

HR/Benefits Review

November 1999

After the Bid Process and Open Enrollment: Implementation

In the recent Open Enrollment materials and in the summer issue of this newsletter, you read about the California medical plan bid process and the tremendous efforts put forth by UC faculty and staff to identify the health care concerns of our plan members.

"While the bid process did not result in a lot of new medical plans, we were able to bring some important changes to our existing plans," says Judith W. Boyette, Associate Vice President of Human Resources and Benefits, who worked closely with others throughout the process. "Our members have a wide range of interests and needs. The challenge is to find ways of addressing these concerns and yet keep the costs down for all."

Establishing policy to meet this challenge is the work of the Health and Welfare Planning and Analysis staff, led by Acting Director Lily Pang. "We look forward to forging a long-term partnership with our health plan carriers to offer the best benefits and service to our faculty, staff, retirees, and their families," says Pang. "We are working with the carriers to develop innovative and creative ways to service the University community while providing affordable health care."

Pang's team continues to work with the carriers to "hold the line" on cost increases and at the same time to help carriers find ways to move toward the goals sought by the UC community: easier access to specialists; educational health care outreach; self-help

programs for disease management and prevention.

Local implementation and administration of UC's Health and Welfare policy is the responsibility of Judy McConnell, Director of the newly formed Health, Welfare, and Work/Life Programs unit. McConnell and her team members work behind the scenes to resolve problems and issues that arise.

"It's important to us that employees and annuitants are provided with the highest quality health care possible. Efficient administration reduces the headaches and troubles our members face when they and their families are in need. We will be working closely with our carriers throughout the year to ensure that these difficulties are minimized. Employees who maintain their physical and mental health—including a balance between their work and their personal lives—are better able to maximize their contribution to the University's mission. It is our role to help them accomplish this."



Judy Boyette, Judy McConnell, and Lily Pang

in this issue

Labor Relations Update

Medical, Dental, Vision Plans for the Year 2000

UC-sponsored Plan News

Family and Medical Leave Year

Work/Life Series Planned

Request a Distribution by Telephone

In the Mail

... and more



Labor Relations Update

New State Law Requires Union “Fair Share” Fee

On October 10, 1999, Governor Gray Davis signed SB 645, a bill passed by the Legislature requiring “agency shop” at the University of California and California State University. The new law takes effect January 1, 2000, and will result in mandatory paycheck deductions for union-represented UC employees who do not currently pay union membership dues.

The bill states that, “as a condition of continued employment,” UC employees who are in a bargaining unit exclusively represented by a union must either join the union and pay its dues or pay a “fair share” fee to the union. This fee would help cover the union’s costs for negotiation, contract administration, and related activities.

The amount of the “fair share” fee will be determined by each of the University’s unions. The bill states that the fee shall not exceed the union’s regular membership dues.

UC faculty who are eligible for Academic Senate membership are exempt from the bill.

The University opposed the union-sponsored measure in the Legislature, arguing that UC employees should have the opportunity to vote on any “agency shop” arrangement before it is put into place. UC’s view did not prevail in the legislative process, however. The University now is committed to fulfilling its legal obligations to implement the new law and will be working with UC’s unions on the details of implementation.

According to the legislation, the “fair share” deductions are to begin “upon notification to the employer by the exclusive representative,” but no sooner than January 1. UC

will be discussing the implementation timeline with each of its unions and is currently examining the payroll processing changes necessary to implement the “fair share” deductions. Additional information about this process will be provided as it becomes available.

The bill allows an employee “who is a member of a bona fide religion, body or sect that has historically held conscientious objections to joining or financially supporting public employee organizations” to instead pay an amount equivalent to the “fair share” fee to a “nonreligious, nonlabor charitable fund.” The union and the

Thirteen unions represent more than 60,000 UC employees in 31 bargaining units. These unions and their corresponding bargaining units are:

- Alameda County Building and Construction Trades Council (skilled crafts employees at UC Berkeley and Lawrence Berkeley National Laboratory);
- American Federation of State, County and Municipal Employees (Service Unit, Patient Care Technical Unit, and skilled crafts employees at UC Santa Cruz);
- American Federation of Teachers (Non-Senate Instructional Unit and Professional Librarian Unit);
- Association of Graduate Student Employees—United Auto Workers (local bargaining units of graduate teaching assistants, readers and tutors);
- California Nurses Association (Registered Nurse Unit);
- Coalition of University Employees (Clerical Unit);
- Federated University Police Officers Association (Police Officers Unit);
- International Union of Operating Engineers (skilled crafts employees at UC Irvine, UCLA, UC Riverside, UC San Diego and UC Santa Barbara);
- Printing Trades Alliance (printing trades employees);
- Public Safety Officers Association (protective services officers at Lawrence Livermore National Laboratory);
- San Francisco Building and Construction Trades Council (skilled crafts employees at UC San Francisco);
- Santa Cruz Faculty Association (UC Santa Cruz faculty); and
- University Professional and Technical Employees—Communications Workers of America (Technical Unit, Research Support Professional Unit and Residual Patient Care Professional Unit).

