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*Chair of the Assembly of the Academic Senate  
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December 2, 2016

**JOHN STOBO**  
**EXECUTIVE VICE PRESIDENT, UC HEALTH**

**RACHAEL NAVA**  
**EXECUTIVE VICE PRESIDENT – CHIEF OPERATING OFFICER**

**Re: Maximum Out of Pocket Costs in UC Care**

Dear Jack and Rachael:

At its November 30 meeting, the Academic Council endorsed the attached letter from the University Committee on Faculty Welfare (UCFW) expressing concern about the recent consolidation of maximum out-of-pocket (MOOP) expenses in UC Care.

Council shares UCFW's concern that the change will reduce benefits and increase costs for UC Care subscribers with the highest medical and pharmacy costs. We join UCFW in requesting a reversal of the consolidation, at least for 2017, until convincing data can be provided regarding the projected cost savings that led to UC's decision to aggregate the MOOP. In the meantime and in addition to the reversal, we ask you to permit UC employees who may have left UC Care due to the change in MOOP expenses to rejoin the plan outside of the open enrollment period.

Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Jim Chalfant".

Jim Chalfant, Chair  
Academic Council

Encl: UCFW Letter on Faculty Exit Surveys

Cc: Academic Council  
Hilary Baxter, Executive Director, Academic Senate  
Susan Carlson, Vice Provost, Academic Personnel and Programs  
Senate Executive Directors



UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)  
Lori Lubin, Chair  
[lmubin@ucdavis.edu](mailto:lmubin@ucdavis.edu)

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November 23, 2016

**JIM CHALFANT, CHAIR  
ACADEMIC COUNCIL**

**RE: UC Care Maximum Out-of-pocket 2017 Changes**

Dear Jim,

I am writing concerning the consolidation of the maximum out-of-pocket (MOOP) expenses in UC Care. Previously, the MOOP for medical plus behavioral health expenses was separate from that of prescription drugs. In 2017, these two have been combined, resulting in a significant benefit reduction that potentially adversely affects subscribers with the highest medical and pharmaceutical costs. Such a change is counter to the explicit purpose of insurance, which seeks to mitigate the financial impact on individuals and spread risk across the larger pool.

In discussions with Laura Tauber, Executive Director, UC Self-Funded Health Plans at the UCFW meeting on November 18<sup>th</sup>, it was presented that this change was driven by a desire for cost savings for the plan. However, the amount of savings, the numbers of subscribers impacted, and the specific data used to motivate these plan changes were not adequately described; additionally, it was indicated that there are difficulties even obtaining the relevant data from Blue Shield (presently, or at the time the decision to change the MOOP was made). Accordingly, it was unclear what bases either UC Health or Alliant, their consultant, employed in their analysis of the potential cost savings of an aggregated MOOP. As a result, the accuracy of the projected savings for UC Care is called into question, as well as whether other options, such as small increases in premiums, could have achieved similar costs savings without impacting the most vulnerable subscribers.

UCFW and the HCTF are extremely concerned about this change and request a reversal back to the unaggregated MOOP, effective January 1, 2017. Since this increased MOOP exposure may have caused previous UC Care subscribers to switch to a more affordable health plan, our committees also request that there be a grace period following open enrollment where employees have the opportunity to switch back into UC Care.

Moving forward, UCFW and HCTF hope that more detailed and thoughtful data-driven decisions concerning benefit reductions, impacted subscribers, and cost-saving options drive any changes to UC's self-funded health plans, especially given the new plan management structure that includes an Executive Steering Committee and Operations Committee.

Sincerely,

Lori Lubin, UCFW Chair

Copy: UCFW  
Hilary Baxter, Executive Director, Academic Senate