

**Minutes of Meeting
April 11, 2014**

I. Announcements

Dan Hare, UCFW Chair

Update: Chair Hare updated the committee on several items of interest from the Academic Council meeting of April 2, 2014:

- Confusion continues regarding the role of self-supporting programs vis-à-vis those with supplemental tuition. Academic criteria and student access are in tension with perceived revenue generation motives. The Academic Planning Council (APC) will revisit the matter and issue revised guidelines.
- The Climate Survey results are now available. Early critiques suggest the results are surprisingly uniform, bringing into question the validity of the tool. Next steps are for campus leaders to evaluate the data and identify local actions.
- Senior Vice President for Health Sciences and Services Jack Stobo has presented a new effort for the health sciences: Scale up for Value. It is intended to cut operational costs by \$200M over the next 3 years. It is expected that the medical centers will need to cut costs by approximately \$600M, though. Another aspect of the program is to prepare UC for the adoption of an Accountable Care Organization (ACO) and other changes expected from the Affordable Care Act.

Discussion: Members noted that the impact to the delivery of health care of cost savings efforts should be closely monitored. It was also observed that the medical schools and their clinical enterprises have mutually intertwined funding relationships that could be jeopardized by changes to funding flows.

- After intervention by several chancellors, a new joint working group is being formed to investigate further the Composite Benefits Rate question. The Senate will be able to review comprehensive data and make creative alternate proposals that minimize negative consequences to research funds and graduate student support.
- The Council approved Jim Chalfant, current TFIR chair, to be the next faculty representative to the University of California Retirement System Advisory Board, effective July 1, 2014. The Council approved Joel Dimsdale, current UCSD representative, HCTF member, former UCFW chair, and former UCSD division chair, as one of two Oliver Johnson Award recipients for distinguished lifetime Senate service. The Council approved UCFW Chair Hare as the next Council Vice Chair.

II. Consent Calendar

1. DRAFT Minutes of Meeting of March 14, 2014

Action: The minutes were passed as amended.

III. Health Care Task Force (HCTF) Update

Bill Parker, HCTF Chair

1. UC Care Select Tier

Issue: Members are reminded to submit specific names of providers, provider groups, and hospitals to be approached to join UC Care’s Select Tier in 2015 by the May 9 UCFW meeting.

Discussion: Members noted that sometimes individual doctors do not enroll, even if their provider group has approved the plan. Chair Parker encouraged members to send specific physicians and will remind plan administrators that direct outreach to physicians should be part of the communications plan.

2. UC Care Evaluation Metrics

Issue: There are two avenues of evaluation being prepared: user satisfaction and institutional cost. The first, user satisfaction, will be measured by survey, and a draft has been circulated. The draft survey includes the correct issues, but the tool needs revisions. The second, institutional cost, has been discussed with UCPB, and the Senate will ask for cash flow and cross-subsidization impacts, as well as more detail regarding the cost of adding new Select Tier members. HCTF has been told the UC Care is a “loss leader” this year, but it is unclear how the rates may grow in the future or what plans have been made for possible out-migration due to higher rates. It is expected that UCMC will provide quality care, but quality service is more of a question. If service is high, sensitivity to premium changes may be lessened.

It is also expected that UC Care and HealthNet Blue & Gold will remain in close competition. Given that not all UCMC locations were eager partners in HNB&G this year, differential rate changes could favor UC Care – and could renew discussions about unfair competition and conflict of interest. Another factor that could influence provider participation is that UCMC may move to a single, statewide rate for insurance, but the cost of delivery is not the same at each of the medical centers. Finally, it is unclear how senior leadership changes at UC Care will impact the future development of the program.

Discussion: Members noted two significant issues under user satisfaction: First, the Blue Shield concierge service has given confusing or inaccurate information, and second, communications between UC Care, Blue Shield, and providers have been slow, incomplete, and error-ridden. Several examples were provided: a dean had to personally intervene to get treatment for himself; the reimbursement process and limits for specialty drugs have not been communicated; a handicapped family member could not get the appropriate wheelchair. Chair Parker noted that the administration will respond to a study with data. One member suggested that to be most useful, the study should focus on high-frequency users and members who experienced significant health issues. Chair Parker noted that the survey could be revised to include questions about number of visits last year and expected out-of-pocket costs this year, which could serve as proxies.

Members asked how the information would be used, once received. Chair Parker indicated that HR could request insurers to make specific performance changes in response to the findings. Members also asked if the final migration data were available, and Chair Parker said that the final data, including changes made during the grace period, should be available in the next couple of weeks.