University may designate a list of such charitable funds to which conscientious objectors may direct their contribution.

Employees who are unsure if they are in a bargaining unit represented by a union and thus affected by the new law should contact their supervisor or their local Office of Labor Relations. Those with questions about the details of implementation, including the amount of a union's "fair share" fee or the procedures for conscientious objectors, should contact their union directly.

Under the legislation, the "agency shop" arrangement may be rescinded by a majority vote of all employees in a bargaining unit if at least 30 percent of the employees in that unit petition for such a vote. The election would be administered by the state Public Employment Relations Board (PERB). If you have questions about this procedure, please call PERB at 415-439-6940.

Los Alamos National Laboratory (LANL) Bargaining Legislation

On October 10, 1999, Governor Grey Davis signed into law Senate Bill (SB) 1279, sponsored by Senator Richard Polanco (D-Los Angeles), which expands the coverage of the Higher Education Employer-Employee Relations Act, or HEERA, to apply to University of California employees who work at LANL. Passage of the bill means that starting in January 2000, UC employees working at LANL will have the right to choose whether or not they want to be represented by unions.

SB 645, the legislation establishing "fair share" or "agency shop" fees for University of California employees who are members of a represented bargaining unit, also signed by the Governor on October 10, will apply to Los Alamos effective January 1, 2000 (see page 2).



AFSCME Ratifies Agreement with UC

On October 8, 1999, AFSCME ratified the tentative agreement reached with the University for employees in the Patient Care Technical bargaining unit. The two-year agreement provides for campus specific salary range adjustments and an increase in the family sick leave provision from five to thirty calendar days.

Salary ranges and/or rates will be adjusted next year based on current University market-based methodology, except at UCSF, where the Wages article can be reopened and negotiated next year. UCSF wages were left open to negotiations next year due to ongoing discussions regarding the UCSF-Stanford merger. The University will provide AFSCME with the customary salary survey data prior to the implementation of the range adjustments next year. AFSCME has, upon written request, the opportunity to meet with the University to discuss the salary survey results.

Medical Plan Costs

Group Insurance Rates, the UC/Employer Contribution, and “Risk-Adjustment”

As stated in the recent Open Enrollment materials, UC is committed to making affordable, high quality health coverage available to our faculty, staff, and annuitants. In response, some employees and annuitants have begun to ask: Given today’s marketplace, how is UC working to keep our medical plans affordable? This article gives a simplified explanation of UC’s strategy for controlling the rate of increase in costs in future years. Because the issues are complex and the benefits of the strategy will unfold over time, we will have more articles in the future. But we hope the information here will help you better understand this important issue.

UC Member Costs

Group insurance allows you to receive medical coverage at a lower rate than you can obtain as an individual. The medical needs of the larger group are pooled and costs are averaged out. The healthier the group as a whole, the lower the rates will be; the larger the pool, the more stable the rates will be over time.

For UC members, most (in some plans, all) of the monthly cost is borne by the

UC/employer contribution. By and large, UC members fare very well in this regard. The chart below shows how UC member rates compare to those of California Public Employees’ Retirement System and Federal Employees Health Benefits. The chart shows 1999 costs; some rates for 2000 were not yet available, but the overall comparisons are similar.

However, UC strives not just to compare favorably to other groups, but to keep the costs affordable and stable from year to year for a range of options and to pay plans fairly. The long-term strategy adopted to achieve these aims is referred to as “risk-adjustment.” UC researchers have been exploring risk-adjustment for several years. For the year 2000, we took the first step in implementation.

For the year 2000, the UC contribution toward each California medical plan is based not only on direct negotiation with the plans but also is adjusted based on the demographic mix of the UC membership in each plan. The overall benefit—in the short term—is that we retain an affordable range of options for all of our members. The effect on members’ costs is not very great—some slightly increased, others slightly decreased. But for the overall picture, this first step is highly significant.

In the long term, the goal is to compensate providers based on the population they serve. This means the plan’s gross premium will be risk-adjusted, and the plan will pass on the adjustment to its providers. In this fashion, a provider will be compensated more if the medical needs of the members he or she serves are greater; less if their needs are less. Achieving this goal will take some time, but we have taken the first step by adopting risk-adjustment.

Risk-adjustment is not a new concept. We mentioned above that UC researchers have explored risk-adjustment for some time. Specifically, Professor Harold Luft of the UCSF School of Medicine has been at the forefront of this research. Associate Professor Richard Kronick of UC San Diego has done extensive consultation with various groups on designing an approach that could be implemented for UC. We were fortunate to have these two individuals serving on the UC Faculty Welfare Health Subcommittee and working closely with HR/Benefits in developing our risk-adjustment strategy.

