

**Minutes of Meeting****February 14, 2014****I. Announcements***Dan Hare, UCFW Chair*

**Update:** Chair Hare updated the committee on several items of interest from the Academic Council meeting of January 22, 2014:

- Senate By-Law 55 (Departmental Voting Rights): The proposed revisions to SBL 55 were withdrawn for further evaluation and expected resubmission.
- Self-Supporting Graduate Degree Supplemental Tuition: This item is also being redrafted, with some of the criteria for participation being removed to allow more programs to participate. It is unclear how this move will impact diversity and departmental workloads.
- Composite Benefit Rates (CBR): The UCFW position has been endorsed by the UCR Executive Vice Chancellor and divisional Senate chair. A scheduled teleconference with the Office of the President on the issue has been postponed while information requests are clarified.
- UC Path: The UC Path center will go live for the Office of the President on January 1, 2015, with Merced and Santa Cruz following three months later. The CBR issue must be resolved before the launch.
- Climate Survey: Divisional leaders now have the data, and it will be made public after the material is presented to the Regents in March.
- Total Remuneration Study: The study is underway, with a target completion date of late May. UCFW will meet with the consultants in April to preview the report.

**Discussion:** Members asked if the recent changes to out-of-state retiree health would be reflected in the study. Chair Hare noted that a request had been made to include that specifically, but there are concerns about the small size of the population impacted; nonetheless, the concern will be footnoted if dedicated analysis is not possible. Members also asked if the UCRP would be valued at 8% employee contribution rate, and Chair Hare answered yes, it would be as up to date as possible, reflecting July 1, 2014 data.

- UCRP Funding Status: The Council is sensitive to stewardship issues, but balancing long-term and short-term financial goals is still tricky. Faculty generally take a long view of the pension plan, and more detailed information may be needed to persuade others to do likewise. An improved funding ratio can disguise a growth in the absolute dollar total of the unfunded liability.

**II. Consent Calendar**

1. DRAFT Minutes of Meeting of December 13, 2013  
**Action:** The minutes were approved as noticed.
2. DRAFT Minutes of Meeting of January 10, 2014  
**Action:** The minutes were approved as noticed.

**III. Health Care Task Force Update***Bill Parker, HCTF Chair*

**Update:** Chair Parker reported that the February 7 meeting of HCTF with Human Resources, Senior Vice President Stobo of Health Sciences and Services, and Lori Taylor, Executive Director for Self-funded Health Plans, went well. Senate concerns regarding the development and roll-out of UC Care were heard and addressed. A full assessment of the program is expected in July, but since there is no history for the program, the definition of success is still unclear. From one perspective, it could be argued that UC Care should succeed since it is the only remaining PPO for families with members out-of-state; it is an important aspect of choice in the UC benefit portfolio. From another perspective, the plan has little to recommend it: the HealthNet Blue and Gold program has a similar in-state network, but is cheaper to employees. The migration data reflected no surprises.

Out-of-state retirees may be subjected to underwriting if they change their Medicare election or move from one state to another. The change to Extend Health and exchanges for that population is designed to lower the University's costs. So far, the \$3000 allocation per person is being exceeded by only 13% of the population, which is comparable to the subscription of in-state retirees to the high-end in-state option.

*\*\*Note: The remainder of the item occurred in executive session; other than action items, no notes were taken.\*\**

**Action:** Members are encouraged to send recommendations for additions to the select tier for consideration by program sponsors.

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

*Dwaine Duckett, Vice President*

*Mike Baptista, Executive Director, Benefits Programs and Strategy*

*Mark Esteban, Director, Benefits Programs*

*John Kessler, Deloitte Consulting*

*Mike Maniccia, Deloitte Consulting*

**Issue:** UCFW meets with Human Resources and their external consultants, Deloitte, to discuss in detail the reasons behind the University's recent changes to its health and welfare benefits portfolio.

Mr. Maniccia, in response to presubmitted questions, began by discussing why UC dropped the POS plan. When first conceived, the POS plan was intended to be a bridge or hybrid program to smooth the transition from PPO to HMO providers. Historical data suggest that HMOs cost the employer less, and nationally, POS enrollments are in decline.