IV. Consultation with the Office of the President – Human Resources

Mike Baptista, Executive Director, Benefits Programs and Strategy

Kris Lange, Director, Benefits Vendor Relations

1. Out-of-pocket Expenditures

Issue: UCFW asks for data on how many plan enrollees reached the out-of-pocket (OOP) maximum in the Anthem plan last year.

Discussion: Director Baptista noted that as a general rule, if more than 20% of a plan's enrollees reach the OOP maximum, the plan will spiral. HR routinely tracks high claimants in order to investigate better prevention. The vendors track OOP expenditures, and should be willing to share the data.

Members noted that the time needed for authorizations would also be a useful metric to track, and Mr. Baptista suggested that a stratified report that differentiated between authorizations for types of services, such acute, elective, pharmacological, or apparatus, would be needed to make the information most useful. Members noted that in some cases, approvals have taken up to six months, which significantly impacts expenses. Members also noted that similar services are significantly more expensive under UC Care than they were under Anthem last year. Director Baptista reminded members that Risk Services handles that aspect of the program, but HR was assured that the coverage levels were similar. Members observed that some OOP expenses have no cap under UC Care.

2. Benefits Satisfaction Survey

Discussion: Chair Parker reported that HCTF found that the draft survey identified the correct issues, but still needs revision. He added that it is likely that the most useful feedback will come from enrollees that are frequent users or have acute needs; adding a question about frequency of visits could help address this aspect. Mr. Baptista noted that targeted sampling could raise privacy concerns, and experience shows that questions about frequency tend to lower response rates. Possible proxy sources of information could be the Health Care Facilitators, data from vendors, or appeals tracking. Members wondered if fewer responses of higher quality would be a worthwhile trade-off in this instance. Another suggestion was to oversample the top decile of users. Director Baptista indicated that the HR focus is on the majority of the population's needs. But the majority of the population goes infrequently and so are satisfied, so information from that group does not always indicate program weaknesses. Chair Parker noted that the Senate is concerned about both employee satisfaction with the plans and the plans' performance.

Director Lange stated that the survey release is targeted for July, to allow members to accrue six months' experience with their plans. The regular HR survey will be conducted next February and will collect more detailed information. Members asked how the results will inform solutions to identified problems. Mr. Baptista said it depends on the type of problem: a lack of specialists in UC Care's Select Tier is a financial problem, not a program design problem that HR can address. Access is in the HR bailiwick. Members noted that clinical quality measures differ from the number of doctors per tier or complaints per respondent. Director Lange indicated that complaints can be handled in real time with the Facilitators and other means. Mr. Baptista added that experience has shown that 18 months are needed for program transitions like the switch to UC Care; it took about that amount of time for members and providers to become comfortable with HealthNet Blue and Gold.

Members asked how best to submit edits to the draft survey, such as suggesting that active or retired status be included. Director Lange said HR would accept feedback and work with the survey vendor. Feedback should be submitted soon to ensure proper vetting of the final survey prior to the July launch.

Chair Parker asked if UC Care was conducting internal surveys, such as visit follow-ups like Kaiser and some other providers do. Director Baptista indicated that Blue Shield as the administrator would be responsible for such activities. Members asked if UC was monitoring Blue Shield actions in this area, and Director Baptista replied that HR meets regularly with all the vendors and will inquire about Blue Shield's internal performance measurements. Chair Parker noted that program design changes may be needed for the next Open Enrollment period, and encouraged members to send specific suggestions for the survey by next Friday. HCTF looks forward to reviewing the next draft of the survey.

V. Total Remuneration Study Update

Susan Carlson, Vice Provost, Academic Personnel

Dennis Larsen, Executive Director, Compensation Programs and Strategy, HR

Robert Anderson, Total Remuneration Study Advisory Committee Member, UCB School of Economics

Tom Rice, Total Remuneration Study Advisory Committee Member, UCLA School of Medicine

April Tofanelli, Mercer Consulting

Gerry Murphy, Mercer Consulting

Stephen Pollack, Mercer Consulting

Christi Jack, Mercer Consulting

Update: The advisory committee has been working closely with the Office of the President and Mercer to replicate the previous study's methodology as closely as possible. However, since not all of the previous vendors are participating this time, there are some challenges. Three measures of ladder rank faculty will be presented: cash compensation, benefits, and total remuneration, and each retirement tier will be reported separately. Mercer uses a standardized benefits methodology based on cost, not usage. UC will be compared to the Comparison 8 average: the market compensation for each will be averaged and used as the comparative benchmark. The distribution and variance for the comparators is not available.