Risk-adjustment was a key recommendation of Governor Wilson’s Managed Care Task Force and Senator Rosenthal sponsored one of the first bills asking CalPERS and other large employers to

(continued on page 5)

Employee Monthly Cost Comparison (1999)

Medical Plan	California Public Employees’ Retirement System			Federal Employees Health Benefits		University of California		
	Single	Two-Party	Family	Single	Family	Single	Two-Party	Family
Health Net	\$ 0.00	\$ 5.82	\$ 17.48	\$ 43.52	\$103.00	\$ 1.40	\$ 2.87	\$ 3.92
PacifiCare	0.00	6.28	18.05	40.49	104.95	0.00	0.00	0.00
Kaiser	0.00	6.67	18.57	43.49	103.83	0.00	0.00	0.00
PERS Care	99.00	223.00	300.00	n/a	n/a	n/a	n/a	n/a
UC Care	n/a	n/a	n/a	n/a	n/a	17.23	35.33	48.25
Western Health Advantage	n/a	n/a	n/a	41.26	100.22	0.00	0.00	0.00

Medical, Dental, Vision Plans for the Year 2000

Medical Plan Costs...

continued from page 4

explore its feasibility in California. Other universities, including Stanford, have implemented some form of risk-adjustment. Medicare is also adopting risk-adjustment for the coming year.

Be assured that UC's goal of providing affordable, quality healthcare choices for the UC community is intact. Risk-adjustment is a significant component of UC's plan of action for achieving this goal. For more information about risk-adjustment and how UC's plan of action is evolving, look to future editions of this newsletter.

Please note that Medicare enrollees continue to benefit from receiving the same UC/employer contributions as do employees and annuitants who are not enrolled in Medicare. Also note that at this time risk-adjustment applies only to the California medical plans, not to those of the Los Alamos National Laboratory.

UC Care's New Behavioral Health Provider— United Behavioral Health (UBH)

Beginning January 1, 2000, UBH will be the new behavioral health provider for all UC Care medical plan members. If you are currently receiving care from a PacifiCare Behavioral Health provider, you will have the first three months of the year 2000 to begin transition of service. Beginning in January, you can call UBH at 1-888-440-8225 and a counselor will provide you with the information necessary to select a new provider.

UBH features a full range of managed mental health and substance abuse services. Its member-sensitive values drive how services are provided, such as:

- Easy and early access to quality care;
- Referrals and treatment plans based on the needs of each member;
- Care at a level least disruptive to the patient's life, yet most therapeutic and cost-effective.

The foundation of UBH's care delivery process is individualized treatment planning. UBH will match your needs and preferences to the most appropriate level of care for your situation. When you call UBH, you will immediately reach an experienced and clinically trained Intake Counselor who will help determine the best course of action, taking into consideration such things as the scope of your problem, your work and family schedules, and your location.

One of UBH's newest services, and a new feature for the UC Care behavioral health plan, is MemberWeb. MemberWeb is an internet-based service that serves as a convenient place for you to access on-line behavioral health benefit plan information, prevention and education



articles, self-assessment tools, and personal planning and skill building programs.

If you or an eligible family member is in the hospital on January 1, 2000, UBH care managers will work with PacifiCare Behavioral Health to arrange ongoing coverage. If you or an eligible family member is expecting to continue current outpatient treatment after January 1, 2000, please contact UBH to find out if your provider is in the network.

If your provider is in the network, you should call UBH at 1-888-440-8225 to pre-certify your care so that you will be eligible to receive network-level benefit coverage for your treatment expenses beginning January 1.

If your provider is not in the network and your treatment continues beyond January 1, special "transition benefits" apply that will pay your expenses with a non-network provider at the network benefit level for up to three months—until March 31, 2000. During this time, you can decide what to do: complete your treatment at your own expense or switch to a network provider to continue receiving UBH network benefits. **To be eligible for the special "transition benefits," you must call UBH to pre-certify your benefits between December 1, 1999 and January 1, 2000.**

(continued on page 6)

Medical, Dental, Vision Plans...

continued from page 5



Delta Dental Plan

Usually, Delta Dental members use dentists affiliated with Delta and don't have to file claims. However, if you are using a non-Delta dentist, you should submit your claims to Delta Dental at the address below:

California Claims Address:

Delta Dental Plan of California
P. O. Box 7736
San Francisco, CA 94120
Telephone: 1-800-777-5854

New Mexico Claims Address:

Delta Dental Plan of New Mexico
2500 Louisiana Blvd., N.E., Suite 600
Albuquerque, New Mexico 87110
Telephone: 1-800-999-0963

Claim forms are available by calling the 800 numbers listed above.