Mr. Maniccia also noted that only 20% of larger employers offer 3 or more health plans, which is down from 60% just 10 years ago. UC's offerings have been consolidated to remove double-coverage in some geographic areas and in response to the growth in HMO enrollment. PPO enrollment has remained relatively constant, ranging between 25-35%. California has unique enrollment trends since its health care market is especially friendly to HMOs, a fact due to the self-organization of California health providers to administer capitation and minimize risk.

**Discussion:** Members asked if UC planned to further consolidate its offerings. Mr. Maniccia noted that plans that offer out-of-state access are more expensive, and Mr. Baptista added that current trends suggesting a wider use of HRA plans can be expected to continue because such plans are easier to administer and typically lower the employer cost. Members noted that benefits to members are also lowered, not just employer costs.

Members noted that loss of the HealthNet Blue & Gold HMO plan would harm equal access goals; it also encourages cost and income tiering. VP Duckett agreed that health and

welfare decisions should not solely be based on bottom-line considerations, but nonetheless a balance must be reached between cost, coverage, and choice.

Members asked why some providers would accept employees in the HN BG plan, but not the UC Care plan. Executive Director Baptista noted that the networks were different, and perhaps more importantly, the contract nuances are also different. Terms that may vary include how much providers get paid per procedure and/or per patient, the method in which remittances are sent, and expectations for client volume. Other differences include fee-for-service versus capitation practices. At the hospital level, decisions are often based on gross patient numbers: does the hospital need this employer's business? Members asked again: Even at a gross level, how could a hospital need UC business for one program but not the other? Mr. Baptista speculated that there could be volume discounts, but acknowledged that employers are not privy to the contract details signed between providers and insurers. Members noted that the expected hospitalization rate for average 18-64 year-olds is 7%. Whether individual providers and hospitals need to contract with employers to capture that business at the location level is at issue. Members noted the irony of having a teaching contract with a hospital, but not a care contract. Members were encouraged to address these questions to Health Sciences and Services, too.

Members then asked if out-of-state retirees, who now receive a flat annual amount to be spent on premiums they find in the ACA exchanges as guided by Extend Health, received their allowances on a pre-tax basis. Mr. Kessler noted that since the out-of-state retirees are all in an HRA plan, the funds are pre-tax, unless they are spent on non-allowed health care expenses in which case those funds become taxable. Members asked if the administration of benefits was the same as for Medicare Part B. Director Esteban indicated that they would not receive individual Medicare counseling. Mr. Baptista noted that the amount UC provides, \$3K per individual, is high among the employers who offer dedicated money to retirees, and most offer none. Members asked if there was an age-penalty, and Mr. Kessler said it largely depended on the state of residence, for Medicare supplement plans. Most flatten after age 75, which follows the trends seen in underwriting.

Members asked how performance feedback on Extend Health is to be incorporated. Mr. Baptista reported that he had met with the Extend COO, and that he found the Extend officials to be responsive and active listeners. Testimonials from call center representatives and performance metrics were reviewed. They agreed that the 20% failing marks from internal surveys were unacceptable and would be addressed. If metrics continue to be unmet, a new provider will be sought.

Members asked if HR had a long-term plan to move in-state retirees, or even actives, onto exchanges. VP Duckett indicated that since exchanges themselves are so new, moving larger segments of the population onto them would not occur for at least a few years, and only then if more comprehensive data and analytics support such a move. Members asked if Washington and Oregon-based retirees could get into Kaiser, but Mr. Baptista noted that group rates in the Medicare environment are not less expensive than individual rates, so there is no benefit to that contract.

Members asked why retirees who relocate would be subjected to underwriting before changes to health care coverage could occur. Mr. Kessler indicated that underwriting occurs mostly when changing from Medicare Advantage to supplemental plans or for people who move from less expensive to more expensive plans. Underwriting is less likely if you change plans with the same company. This is a gap in ACA. Open Enrollment periods exist for retirees, too, and special enrollments are available if an employer drops a plan, for example.