UC data is based on 7305 LRF from the general campuses only; no health sciences or law or equivalent ranks are included. Individual calculations will be made; straw men will not be used for UC. Total cash compensation is taken from Academic Personnel data of July 2013, and includes off-scale and above scale only. Academic Year pay will be used; those paid on the fiscal year will be converted to Academic Year. Neither stipends nor summer salary is included. The Comp 8 data will have the same restrictions, and is generated using the CPEC methodology.

Discussion: Specific valuations were discussed:

- Education assistance is calculated on reimbursement of the employee's expenses, not that of any dependents. The value seems low to many, but not all of Comparison 8 have the benefit, and the value is the average of the value of each of the Comp 8's individual benefits.
- Out of state retirees are included. Consistent with other assumptions about the valuation of health care benefits, the study will assume that 10% of employees will retire out-of-state, and the value of their retiree health benefits will be calculated on the basis of their membership in the out-of-state HRA plan.
- Severance payments are not included as they were not in the previous study.
- Sabbaticals are not included as they were not in the previous study.

- Life insurance calculations are based on premiums paid by the employer. Thus optional life insurance that is not subsidized is not included.
- The assumed rate of salary growth is 4%, and includes both COLA and merit. This figure is consistent the previous study
- Results cannot be broken down by health plan enrollment; data from comparators with that level of detail is not available. Nonetheless, multiple health plans are included in the calculations. Individual LRF calculations ensure their inclusion.
- It may be possible to analyze results by age cohorts or marital/family status subsequent to the release of the final report.
- The discount rate for calculating retiree health is 5.5%, not 7.5%. The lower rate is used because retiree health is not pre-funded and GASB thus recommends using the lower figure.
- The projected decline in the retiree health subsidy is included.
- Medicare benefits are not included because they are not employer provided benefits.
- Non-Medicare retirees were not included in the last study, even though their premiums are paid by UC.
- Mercer will report back how the UCRP continuation and separation benefits are calculated.
- The 401(a)17 cap will be added to the retirement section.

Action: Members should send any additional specific feedback to Chair Hare.

VI. Task Force on Investment and Retirement (TFIR) Update

Jim Chalfant, TFIR Chair

Update: Chair Chalfant updated the committee on several items of interest:

1. TFIR will meet by videoconference with the Chief Investment Officer next week. Shared Governance and divestment are expected topics.
2. TFIR has received updated UCRP funding projections that include additional borrowing, like that done in 2010. UCPB is also preparing a statement on borrowing for UCRP, and it is expected that both the UCFW recommendation and the UCPB statement will be discussed at the April Academic Council meeting and voted on in May.
3. TFIR has drafted a borrowing proposal and justification. The expected obstacle is how best to balance short-term and long-term financial goals.

Action: A revised statement will be circulated by email for endorsement.

VII. Consultation with Academic Senate Leadership

Mary Gilly, Vice Chair, Academic Council

Note: Item occurred in executive session; other than action items, no notes were taken.

VIII. Systemwide Review Items

1. [Proposal to Amend Senate Bylaw 55 - Round 2](#) (Comments due April 25, 2014)

Action: The draft response was approved as amended.

2. [University of California Policy on Copyright and Fair Use](#) (Comments due May 21, 2014)

Discussion: Members wondered if the proposed policy was too skeletal, leaving too much of the onus on faculty members to determine acceptable practices. It is unclear what tools and software platforms are governed by the policy. The website was not user-

friendly. The impetus for the change was not clear, and other media, such as film and music, should be included in the guidance.

Action: Chair Hare will draft a response for evaluation next month.

3. [Proposed Revised Whistleblower Protection Policy and Academic Personnel Manual Section 190, Appendix A-2](#) (Comments due May 23, 2014)

Discussion: Members wondered if there is a “statute of limitations” for retaliation to occur. Members also wondered if the policy allows for a presumption of innocence and what rights and privileges are accorded to the accused. Members noted that complainant anonymity should not preclude a transparent investigation. It was observed that there is no process to appeal dismissals made for reasons of timeliness or lack of documentation, but the policy is to ensure the process was followed, not to evaluate the outcomes.

Action: Chair Hare will draft a response for evaluation next month.

IX. Divisional Updates

Item not addressed.

X. New Business

Note: Item occurred in executive session; other than action items, no notes were taken.

Meeting adjourned at 3:35 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Dan Hare, UCFW Chair