VSP's Laser Vision Correction Program...Coming Soon

Vision Service Plan (VSP) members and their eligible dependents will soon have access to high-quality PRK and LASIK surgery ("photorefractive keratectomy" and "laser in situ keratomileusis") at a substantially reduced cost.

VSP is contracting with many of the nation's finest laser surgery facilities and doctors, offering you access to centers for corrective vision surgery. These procedures will eliminate or reduce the need for glasses or contact lenses. VSP-contracted laser centers will provide on average a 25 percent discount for these procedures. The savings can amount to as much as \$1,500 per patient.

This program is currently under development and should be available around the first quarter of next year. Availability

may vary based on location and regulatory approval. VSP will have established contracts with laser centers and doctors in many U.S. markets by the end of this year and VSP will continue to expand coverage to less populated areas throughout the year 2000.

You must be at least 18 years old to be eligible for these procedures. You must also be in good general health, and free of eye diseases such as glaucoma or cataracts.

Soon you will be able to visit the VSP website (www.vsp.com) to learn more about laser vision correction. You will be able to locate VSP doctors with special training in co-managing this procedure with participating, credentialed surgeons and laser centers. You can then schedule a complimentary screening and consultation with your VSP doctor to discuss the benefits and risks of laser



vision correction. If laser surgery is an option for you or your eligible family member(s), your VSP doctor will make surgical arrangements with one of the many top-quality participating laser surgery centers.

Watch for more details from VSP and UC HR/Benefits in the coming year.



Other UC-sponsored Plan News

Premium Changes

Employee-Paid Life, Employee-Paid Disability, and Accidental Death and Dismemberment

Premium changes for these UC-sponsored plans will be effective January 1, 2000.

Employee-Paid Life and Employee-Paid Disability

If you are enrolled in these plans, you should notice an increase in your premiums on your payroll check stub or Surepay statement in January for Employee-Paid Life and in February for Employee-Paid Disability. The premium increase for Employee-Paid Life will depend upon your age, while the increase for Employee-Paid Disability will be three percent for everyone.

These premium increases are the first in three years. Premiums for these plans are impacted by claims experience, which includes the number of claims, the type of claims, and dollar amount of the claims.

Please remember that premiums for these plans may also increase because of an increase in your salary and age. As your salary increases, so does the premium needed to cover the higher salary. Your premium will also increase when you change age category (for example, from 39 to 40, or from 49 to 50, etc.) Your salary and age are updated each January 1, for purposes of premium calculation.

Accidental Death and Dismemberment (AD&D)

Premium decreases for the AD&D plan were negotiated for 2000. If you are enrolled in AD&D, you should notice a decrease in your premium on your January payroll check stub or Surepay statement.

In addition, new benefits were added to AD&D coverage as follows:

- Increased amount payable due to an insured eligible child's covered accidental dismemberment or paralysis,
- New day care benefits for children if a plan member dies in a covered accident,
- New rehabilitation benefits for a plan member injured in a covered accident, and
- New coma benefits for a plan member in a coma for more than 30 days.

If you have questions about Employee-Paid Life, Employee-Paid Disability, or AD&D coverage, see the person in your department who handles benefits or contact your Benefits Office.

Good News!

Expanded Disability Insurance Benefit from Liberty Mutual

Effective for disabilities beginning on or after January 1, 2000, Liberty Mutual will begin offering a "Stay At Work/Return to Work" benefit for employees eligible for University-Paid and Employee-Paid Disability benefits, in addition to the present plan provisions for total disability. At the request of Benefits Offices, Vocational Rehabilitation Counselors, and employees, disability insurance benefits for UC employees have been expanded to allow employees who can do part—but not all—of their jobs to

stay at work, earning partial pay and partial benefits. It will also allow employees whose doctors indicate they are partially disabled to receive a partial disability benefit from Liberty Mutual for up to 12 months.

This program will help employees by providing benefits to those who wish to stay at work part-time during an illness, return to work on a part-time basis, or who are able to perform alternate jobs at lesser earnings. It will also help University managers who can offer modified work to ease the impact of disability on the department by allowing employees to stay on the job part time during an illness or recovery from illness.

UC's current benefit requires that employees be off work full time during their waiting period in order to receive benefits. The new "Stay At Work/Return to Work" benefit will allow employees to receive benefits even if they continue to work part time during an entire period of disability. Employees who are eligible for this new benefit provision will receive an increased combination of earnings and benefits, up to 100 percent of their pre-disability income. Additionally, employees can satisfy their waiting period with part-time illness days, full-time illness days, or a combination of both.

