

## Impact of Howard Hughes Medical Institute Service on Eligibility for UC Retiree Insurance

This supplement provides details on retiree insurance eligibility for eligible ladder rank faculty working under a collaboration agreement between the Regents of the University of California and Howard Hughes Medical Institute. The group includes faculty designated as "Investigators" and "Early Career Scientists" who are collectively referred to in the GIRs as "Hughes Investigators."

### Background

In 1998, President Atkinson approved a policy modification to support the collaboration agreements between the Regents of the University of California on behalf of specified locations and the Howard Hughes Medical Institute (HHMI). Under the modification, University faculty who are on an approved leave without pay (LWOP) from UC and who are appointed and paid by HHMI may have service at HHMI counted toward meeting the eligibility requirement for retiree insurance and for calculating the level of UC's contribution towards retiree health insurance premiums.

### General Information

#### **Eligibility Requirements for Retiree Insurance**

Hughes Investigators may be eligible for UC-sponsored Retiree Insurance, if, upon separation from University service, the faculty member meets ***all*** of the following criteria:

- 1) Have combined UC/HHMI service which equals or exceeds the standard eligibility-to-participate requirements under the Group Insurance Regulations;
- 2) Elect to receive the employer-provided funds (i.e., employer contributions and related earnings) in his or her HHMI Defined Contribution Plan account(s) as a life annuity
- 3) Establish the life annuity so that the effective date is within 120 calendar days of the date on which the regular faculty appointment ends;
- 4) Submit documentation to the Plan Administrator as required to support that conditions 2 and 3 have been met; and
- 5) Elect a monthly retirement income benefit from UCRP (if entitled to a UCRP benefit) with a commencement date that is within 120 calendar days of the date member separates from University service.

**Note that requirements 2, 3 and 4 above are under review.**

### **Upon Death or Disability**

UC faculty members who become disabled or die while on a UC LWOP as a Hughes Investigator must meet the service credit requirements for disability income or for survivor income based on UCRP service credit alone. HHMI service does not count toward meeting the service requirements for either UCRP disability or survivor income benefits.

The faculty member and dependent(s) must meet all other eligibility criteria that would normally be required of other UC faculty and their families to participate in the retiree insurance program. For example, in the event of a faculty member's death, only those survivors who meet the UCRP definition of Eligible Survivor at the time of the faculty member's death may be eligible for retiree insurance. Additionally, only those who meet the definition of eligible family members as outlined in the Group Insurance Regulations may be added to retiree insurance.

Dual coverage in UC and HHMI insurance programs is not permitted. If a faculty member and/or family members retain coverage with HHMI, the UC retiree insurance program will not be available.

### **Payment of Retiree Insurance Premiums**

If the faculty member or eligible survivor receives a sufficient monthly retirement income benefit from UCRP, net premiums will be deducted from the benefit amount. If not, the faculty member or eligible survivor must pay net premiums quarterly, semi-annually, or annually in advance through the Office of the President, Human Resources.

If the faculty member's monthly net premium is less than the UC maximum contribution and the faculty member complies with UC's Mandated Medicare policy, the faculty member may be eligible for Medicare Part B reimbursement. This reimbursement will be included with the faculty member's monthly UCRP pension payment, if any. If the faculty member is not receiving a monthly retirement income benefit from UC, the Medicare Part B reimbursement will be mailed to the faculty member on a monthly basis.

## Frequently Asked Questions

**1. Who is eligible for the University title “Hughes Investigator”?**

The title Hughes Investigator is reserved for those UC faculty who are appointed and paid by the Howard Hughes Medical Institute (HHMI) in accordance with a collaboration agreement between the Regents and HHMI and who, while on an approved LWOP from their UC faculty appointment, continue to carry out regular faculty responsibilities during their HHMI appointment.

**2. Does service performed by Hughes Investigators count toward meeting the service requirement for University retiree insurance benefits?**

Yes. The University will use the title code “1969 – Hughes Investigator” to track the service of Hughes Investigators so that they receive appropriate service credit toward the eligibility requirements for University retiree insurance benefits and graduated eligibility for the maximum employer contribution.

**3. The Hughes Investigator title was added to payroll in 1997. Does time worked at HHMI as a Hughes Investigator prior to 1997 while on leave from UC count toward meeting the service requirement for retiree insurance benefits?**

Yes. HHMI service prior to being placed in the title Hughes Investigator also counts toward meeting the eligibility requirement for UC retiree insurance benefits for any UC faculty member who was placed in the title Hughes Investigator during the calendar year 1997 or 1998 and who has prior service at HHMI which would have qualified him or her for the title Hughes Investigator had it been in existence prior to 1997. Data regarding prior service of Hughes Investigators is held at the Office of the President in Human Resources.

