts and internal discussions regarding how best to continue this work, given that an expanded scope of activities is being considered. We regret these scheduling delays occurred and are committed to quickly refocusing our efforts on the long-term viability of this important retiree benefit.

Before speaking to the expanded scope, let me first address the Request for Proposals (RFP) that was issued in January to explore the possibility of converting one or more plans to a Medicare Advantage PPO. Prior to issuing the RFP, Systemwide Human Resources (HR) proposed the plan to the UCOP Executive Steering Committee on Health Benefits Programs (ESC), which has the fiduciary responsibility for the University’s health benefit plans. The stated purpose for the RFP was to validate the savings modeled on these types of emerging Medicare programs in order to address anticipated higher increases in the retiree health program, which for the 2020 rate year are expected to be in the high single/low double digits.

The ESC, which I chair, agreed that HR should proceed and that representatives from the Academic Senate and CUCRA/CUCEA be invited to participate in the RFP evaluation process. Nominations were sought, and members have been participating in weekly meetings since February. Written and oral presentations were recently evaluated but a vendor has not been selected; an analysis as to whether the plan would be implemented, its relationship to existing plans and potential impacts to retirees has not been completed; and therefore any final decisions regarding implementation have not yet been made.
Due to the limited attendance in Working Group meetings, the Working Group has not yet been engaged in this effort, but this will change effective immediately. Questions recently raised about the process are well founded—that is, to ensure any changes are approached thoughtfully. It is appropriate to put these questions before the Working Group (actually, its successor group as described below) which will then provide its best advice to university leadership. We will also reach out to the Academic Senate’s Health Care Task Force. While the University does maintain authority and responsibility for any plan changes, working together on this important issue will without a doubt provide a better result.

Regarding the future of the Retiree Health Benefits Working Group itself, we have, as mentioned above, been in the process of initiating a broader review of the UC Health Benefits Portfolio. A principle reason for this is the recommendation of a committee which reviewed many aspects of UCOP’s Health Division. In October 2018, the UC Health Restructuring Advisory Committee suggested the President undertake an evaluation of UC’s employee health benefits, stating, “it is beyond the scope of the Committee’s charge to evaluate the plan structure and offerings of University employee health benefits; the Committee nevertheless believes that a thorough evaluation of the University’s approach to employee health benefits would be timely and important.”

President Napolitano accepted this recommendations and charged the ESC in late January with the task of convening and overseeing a new Advisory Committee to review UC’s Employee Health Benefits Programs and various modes of delivery, plan design and structure, and make recommendations to ensure their overall attractiveness and affordability. Since retiree health benefits are a component of UC’s Employee Health Benefit Programs, the ESC decided it would be more effective to combine the Working Group with the new Advisory Committee. To take advantage of the expertise already developed, the Working Group will be supplemented with a limited number of new members, ex officio members may transition, and the group will be retitled the UC Employee Health Benefits Advisory Committee.

I am also taking this opportunity to make changes designed to improve the governance and effectiveness of this new committee. First, I have asked John Meyer to serve as Advisory Committee Chair. John is a retired administrative Vice Chancellor from UC Davis and has been CUCRA’s representative to the Working Group. I will ask CUCRA to nominate another representative so that it is fully represented and not encumbered by John’s role as chair. I am confident the Advisory Committee will be well-positioned for success under John’s leadership and appreciate his willingness to take on this important assignment. We will also provide resources from the Strategy and Program Management Office, and I have asked our Chief Strategy Officer, Zoanne Nelson, who also serves on the ESC, to join the Committee. HR, UC Health and UC Legal subject matter experts will support, but not be members of, the Committee.

We plan to quickly bring the Advisory Committee together to begin the process of reviewing and commenting on the results of the RFP process. The Advisory Committee will also engage in discussions about its broader charge, with the expectation that recommendations to the ESC and the President on
the broader effort will be provided by April 2020. The earliest those recommendations could be adopted would likely be for the 2021 plan year.

I appreciate the concerns that have been raised and am committed to moving forward with an inclusive and transparent process. Please let me know if you have any questions. I can be reached at Rachael.Nava@ucop.edu or 510-987-0500. Thank you for your participation and commitment.

Sincerely,

Rachael Nava
Executive Vice President – Chief Operating Officer and Chief of Staff to the President

cc: Chancellors
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