

Minutes of Teleconference**May 9, 2014****I. Announcements****A. Composite Benefit Rates***Bill Jacob, Academic Council Chair*

Update: Chair Jacob reported to the committee that the President's decision on Composite Benefit Rates was to accept the Senate proposal, almost in its entirety. The exception is in the Health Sciences Compensation Plan (HSCP), where X, X', and Y will be grouped together. Hopefully, a working group of interested committee members can meet and provide additional guidance on this complicated issue.

Discussion: Members noted that this grouping will lead to unfair taxation. It was also noted that the Z component of HSCP (external clinical income) is not only not considered "covered compensation" for UCRP, it has uneven availability across faculty, and varies for individual faculty year by year.

Action: Discussion will continue at the June meeting. Volunteers will be solicited electronically.

B. Academic Council of April 30, 2014*Dan Hare, UCFW Chair*

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

- The proposed revisions to SBL 55 (Departmental Voting Rights) were rejected. The Council felt that advisory votes are adequate, and will raise awareness of the option. The issue is expected to return, however, as the Cooperative Extension Specialists are also expected to renew their efforts to achieve equivalent status.
- Provost Dorr spoke to the Council about how best to present recommendations on doctoral student funding to the Regents in July.
- Changes to University of California Observatories (UCO) are underway. While mostly these changes impact budget and research, some faculty lines are being moved, so UCFW is also implicated. The committee will monitor the changes.
- The borrowing proposal developed by TFIR was discussed at the same time as a letter in support of borrowing, generally, authored by UCPB. The President worries there may be some opportunity costs to borrowing, so the UCFW memo has been revised to rebut that claim. Nonetheless, the memo has not been transmitted to the administration, pending analysis of the May state budget revise.
- Some senior leaders at the Office of the President think that widespread use of DC plans is inevitable at UC. But such a switch would impact faculty behavior by increasing the frequency with which faculty change institutions and delaying their retirement. The committee will need to be ready to refute claims of the benefits of DC plans to UC.

C. Planning*Dan Hare, UCFW Chair*

Update: Chair Hare indicated that the June meeting will include discussions on APM 510 (Inter-campus Transfers) with Provost Dorr and on faculty retirement transitions with Vice Provost Carlson. The committee should expect to meet in July, on either the 11th or 18th, for more discussion with Mercer on the Total Remuneration study; members should send their date preference to Chair Hare.

II. Consent Calendar

1. DRAFT Minutes of Meeting of April 11, 2014

Action: The minutes were approved as amended.

III. Health Care Task Force (HCTF) Update

Bill Parker, HCTF Chair

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

1. Out of Pocket Costs under the PPO Plan

Issue: Human Resources provided information on the number of enrollees who, in the 2013 PPO plan, reached the out of pocket (OOP) expenditure cap; the data will be used as a benchmark in UC Care evaluation. 5% reached the cap, which HCTF thinks is high, but not a cause for serious alarm; a rate of 1-2% would be better.

Discussion: Members noted that a single hospitalization would cause most to reach the cap, so 5% may not be as high as it seems.

2. UC Care Provider Modifications

Issue: Members are reminded that names of providers for UC Care to contact to join the network for 2015 are due. HCTF has also compiled a list of common complaints about UC Care for redress and consideration in its evaluation: emergency room billing errors, incorrect information going to or coming from Blue Shield, vaccination confusion, travel immunization confusion, and extended wait times for the Blue Shield concierge. On the positive side, the campus Health Care Facilitators have been consulted regularly on most of these issues, and Lori Taylor, Director of UC's Self-funded Insurance Programs, or her representative, Jerome Perez, have been visiting the campuses and working to train Medical Center personnel on the plan. The UC Care "report card" is due in the summer.

Discussion: Members noted that there are two categories of problems with UC Care: cost and design on the one hand, and function and delivery on the other. Delays in securing appointments and approvals are significant concerns. Chair Parker indicated that the report will include information on approvals, denials, and appeals. Chair Hare added that some have reported trouble getting access to participating providers, too.

Action: The appended list was sent to UC Care administrators subsequent to the meeting.

3. OneExchange

Issue: Human Resources presented information on out-of-state retiree health elections at the recent CUCRA/CUCRA joint meeting held in Santa Barbara; it should be available to UCFW soon, as well. Of 4300 eligible out of state retirees, only 80 did not respond to repeated inquiries to participate in UC's retiree health program in its new guise. 50 opted out. 20% enrolled in Medicare Advantage plans, and 80% enrolled in Medicare supplement plans. The average cost of the Advantage plans is \$650/person. The prescription supplement costs, though, are not yet known, nor is it known how many enrollees will reach the limit. A UCB survey of retirees suggests that about 20% are not

satisfied with the plan, but the source of their dissatisfaction is unclear- the enrollment process, the plan design, the ease of use of the HRA? Nonetheless, Vice President Duckett has stated on the record that there are no plans to move in-state retirees onto health exchanges.

