

UPDATE: We are pleased to note that this agenda item has been postponed until November while further analyses and consultations are being done. We will provide more information as we learn more.

Sent on behalf of the UCI Emeriti Association and the UCI Retirees Association

UC Regents' Action Could Significantly Increase Retiree Health Premiums

The UCI Emeriti Association and the UCI Retirees Association recently became aware that the Regents are considering an action that could significantly increase health care premiums for UC emeriti and retirees. Retiree, emeriti, faculty and staff organizations have quickly mobilized to respond to this issue but further action is required and we strongly encourage you to act.

The issue: The Regents' Finance and Capital Strategies Committee quietly introduced an item on its July agenda to remove the 70% floor for aggregate expenditures on retiree health and to cap the rate of growth of the maximum UC employer contribution to an individual retiree's health coverage at 3%. Such a policy would be a significant threat and erode the benefits for emeriti and retirees, having very negative consequences on the wellbeing and support for the university from current emeriti and retirees. As well, it would reduce our university's effectiveness in recruiting and maintaining quality faculty and staff.

What this would mean to you: The 70% floor on health care premiums would affect the UC healthcare plan premiums only, not the premiums retirees pay to Medicare. When retirees turn 65, they must enroll in Medicare to retain their UC retiree health care. At that point, they pay a premium to Medicare that is withheld from their Social Security check (or paid directly if they are not drawing Social Security). They also pay a monthly premium to UC that is withheld from their pension check. It is this UC premium that will be affected. Some retirees on Medicare may pay very little or no UC premiums now, but if the floor is removed, those premiums would most certainly go up. This change would have a bigger impact on pre-Medicare retirees, but would affect all retirees to some extent and provides the basis for possible future erosion of retiree health care.

The response: On your behalf, Jim Danziger, president of the UCI Emeriti Association, has written to Chancellor Gillman in support of communications sent to the UC Office of the President by the leaders of the Council of UC Retiree Associations (CUCRA), the Council of UC Emeriti Associations (CUCSEA), the UC system-wide Senate's Academic Council, as well as the retiree and emeriti associations on several UC campuses. These communications protest this proposal, both for its troubling substance and also the lack of consultation with key stakeholder groups before putting it on the Regents' agenda.

The outcome (for the moment): In response to the strong objections from the Academic Senate, emeriti and retirees, the item was removed from the July agenda to allow more time for consultation and analysis of the impacts of this policy proposal. However, it has only been deferred to September.

The call to action – calling YOU! It is of critical importance that policy-makers hear many voices objecting to this proposal. If you understand how voices in opposition from thoughtful stakeholders can influence a decision, you realize that now is the time to communicate your concerns. Our voices matter, but only if we use them! Please take a few minutes to draft and send your concerns to those you think are relevant. Below is a brief background on this issue as well as possible themes you might include and contact information for those to whom you might write:

UC President Napolitano : president@ucop.edu

The Regents: regentsoffice@ucop.edu

Dwaine Duckett, UC Vice President, Human Resources: Dwaine.Duckett@ucop.edu
Nathan Brostrom, UC Chief Financial Officer: Nathan.Brostrom@ucop.edu
UCI Chancellor Gillman: chancellor@uci.edu

Your subject line might be: subject line "Retiree health care--rescinding of 70% floor".

Issue background: A key outcome of the collaborative Post-Employment Benefits Task Force in 2010 was an agreement to gradually reduce the University's contribution for retiree health care benefits from 83% to a floor of 70%. This agreement was based on careful analysis of trends, UC employee data, and extensive consultation among stakeholders. Today, the university pays an average of 70% of retiree healthcare premiums and retirees pay 30%. UC Senate analysts report that the current proposal to lower the floor below 70% and a related 3% cap on the University's contribution are driven by rationales related to changes in how the university does its accounting for its anticipated bond rating and not because of changed circumstances regarding the funding of health care benefits or the viability of the current "pay-as-you-go" model.

The proposed action is an erosion of the University's long history and tradition of shared governance whereby major policy decisions such as this are made only after representatives of the affected parties have been involved in discussions and given the opportunity to analyze the effect of such a change.

If many of us support our Senate, emeriti and retiree leaders by communicating to key policy makers, it can make a difference. .

If you contact the Regents or others, here are some possible themes:

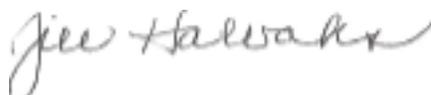
- Employees in the University of California system have often worked for "under-market" compensation, based in part on their belief that their pension and health benefits would be there for them in retirement.
- The 70 percent floor for UC's contribution to emeriti health benefits was adopted to provide some stability to emeriti and retiree health care costs.
- Except for the annual COLA, most retirees and emeriti have limited capacity to increase their income to fund the increased cost of healthcare.
- Removing the 70 percent floor allows for a potential first step toward eliminating this key retirement benefit that retirees and emeriti have counted on during their long careers at the University.
- Although emeriti and retiree health benefits have never been guaranteed and are not "vested" in the same way pension benefits are, UC needs to maintain the 70% floor of healthcare benefits because of their importance for recruiting and retaining faculty and staff.

[Click here for a list of individual Regents.](#)

Sincerely,



Jim Danziger
President, UCI Emeriti Association



Jill Halvaks
President, UCI Retirees Association