**4. In general, what are the requirements to qualify for UC retiree insurance benefits and how is the level of UC contribution toward the premium determined?**

Eligibility for UC retiree insurance benefits and the level of UC contribution toward the premium are affected by:

- the employee’s retiree insurance eligibility data, and
- the employee’s age at retirement, disability or death, and
- the amount of service credit accrued, and
- the election an employee makes with regard to the form of his or her retirement benefits upon separation from UC service.

Retiree insurance benefits are provided only to employees who terminate and elect to receive their retirement benefits as a monthly retirement income benefit. Employees who become inactive members or elect a lump sum cashout will not qualify for UC retiree insurance benefits. Also, to qualify for retiree insurance benefits, the commencement date of the monthly retirement income benefit must be within 120 calendar days of an employee’s separation from UC employment.

Retiree insurance benefits are not accrued or vested benefits. The level of these benefits and the amount of the University contribution toward the monthly premium may increase or decrease from year-to-year. UC’s contribution is determined by UC and may change or stop altogether and may be affected by the state of California’s annual budget appropriation.

**5. Can a Hughes Investigator separate from HHMI without going on UC pay status and still qualify for UC retiree insurance benefits?**

No. A Hughes Investigator must return from the UC LWOP and enroll in a University-sponsored health plan before retiring. This is a standard requirement for any faculty member who is returning from a leave of absence and who wishes to participate in UC retiree insurance benefits. An approved LWOP of any length for faculty working under a UC-HHMI collaboration agreement is not considered a break in service.

For purposes of enrollment in a University-sponsored medical, dental and/or vision plan, a qualifying appointment is one which is at least 50 percent time for one year or more. Once on UC pay status, a Hughes Investigator should enroll himself or herself and any eligible family members in a UC-sponsored plan. Continuation of health plan coverage into retirement is limited to the plan(s) in effect and the family members enrolled at the time of retirement. The requirement to return to a UC-paid qualifying appointment will be waived in the event a Hughes Investigator dies or is disabled while on pay status at HHMI.

**6. Will a faculty member's service as a Hughes Investigator count toward the service requirement for UC retiree insurance coverage if a faculty member dies or is disabled before retiring from University service?**

Yes. Generally a faculty member who is disabled while working for the University must have at least five years of UCRP Service Credit to be eligible for UC retiree insurance benefits and a faculty member who dies must have at least two years of UCRP Service Credit for his or her eligible family members to be eligible for the program. The faculty member's service as a Hughes Investigator will be counted toward the eligibility requirement for UC retiree insurance benefits. Of course, the faculty member and his or her family members must meet all other eligibility criteria that would normally be required of other faculty and their families to participate in the program. For example, if a faculty member dies prior to reaching retirement age, only those family members who meet the UCRP definition of "Eligible Survivor" may be enrolled in retiree insurance benefits. Additionally, only those who meet the definition of eligible family members as outlined in the Group Insurance Regulations may be added to retiree insurance.

Dual coverage in UC and HHMI health benefit programs is not permitted. If a Hughes Investigator dies or becomes disabled while on pay status at HHMI, whatever HHMI insurance coverage is available to the faculty member and his or her family must be utilized. If insurance coverage is not provided by HHMI, then eligibility for UC health benefit programs should be evaluated. The faculty member or family members should contact the campus benefits office immediately in the event of disability or death for information about enrolling in UC-sponsored plans and about the length of the period of eligibility.

**7. Does service as a Hughes Investigator count toward the service credit requirement for UCRP retirement income and/or other UCRP benefits such as survivor income, disability benefits, or any future special programs based on retirement service credit?**

HHMI service does not count toward meeting the service requirement for either UCRP disability income or survivor income benefits. If the Hughes Investigator has any UCRP service credit, his or her service as a Hughes Investigator may be combined with his or her UCRP service credit to meet the five-year service requirement to vest in UCRP retirement income; however, only UCRP service credit is used to calculate the amount of the UCRP benefit.

Note that the UC-sponsored retiree insurance benefit program is not part of UCRP nor is it funded by UCRP.

**8. Will UC staff employees who separate from UC service and become HHMI staff employees be eligible to accrue service credit that counts toward eligibility for UC retiree insurance benefits while at HHMI?**

No. Once a staff employee separates from UC service they become ineligible to accrue service credit that will be recognized for UC retiree insurance benefits.

**9. Are there any other benefit issues, other than retiree insurance coverage, that Hughes Investigators should consider?**

Yes. Like other faculty, all Hughes Investigators should familiarize themselves with the benefits made available by UC and evaluate how best to utilize those benefits based on individual circumstances. For example, HHMI service may impact whether a Hughes Investigator is vested in his or her UCRP benefits as well as the highest average plan compensation to be used in calculating UCRP benefits, if any.