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

Jim Chalfant, TFIR Chair

1. Academic Council and UCRP

Issue: In addition to the report provided by Chair Hare above, Chair Chalfant indicated that some leaders in the Office of the President may be amenable to borrowing, although perhaps not to the specifics of the TFIR proposal as written. Current thinking in OP is to defer decisions until after the May revise in order to determine if one-time state funds will be available. The current challenge is to present borrowing in a light that is palatable to the campuses. It may be necessary to develop a primer on the differences between defined benefit and defined contribution pension plans.

Discussion: Members noted that UCRP should receive more than one-time funds; it should become a top funding priority. Members were encouraged to lobby their campus leaders and CPB colleagues.

2. Campus Discussions about STIP/TRIP

Issue: Members are encouraged to talk to their CPB colleagues about the beneficial uses of the STIP/TRIP balances, especially in terms of lowering the campus payment obligation to UCRP.

Discussion: Members reported that previous attempts at local discussions on this topic have not been well received; a frequent response is that the campuses are being asked to choose between paying the mortgage or buying dinner. Members asked how much 1% of covered compensation came to in dollar amounts, and Chair Chalfant indicated that for a medium-sized campus, 1% is about \$20M. He added that medical center resistance might be more likely than general campus resistance. Even if the actual dollar amount is not significant in absolute terms, in relative terms, on a medium-sized campus, a \$20M UCRP expenditure could force a choice between establishing a new center of study or not. Experience suggests that the key to a successful pitch of borrowing to campus leaders is in the initial presentation: Since the funds are not being used now, there is no new hardship under the TFIR proposal. Also, to whom to lend money from STIP/TRIP is an investment decision, not a campus leadership decision.

3. Introduction to Chief Investment Officer

Issue: The term “treasurer” is no longer being used. CIO Bachher met telephonically with TFIR last month for an introductory session, and he seemed engaged and engaging. TFIR looks forward to developing a good working relationship.

4. Total Remuneration and UCRP

Issue: Most issues have been resolved in the Total Remuneration advisory committee, so even though the current study may be less expansive than the 2009 one, it will still illustrate what happened to general campus LRF salaries over the last four years, and it will illustrate the competitiveness of the new tier.

5. Food Insecurity in Retirement

Issue: The circulated report was from UCLA and focused on staff retirees, but as indicated above, this, and the broader topic of faculty retirement transitions, will be discussed more fully next month with Vice Provost Carlson.

6. May Revise and UCRP

Issue: The pending question is how much of the expected state surplus will be allocated for one-time usage immediately, and how much will be devoted to a “rainy day” fund.

7. Divestment

Issue: Stanford has just divested from companies whose primary revenue source is coal. The student activists behind this effort are expected to continue their putsch. TFIR is discussing how to participate in the conversation meaningfully, rather than be cast as intransigent. One thought is for TFIR to develop principles or processes for investing in an ethical manner.

V. Consultation with the Office of the President – Budget

Patrick Lenz, Vice President

Update: VP Lenz reported that the state budget’s May revise should be released next Wednesday. Consensus in the state Senate is to establish a “rainy day” fund, but the exact size is not yet known. Any one-time funds may have usage restrictions. Previous efforts to define usage of a rainy day fund, such as ACA 4, are viewed as too prescriptive. A replacement version is being developed, but final language is not expected until next week.

In the May revise, the state must determine how to allocate the revenues which outpace projections, currently estimated to total \$2.1B from last year and maybe as much so far this year. Final numbers will not be available until June. UC has asked for a greater increase to its base budget. In Sacramento, however, their spending priorities do not always match UC’s priorities. For example, both legislative houses want increased California resident enrollment, but UC wants funds to make up for past overenrollment, not new student enrollment. UC also seeks a multi-year funding guarantee that would enable students and families to project better their costs. UC has asked the state to recognize that UC has been a good steward of state funds during difficult times, and thus to give UC flexibility in how to spend its general fund dollars.

The state legislature is also considering alternatives to Proposition 209 and methods to reinvest in UC educational quality.