## **V. Task Force on Investment and Retirement Update**

*Jim Chalfant, TFIR Chair*

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

## **VI. Consultation with the Office of the President – Provost**

*Aimée Dorr, Provost*

### **1. UCRP Funding Status**

**Issue:** Chair Hare summarized the UCFW/TFIR position on UCRP funding: Paying lower employer contribution rates now will inevitably lead to paying a higher rate in the future. The funding ratio by itself is not a good indication of pension health: both the funded and unfunded amounts can grow simultaneously but at different rates, so while the funding ratio may improve, the absolute dollar amount of the unfunded liability can also increase at the same time. On the other hand, employers can lower contributions in the out years if the liability has shrunk; payments can be made from the interest, leaving state funding for direct classroom expenditures and the like. TFIR Chair Chalfant added that the current practice is like accumulating credit card debt to keep a little extra cash in the checking account. He added that additional borrowing to meet employer contributions is still a viable option.

**Discussion:** Provost Dorr indicated that while this particular issue is outside her bailiwick, she can understand both the faculty position and the administration position, having been a dean. She noted that dedicated funds are out of fashion these days and that accounting practices would benefit from being more transparent. It is unclear whether reserves on hand are needed day-to-day, but it is difficult to think they are hoarding cash unnecessarily. There is a belief that funds in UCRP are locked away, whereas funds in STIP can be easily accessed. There is also a belief that any remaining reserves are needed for emergency use, not regular expenses.

### **2. Retiree Health**

**Issue:** UCSD Representative Dimsdale, who is also a HCTF Member, reported that the complexity of retiree health, and the complexity of retirees' health needs, were made worse by poor vendor performance. For in-state retirees, a program equivalent to MediGap is available, but for out-of-state retirees, in order to save money, the employer offered only exchanges, not the UC MediGap plan. The use of exchanges, as a general principle, is troubling: They lead to age-bracketing and underwriting (increased cost). This practice also sends the message that health care is no longer a doctor-patient decision, but one determined by mathematical formulae. There are significant concerns that this practice will be foisted upon in-state retirees and actives, too.

**Discussion:** Provost Dorr noted that this issue is beyond her purview and she needs to learn more. Members indicated that some senior faculty may delay retirement (and thus impact faculty renewal) if the retiree health care market is in flux; retiree health also impacts general faculty morale. Members added that this issue should not be discussed in isolation from other issues; it is not a matter of one department or of HR lowering expenditures; it is part of the University's overall health and must be framed and considered as such. Members added that research travel could also be impacted.

### **3. APM 510 (Intercampus Transfers)**

**Issue:** UCFW has previously asked for the restrictions in APM 510 to be loosened or removed. No action was taken, so UCFW is renewing its request.

**Discussion:** It was noted that the genesis of APM 510 was partly to protect the poorer campuses, but that does little to justify the de facto practice of encouraging external transfers above internal transfers. Members also noted that previous responses to previous requests did not include any justification for the position taken, and that previous requests were made before rebenching.

**Action:** Provost Dorr said she would do more research on the issue and discuss options with other stakeholders.

## **VII. Consultation with the Office of the President – Academic Affairs**

*Susan Carlson, Vice Provost*

### **1. Hiring and Separation Data**

*\*\*Item not addressed.\*\**

### **2. Negotiated Salary Trial Program Participant Profile**

**Issue:** Vice Provost Carlson noted that the data are still preliminary and that an annual report will be prepared and distributed by October.

**Discussion:** Chair Hare observed that there 30-50 participants from each of the three pilot campuses. Members noted that the non-merit-based salary bump is problematic to many faculty, and that the applicant selection and evaluation processes still seem opaque. VP Carlson added that a survey to measure the impact on participants and colleagues in impacted departments was being developed. The survey will include demographic data. Members wondered about differential outcomes on non-participant departments, noting again that humanists are effectively debarred from the program due to the absence of market options and campus matching funds. Members voiced concern that most participants had secured the maximum augmentation, thereby exacerbating cross-disciplinary gaps. Members encouraged VP Carlson to include in the annual report normalized data and analyses of external funding sources used and of “bridge” funds from campus reserves used. The impact to undergraduate education must also be assessed: lecturer frequency, office hours available, etc. Some members noted ironically that this pilot program supports UCFW’s position on APM 510 and contradicts the theory of the step system.