University-Paid Disability (UPD) coverage is automatically provided to all career employees, while Employee-Paid Disability (EPD) coverage may be selected by employees when they originally enroll for benefits—or later by applying and completing a statement of health, which is subject to carrier approval. You can confirm whether you have EPD coverage by checking your payroll check stub or Surepay statement for the monthly premium deduction. Questions about the new "Stay at Work/Return to Work" benefit can be directed to your Benefits Office or Vocational Rehabilitation Counselor.

The ABCs of Health Care

Medical Plans— Survey of Member Satisfaction

Earlier this year, the Center for the Study of Services (CSS) conducted a member satisfaction survey of the UC-sponsored medical plans. CSS is an independent, nonprofit consumer research organization located in Washington D.C.

The survey, which measured member satisfaction with the medical plans during the calendar year 1999, was sent to randomly selected members of the UC-sponsored medical plans. The survey population included UC employees, annuitants, and their family members who were 18 years of age or older as of December 31, 1998, and whose primary coverage was through a University medical plan (rather than Medicare).

1999 Member Satisfaction Survey Results (for plans not included in *HealthScope*)

Percent of members who responded favorably about...

UC Plan	Health Plan Overall	Ease of Choosing Physician	Authorizations Have Not Delayed Care	Ease of Getting Referrals	No Recent Complaints	Staff Able to Answer Questions
UC Care	70%	52%	66%	50%	74%	42%
BluePremier HMO*	63%	60%	68%	55%	72%	44%
BluePremier POS**	55%	53%	67%	55%	57%	36%

* Includes BluePremier HMO-New Mexico and BluePremier HMO-Nevada

** Includes BluePremier POS members living in the HMO service areas

Survey results for the California HMO plans—Health Net, Kaiser, PacifiCare and Western Health Advantage—are available in the California Consumer *HealthScope* produced by the Pacific Business Group on Health (the 1999 publication is available on the UCbencom website: www.ucop.edu/

bencom). Results for UC Care (the University's point-of-service plan for California) and for the BluePremier plans are summarized in the chart above.

Survey results are based on responses from 2,198 members of the UC Care and BluePremier plans.

Family and Medical Leave Year

Effective January 1, 2000, the University will adopt a new calendar year definition of the "leave year" for administering family and medical leave provisions.

Currently, there is no "standard" leave year. The leave year is different for each individual, encompassing the 12-month period that begins on the day family and medical leave begins. However, new California State Fair Employment and Housing Commission regulations permit employers to choose from a number of methods for defining the leave year.

To be more responsive to employee needs and to simplify family and medical leave administration, UC has adopted

the calendar year method. The new leave year will be the 12-month period that begins each January 1. Eligible employees who request family and medical leave for any qualifying reason will be entitled to take up to 12 workweeks of leave during the calendar year.

The calendar year definition will apply to both personnel policies and collective bargaining agreements covering academic and staff employees, and UC has made the required notice of change to employees and unions.

To be eligible for family and medical leave, an employee must have at least 12 months of UC service and have worked

at least 1,250 hours during the 12-month period immediately preceding the start of the requested leave.

With the calendar year definition, an employee who needs to continue a leave that is in progress on December 31 for the same qualifying reason, will not be required to re-qualify to continue the leave into the new calendar year. However, the portion of leave that continues into the next calendar year will count against the maximum 12 weeks of allowable leave during the new year. Requalification will be required only if an employee requests to continue leave for a different qualifying reason.

Do You Have Questions?

As you read this newsletter, you may find you have some questions. Please read the following to find out the correct place to direct your question.

- If you have a question about UC-sponsored health and welfare plans or UC's savings and investment opportunities, or if you have another benefits-related question, please call your campus, medical center, or laboratory Benefits Office.
- If you have a question about UC's Human Resource policies for *staff*, contact your campus department of Human Resources.
- If you have a question about *faculty and academic* related Human Resource issues, contact your campus Office of Academic Personnel.
- *Annuitants* with health and retirement questions should call UC's HR/ Benefits Customer Service Center (1-800-888-8267).



Where Do You Get Benefits Information and Services?

In a continuing effort to make benefits information and services more accessible to UC faculty and staff, Human Resources and Benefits has expanded its automated telephone and Internet services over the last several years. Employees can now get benefits information and services from a variety of sources: from people, from printed documents and forms, and from electronic media.

Human Resources and Benefits is currently gathering data on where UC employees turn for benefits information and services and why they make these

choices. If you have sought benefits information and services any time in the last year, we would like to hear from you. We have put a brief survey on our UCbencom website, and we'd appreciate your taking a few moments to complete it. To take the survey, go to www.ucop.edu/bencom and click the "Benefits Services Survey" icon.

If you don't have web access and would like to take the survey, you can get a copy from the person in your department who handles benefits or from your local Benefits Office.