Discussion: Members asked if UC could receive one-time funds under a rainy day policy, and VP Lenz indicated that the two ideas were separate. The rainy day fund would need to be approved by voters in November to start in the next fiscal year; one time funds would be available immediately. Members also asked how UCRP was being treated vis-à-vis CSU’s retirement program. VP Lenz replied that part of the liability had been included, but that work continues to have the two systems treated on an equal basis. So far, the state has offered \$64M for the 14-15 UCRP obligation, plus \$4M for retiree health. The obligation as calculated by UC is closer to \$300M, so any one-time funds would be well spent. The Department of Finance is considering a percentage rate for UC, but not as an earmark. Some think a large block grant would be easier for UC to administer, but the legislature will ask for assurances in the negotiation process that UC may not be able to give.

VI. Systemwide Review Items

1. UC Policy on Copyright and Fair Use

Action: The draft response was approved as noticed.

2. Proposed Revised Whistleblower Protection Policy and APM Section 190, Appx A-2
Action: The draft response was approved as noticed.
3. Proposed Revised Policy on Supplement to Military Pay
Discussion: It was noted that this is a status quo policy out for renewal. Some questions about faculty on “soft money” have arisen, but indications so far are that the infrequent cases of such may be treated like 19900 FTE. It is not clear to all who is responsible for paying any differentials, the campus or the system; a clarification will be requested.
Action: Chair Hare will draft a response and circulate it electronically for approval.
4. Compendium Revisions
Discussion: Most members felt UCFW did not need to opine on this item. Some noted that significant changes to program establishment and disestablishment should be reviewed by UCFW, but the current revisions do not include those provisions.
Action: Chair Hare will review the item further and circulate a draft response, if needed.
5. APM 080 (Medical Separation) (Management Review Only)
Discussion: Members agreed that these changes could significantly impact faculty protections, especially physical and mental disability accommodations. Members also noted that cases where a faculty person is not capable to be his own advocate should be addressed explicitly.
Action: Discussion will continue offline to meet the response deadline of May 30.
6. APM 330 (Specialists Series) (Management Review Only)
Discussion: The changes are significant, but the impetus is unclear.
Action: Discussion will continue offline to meet the response deadline of May 30.

VII. New Business

None.

Call ended at 12:15 p.m.

Minutes prepared by Kenneth Feer, Principal Policy Analyst

Attest: Dan Hare, UCFW Chair

UCFW Recommendations for Expanded UC Care Select Tier Provides and Physicians in 2015

As the management of UC Care begins to consider improvements in UC Care for 2015, the University Committee on Faculty Welfare (UCFW) recommends that UC Care management seek to expand the Select Tier of UC Care to include the services and facilities listed in this letter. Since the Health Care Facilitators at each campus were consulted in the preparation of this list, they may have provided, independently, similar information to the management of UC Care. The Health Care Facilitators at each campus can provide more details associated with these recommendations.

General Issues

- * Providers of diagnostic and laboratory services associated with a Select Tier hospital are often only in the Preferred Tier. Efforts should be made to include in the Select Tier all service providers closely associated with a Select Tier hospital. Physicians interpreting diagnostic and imaging results should as often as possible be included in the Select Tier.
- * Some physicians in a Select Tier medical group may accept patients only in the Preferred Tier. Efforts should be made to include all physicians in a Select Tier medical group within the Select Tier.
- * A generic problem at many campuses is access to a Select Tier provider for sleep related issues. More Select Tier providers should be added for sleep disorders.

UC Berkeley

- * John Muir Hospital in Walnut Creek
- * John Muir Medical Group
- * Affinity Medical Group in West County
- * Affinity Medical Group in Rossmore
- * Hill Physician Group in Contra Costa County
- * Hill Physician Group in San Francisco County
- * Hill Physician Group in Solano County
- * Hill Physician Group in Alameda County
- * See General issues

UC Davis

- * Sutter Davis
- * See General Issues

UC Irvine

- * See General Issue

UC Los Angeles

- * No recommendation at this time

UC Merced

- * Sutter Gould Medical Foundation care facilities and physicians
- * Additional physicians in selected smaller towns around Merced (please consult with the Health Care Facilitator at UC Merced for details)

UC San Diego

- * See General Issue

UC San Francisco

- * No recommendation at this time

UC Santa Barbara

- * Cottage Health Systems including the Cottage Rehabilitation Hospital and Cottage Children's Hospital
- * Santa Barbara Preferred Health Partners.
- * Jackson Medical Group
- * Pacific Diagnostic Lab
- * Central Coast Pathology
- * Pueblo Radiology
- * Santa Barbara Holistic Health Center and Chiropractic, Inc.
- * (Please contact the Health Care Facilitator at UC Santa Barbara for details.)

UC Santa Cruz

- * No recommendation at this time

UC Riverside

- * Riverside Community Hospital
- * Riverside Physician Network
- * Faculty and Physicians of Loma Linda Medical Center
- * (Please contact the Health Care Facilitator at UC Riverside for details.)