**10. Upon notification from a Hughes Investigator that s/he would like to retire, who is responsible for counseling the employee and what should be discussed?**

Location Benefits Offices should counsel Hughes Investigators on their options at retirement. A crucial aspect in the counseling is whether the faculty member will qualify for retiree insurance benefits and if not, the reason for the denial.

**11. Does this same arrangement apply to other institutes which may employ UC faculty?**

No. This arrangement applies solely to faculty working at the Howard Hughes Medical Institute as Hughes Investigators.

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**Examples**

The following examples illustrate the HHMI impact on UC benefits for the life events of retirement, separation, disability, and death.

**Life Event: Retirement**

Selected UC Benefit Requirements

Interpretation for "Hughes Investigators"

**1. Years of Required UC Service**

See Group Insurance Regulations for details. Eligibility for retiree insurance and percentage of the maximum employer contribution may vary depending upon the date of hire (or rehire) and age at retirement.

**1. Years of Required UC Service**

Service as a Hughes Investigator, as well as UCRP service credit, count toward meeting the eligibility requirement for retiree insurance benefits.

Generally:

- For hires prior to 1/1/90, 5 years of UCRP service credit is required.

- For hires 1/1/90 and later, 10 years of UCRP service credit is required.

## **2. Monthly Retirement Income Requirement**

This provision requires faculty members to make an irrevocable retirement election to receive a monthly retirement income benefit based on his or her UCRP service credit. This election must be within 120 calendar days of separation from UC employment or the date the faculty member's appointment ends. Faculty who take a lump sum cashout or choose to become inactive UCRP members upon separation from service are not eligible for UC retiree insurance benefits.

## **3. Continuous Enrollment**

Only eligible family members enrolled in UC plans at the time of separation can be enrolled in retiree insurance benefits at the time of retirement. If an eligible family member is not enrolled at the time of separation, a retiree must wait until the next period of initial eligibility or open enrollment period to add eligible family members.

## **Life Event: Separation**

### Selected UC Benefit Requirements

#### **1. Must Elect Retirement Income benefit Within 120 Days of Separation**

In order to qualify for UC retiree insurance benefits, faculty must elect monthly retirement income benefit with a commencement date within 120 calendar days from the date of separation.

## **2. Monthly Retirement Income Requirement**

To be eligible for UC retiree insurance benefits, Hughes Investigators who are vested in their UCRP benefits must elect UCRP monthly retirement income benefits. Additionally, any Hughes Investigator who wishes his or her HHMI service to be counted toward eligibility for retiree insurance benefits must also elect to apply all of his or her employer-provided HHMI Defined Contribution Retirement Plan account funds toward a life annuity.

The commencement date of both the UCRP monthly retirement income benefit and the HHMI life annuity must be within 120 calendar days of the date the member's University employment terminates and his or her faculty appointment ends.

## **3. Continuous Enrollment**

Hughes Investigators must return to UC in a qualifying appointment prior to their retirement in order to qualify for UC retiree insurance benefits. For purposes of medical, dental and vision plans, a qualifying appointment is one which is at least 50 percent time for one year or more. The requirement to return to UC employment is waived in the event of a "Hughes Investigator's" disability or death.

### Interpretation for Hughes Investigators

#### **1. Must Elect Retirement Income Within 120 Days of Separation**

To participate in UC retiree insurance benefits, Hughes Investigators who are vested in UCRP benefits must elect a UCRP monthly retirement income benefit. Additionally, any Hughes Investigator who wishes his or her HHMI service to be counted toward eligibility for retiree health insurance benefits and the maximum employer contribution must also elect to take all of his or her HHMI Defined Contribution Retirement Plan employer-provided account funds in the form of a life annuity.

The commencement date of both the UCRP monthly retirement income benefit and the HHMI life annuity benefit must be within 120 calendar days of the date University employment terminates.

### **Life Event: Disability**

#### While on HHMI payroll and actively working for HHMI:

- While on HHMI payroll, a Hughes Investigator is only eligible for HHMI disability coverage.
- Dual coverage in HHMI and UC-sponsored benefits is not permitted.

#### While on UC payroll after returning from the HHMI appointment:

- Any qualifying HHMI service will be combined with UCRP service credit in the determination of eligibility for retiree insurance benefits and counted toward graduated eligibility for the maximum employer contribution.
- Any HHMI service will be excluded from the determination of eligibility for UCRP Disability Income.

### **Life Event: Death**

#### Death while Eligible to Retire:

- If enrolled in an HHMI health plan, eligible family members must transfer from the HHMI health plan to a UC-sponsored health plan during the period of initial eligibility (PIE) caused by the death.