Correction:

H/R Benefits Review, Summer 1999

UC-sponsored California Medical Plans—Survey Results article:

We said that: "Respondents who are members of other plans were slightly more satisfied than Prudential High Option members." This sentence should read: "Respondents who are members of other plans were slightly more satisfied *with pharmacy benefits* than Prudential High Option members."

We apologize for this error.



The Women's Health and Cancer Rights Act— Annual Notification of Rights

In October 1998, a federal law (HR 4328) known as the Women's Health and Cancer Rights Act of 1998 (Women's Health Act) was enacted. It requires group medical plans and insurance companies that provide coverage for mastectomies to also provide certain related benefits or services.

The UC-sponsored medical plans provide coverage to comply with the Women's Health Act.

Under the Women's Health Act, a group medical plan member who receives a mastectomy and elects breast recon-

struction in connection with the mastectomy is entitled to coverage for the following:

- Reconstruction of the breast on which the mastectomy has been performed;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- Prosthesis and treatment of physical complications at all stages of mastectomy, including lymphedemas.

The coverage for the mastectomy-related services and benefits required under the Women's Health Law applies to any employee, annuitant, or eligible



family members covered under a UC-sponsored medical plan. Coverage is to be provided in a manner determined in consultation with the plan member's attending physician and is subject to the same deductibles, coinsurance and copayments that apply to other medical or surgical benefits covered under the plan. If you have questions, please contact your medical plan carrier or refer to your carrier's plan booklet for specific coverage.

Work/Life Series Planned

In the fall of 1998, nearly 300 faculty, staff administrators, and management leaders from all UC locations attended the systemwide Work/Life Symposium in Newport Beach. Since that time, creating a supportive work environment and developing work/life programs have been a focus for many of the University's campuses, laboratories, and medical centers.

As low unemployment and scarce workers continue into year 2000, emphasis in this area will become even more important as the University strives to compete for the best employees to

help us meet our goals of excellence in teaching, research, and public service.

During the next year, *HR/Benefits Review* plans to highlight the work/life programs and activities occurring throughout the University. Each quarterly issue will focus on a specific topic under the work/life umbrella, including dependent care (child care and elder care), alternative work arrangements and schedules, career/professional development, and supportive workplace culture. The first quarter, 2000 issue of *HR/Benefits Review* will feature dependent care programs and activities.



To assist with the development of work/life programs, UCOP HR/Benefits has hired Kris Lange, who is now working in the Health, Welfare, and Work/Life Programs unit. Kris comes from UCSF, where she worked in the Disability Management Services department within Human Resources.

Legislative Update

HMO Legislation Signed Into Law

On September 27, 1999, Governor Davis signed a comprehensive health care reform package that included 21 bills. California now stands at the forefront of attempts around the country and in Congress to reform health care. In addition to making California only the third state to allow patients to sue their health maintenance organization (HMOs) for damages suffered from denial of treatment, the bills mandate coverage for mental health, diabetes, cancer screening, and contraception.

At the signing ceremonies in Los Angeles, appearing before more than 100 doctors, consumer advocates, health insurers, lawmakers and others, Davis said, "It is time to make the health of the

patient the bottom line of every managed care company."

How the components of this new legislation may impact UC and its UC-sponsored HMO medical plans is currently being reviewed by Lily Pang, Acting Director of Health and Welfare Benefits Planning and Analysis. Pang says, "Certain requirements of the legislation signed by Governor Davis have already been implemented as part of the UC-sponsored medical plan benefits provided to employees and their enrolled family members, while others are not effective until a future date. Staff is working diligently to complete the review process to see what, if any, further steps the University needs to take in order to comply with the recently passed legislation."

Benefit Improvements for CalPERS

On September 29, 1999, Governor Davis signed Senate Bill 400, the retirement benefit equity legislation for the California Public Employees' Retirement System (CalPERS). The legislation included many provisions that may impact the retirement benefits of UC CalPERS members. For more information, contact CalPERS at 1-800-352-2238 or visit their website at www.calpers.gov.

UC Human Resources and Benefits will be doing an extensive analysis of the possibility of implementing revised age factors. More information will be coming in the future.

Golden State ScholarShare Trust

Under the Golden State ScholarShare Trust Act of 1997, Californians have a new way to save in order to meet the increasing cost of higher education for their children's (or other individuals') college education.

The *Golden State ScholarShare Trust* allows you to open a higher education expense account on behalf of a designated beneficiary. The money you contribute to the account is placed in a trust and remains in your name until withdrawn. The general features of the program are:

- Tax-deferred earnings
- No income limits
- Professional money management
- Significant growth potential
- Easy payment methods

- May be used for most college expenses.

When the funds are distributed for educational purposes, earnings are taxed based on the student beneficiary's rate, which is likely to be lower than the tax rate of the account owner.

UC is reviewing the prospect of making this program available through a University-wide payroll deduction plan. In the meantime, anyone who is interested in participating in the program can do so by making direct payments through their bank account to ScholarShare.