### **3. APM 035 and UC Sexual Harassment Policy**

*With Janet Lockwood, Manager, Academic Policy and Compensation*

**Issue:** Manager Lockwood reported that UCFW’s feedback had already been brought to the working group, and that the paragraph on false reports had already been struck. Two more versions of the policy are expected: one to meet the rapidly approaching federal deadline, and another to align internal citations with updated federal guidelines. Additional changes to address remaining structural issues will follow.

## **VIII. Divisional Reports**

**Berkeley:** 1) Using UC Care and determining which physician is in which tier has been difficult. Direct feedback has been sent to the program sponsors. There is also considerable concern over the possible expansion of exchanges for in-state retirees or even for actives. 2) On-campus child care is unaffordable for most faculty; tuition is \$25K/yr.

**Davis:** The local merit and promotion processes are expected to change in response to reviewer workload concerns. It is also felt that there are too few accelerations. Half-steps may be instituted.

**Irvine:** (absent)

**Los Angeles:** (absent during this item)

**Merced:** (absent during this item)

**Riverside:** The local CFW is investigating personnel processes, rules, and outcomes, such as the merit review criteria and the rate of advancement. Inconsistent use of pre-tenure merits, for example, is exacerbating campus salary differentials.

**Discussion:** It was suggested that the local CAP be brought in to provide additional background and perspective.

**San Diego:** Balancing the need to report UCFW happenings to campus counterparts within the bounds of confidentiality and while being mindful of the learning curve on many UCFW topics has proven difficult.

**Discussion:** It was noted that some campuses (UCLA and UCSF) have had a CFW-type newsletter that could serve as a model to address this concern.

**San Francisco:** 1) Composite Benefit Rates has become a topic on campus, but it is unclear how the proposal will impact HSCP salary components and a disproportionate burden is feared. Another round of consultation with the local finance office will be scheduled. 2) The new wellness program features have raised some privacy concerns. 3) Local taxes are being levied against individual faculty; the latest is a 5% tax on gifts that may or may not be retroactive to an unspecified date. Both the fairness of the assessment and the use of collected funds are topics of discussion.

**Santa Barbara:** UC Care continues to be a dominant topic of conversation, especially as contradictory reports about the negotiation process and timing continue to circulate.

Vice Chair Binion raised the question of how unmarried opposite sex couples would fare in the post-DOMA era. She noted that the Regents are unlikely to roll-back benefits currently granted to same-sex couples who do not legally marry, but unmarried opposite-sex couples could be in a lurch.

**Santa Cruz:** The local CFW recently completed a systemwide salary analysis, and variation between the campuses is still too pronounced. Nearly 85% of faculty received off-scale salaries. These findings raise significant questions about merit, entrepreneurialism, geographic differences, and the bases upon which pay is determined. The total remuneration study can only provide the average UC salary, but relative positions within the system must also be assessed critically.

**Discussion:** Members asked where the Santa Cruz was able to procure the data used, and Representative Bowman said they asked their local office of academic personnel and the local data warehouse. The findings will be posted online.

## **IX. Privacy Rights**

*Dan Hare, UCFW Chair*

**Issue:** This topic arose at UCLA and focuses on whether faculty emails are searchable under FOIA requests. Concerns regarding electronic peer reviews, for example, could arise. A final proposal is expected to go for systemwide review when ready.

## **X. New Business**

1. Reimbursements: One member asked if other campuses were having trouble getting reimbursements approved, but it is a local problem.
2. Online Course and Teacher Evaluations: One member asked if others used this practice, and what the participation rates have been. Others responded that more detailed responses come through, but at about 10% less; they are also legible; and that once campus releases grades early to those who complete the online evaluations, but the wisdom of that incentive is still debated.

Meeting adjourned at 3:30 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Dan Hare, UCFW Chair