#### Death while Not Eligible to Retire:

- Service as a Hughes Investigator will not be counted toward the two year requirement for survivor income.
- Only those family members who meet the UCRP definition of "Eligible Survivor" may be enrolled in UC retiree insurance benefits.

## HHMI Retirement Checklist

If all items are selected on the following checklist during retirement counseling, the faculty member should be brought to the attention of the Office of the President (through [healthqna-l@listserv.ucop.edu](mailto:healthqna-l@listserv.ucop.edu)) as potentially eligible to receive retiree insurance benefits, subject to verification and audit. The Retiree Insurance Program will verify the service credit with HR Accounting and will respond back to the Benefit Representative.

- Faculty member has \_\_\_\_ years of UCRP service credit and \_\_\_\_ years of service at HHMI as a Hughes Investigator for a total of \_\_\_\_ years. This total meets or exceeds the minimum required service for eligibility for retiree insurance benefits.

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- Faculty member was on an approved leave without pay and was coded in the payroll system as title code "1969 – Hughes Investigator".

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- Faculty member used the full account balance(s) attributable to HHMI's employer contributions and any related earnings to purchase the life annuity.

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- The HHMI life annuity is effective within 120 calendar days of the separation from UC employment.

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- The faculty member is working in a UCRP qualifying appointment after returning to UC from his or her HHMI appointment.

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- The faculty member is working in a position which is eligible for benefits (i.e., BELI 1, 2, 3, or 4). The faculty member is only eligible to continue into retirement the benefits for which he or she is eligible as a UC employee.

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- The faculty member has elected a monthly retirement income benefit from UCRP (if eligible for such a benefit) so that the commencement date is within 120 calendar days of the date University employment or the regular faculty appointment ends.

**Required Information:** The following information is necessary to evaluate the impact of HHMI service on the eligibility for UC retiree insurance benefits.

<b>Retirement Information</b>	<b>Location of Information</b>
UCRP Service Credit	UCRS Membership Database
HHMI Years of Service	HR Accounting
HHMI Life Annuity	Member must provide evidence of conversion
UC Separation Date	UCRS Membership Database
UC Appointment Information	Location Benefits Office/Payroll System

**Retirement Process**

***Less than 5 Years Service Credit with UC:***

1. Benefits Office sends an email to [healthqna-l@listserv.ucop.edu](mailto:healthqna-l@listserv.ucop.edu) notifying Retiree Insurance Program that a Hughes Investigator intends to retire.

**Email should include:**

- Faculty Member's Name.
- Intended Retirement Date.
- Last 4 digits of SSN unless transmitted via a secure server.

2. Retiree Insurance will verify the current level of HHMI service and will respond to the email, allowing the Benefit Representative to counsel the faculty member accordingly.
3. Benefit Representative will assist the faculty member by gathering the following documentation from the member and submitting it to the Office of the President:
  - Verification of election of a life annuity from employer contributions and related earnings in HHMI defined contribution plan.
  - Insurance enrollments and enrolled family members.
4. Once provided to the Office of the President, the retiree insurance program will image the documents and verify eligibility.
5. The retiree insurance program will enroll the faculty member as an "F-Mbr" (Direct Pay Individual) effective the day following the loss of UC employee coverage. The faculty member will be billed on a quarterly, semi-annual, or annual basis, depending upon the member's preference.
6. Retiree Insurance will send a confirmation letter to the faculty member confirming eligibility and verifying enrollment.

**5 or More Years of UC Service Credit:**

1. Benefits Office sends a "Special Processing Notice" to [Retqna-l@ucop.edu](mailto:Retqna-l@ucop.edu) with a note stating "Member has HHMI Service Credit".
2. Retirement Claims begins processing of UC retirement and forwards SPN to Retiree Insurance ([Healthqna-l@ucop.edu](mailto:Healthqna-l@ucop.edu)). This will "lock-in" the UCRP retirement date, regardless of time needed to follow-up on INS.
3. Retiree Insurance requests from the Benefit Representative:
  - Verification of election of a life annuity from employer contributions and related earnings in HHMI defined contribution plan.
  - Insurance enrollments and enrolled family members.
4. Once provided to the Office of the President, Retiree Insurance will image the documents and verify eligibility.
5. Upon verification of eligibility, Retiree Insurance will notify Retirement Claims so Retirement Claims may include insurance information in PRP and/or the confirmation letter.
6. Retiree Insurance will manually enroll the faculty member into insurance based upon combined UCRP service credit and HHMI years of service. No additional confirmation letter will be sent provided insurance information was included in the Retirement Confirmation letter.