To request an enrollment kit, visit the new ScholarShare website (www.csac.ca.gov/scholar/scholar.htm) or call 1-877-SAV 4 EDU (1-877-728-4338).

Statement on Demand—

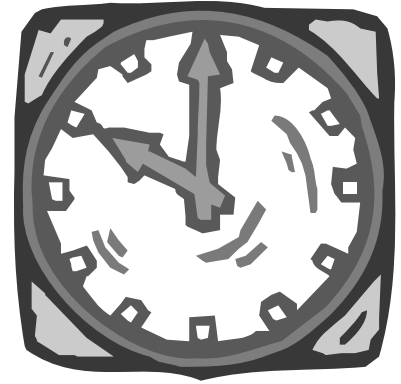
Account Information Anytime!

UC employees and retirees who want to know how much money they have in their UC savings and investment plans can get the answer quickly by making a toll-free telephone call. You can check your plan balances in the UCRS plans at any time, day or night, by calling bencom.fone (1-800-888-8267).

When you have finished listening to the recording of your plan balances, you may request that a printed statement be mailed to your home or faxed to your home or office. For security purposes,

you will need your Social Security number and your Benefits Personal Identification Number (PIN) before you can access your account information. (If you have lost or forgotten your PIN, call UC HR/Benefits Customer Service at the same number. Customer Service is open Monday through Friday, from 9:00 a.m. to 4:00 p.m., Pacific Time.)

You can also get the latest investment performance results for the UC-managed funds by paying a visit to UCbencom. See instructions below.



UC-Managed Investment Funds

Performance Results

Since June 30, 1999, the UC-managed investment funds have generated the following monthly unit values and interest factors:

AT	THE UNIT VALUE WAS			THE INTEREST FACTOR WAS		
	Equity	Bond	Multi-Asset	Savings	ICC	Money Market
7/31/99	279.740	106.456	26.861	.4904%	.5664%	.4175%
8/31/99	272.864	105.984	26.636	.4903%	.5738%	.4356%
9/30/99	266.205	107.205	26.497	.4761%	.5535%	.4304%
10/31/99	286.114	106.834	27.276	.4860%	.5703%	.4499%

The investment returns shown here represent past performance and are not necessarily indicative of future results.

Participants with internet access can also get the latest investment performance results for the UC-managed funds by visiting UC's benefits website, UCbencom. To get there, go to www.ucop.edu/bencom; click on the Retirement and Savings icon, and then select "Tax-Deferred 403(b) Plan and Defined Contribution Plan." The UC funds are valued monthly, and we post the new unit values and interest factors on our website around the 10th of each month.

Rates of Return as of October 31, 1999

	Annualized		
	1-YEAR	5-YEAR	10-YEAR
TOTAL RETURN FUNDS			
Equity	30.32%	21.65%	16.42%
Bond	-2.88%	13.18%	10.62%
Multi-Asset	12.47%	12.80%	N/A
INCOME FUNDS			
Savings	6.03%	6.25%	7.07%
Insurance Company Contract	7.02%	7.55%	8.08%
Money Market	5.17%	5.60%	5.55%

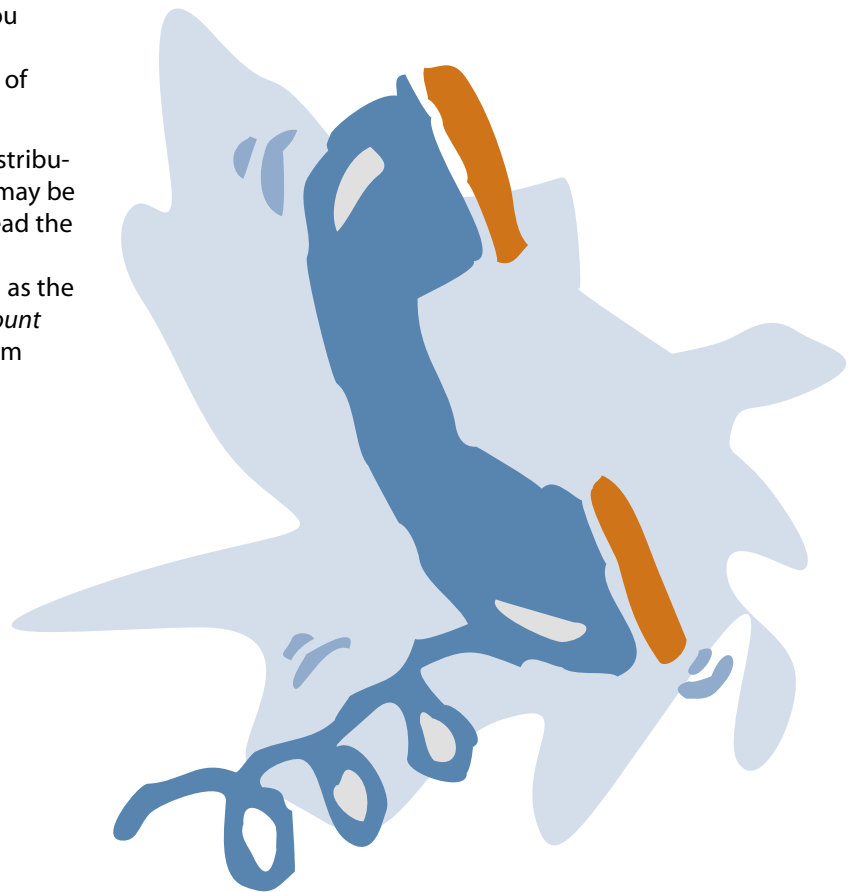
Request A Distribution by Telephone

New Distribution Line

You can now use your telephone to request a distribution from your account(s) in the Defined Contribution Plan (DC Plan) and Tax-Deferred 403(b) Plan. The Distribution Line, a new feature on UC's interactive telephone service, bencom.fone, is available from any touch-tone telephone, 24 hours a day, seven days a week, by calling 1-800-888-8267.

By using the Distribution Line, participants no longer have to fill out paper forms to request most distributions. In fact, after December 1999, forms will no longer be accepted for distributions that can be requested through the Distribution Line. (Exceptions: You cannot use the Distribution Line if your address of record is outside the U.S., to request a distribution from the Calvert or Fidelity mutual funds, or to take a distribution of money you accumulated in the DC Plan Pretax-Account as a non-exempt student employee. For a complete list of exceptions, see the guide listed below.)

The Distribution Line provides the full variety of distribution options—full and partial distributions, which may be rolled over or paid directly to you. Before calling, read the *UC Account Distribution Line* guide, which includes instructions on using the telephone system as well as the *Special Tax Notice for Plan Distributions*. The *UC Account Distribution Line* guide is available on the UCbencom website: www.ucop.edu/bencom and at local Benefits Offices.





In The Mail

Imputed Income and Tax Information

During the week of November 1, information was mailed to all employees who have a same-sex domestic partner and/or a partner's child or grandchild enrolled in the UC-sponsored health plans. This information will allow you to calculate your imputed income and resulting taxes for the year 2000. If your enrolled same-sex domestic partner and/or a partner's child or grandchild is your 1999 tax dependent, you must submit the form enclosed in your packet to your Benefits or Payroll Office no later than December 3, 1999, in order to have the imputed income removed from your 1999 form W-2.

Medical, Dental, Vision, and Legal Plan Carriers

During the months of December, January and February, many of you will receive mailings from your UC-sponsored medical, dental, vision, and/or legal plan carrier. These may include a new or updated medical I.D. card, an evidence of coverage booklet, or other plan materials.

Social Security Annual Statement

On October 1, 1999, Social Security began mailing an annual *Social Security Statement* to approximately 125 million workers who are age 25 and older and who are not receiving Social Security benefits. Workers will automatically receive their statements about three months before their birth month. Approximately 500,000 statements will be delivered each day. The four-page statement is designed to help people with financial planning by providing

estimates of their retirement, disability, and survivor benefits. It also helps people determine whether their earnings are accurately posted on their Social Security records. For more information, go to the Social Security website: www.ssa.gov.

Health Care Facilitator (HCF) Pilot Program

Brochures explaining this program were mailed to UC Berkeley and UC Irvine faculty, staff, and annuitants in early November. The Health Care Facilitator (HCF) assists with medical plan issues outside the purview of the local Benefits Office. The pilot program is currently available only through the UC Berkeley and UC Irvine campuses.

Tax-Deferred 403(b) Plan Loan Program

A new loan brochure is now available for UC employees who participate in, or have questions about, the 403(b) Plan Loan Program. You may get the brochure from your Benefits Office or from the HR/Benefits website (www.ucop.edu/bencom).

Quarterly loan statements were mailed on October 26, 1999. The next quarterly loan statement is scheduled to mail in late January 2000.

DC Plan Worksheet

If you contributed to the Defined Contribution Plan After-Tax Account during 1999, you will receive a Plan worksheet in January. This will allow you to calculate your maximum allowable contributions to the After-Tax Account for the year 2000.

Maximum Annual Contributions

Your maximum annual contribution (MAC) to the Tax-Deferred 403(b) Plan for the year 2000 will be calculated when payroll data becomes available in mid-February. Statements of the year 2000 MACs will be mailed in March 2000 to eligible UC employees (including those who are not currently participating).

Remember, a participant's maximum annual contribution amount automatically carries over from the end of the year to the beginning of the following year and remains in effect until UC HR/Benefits recalculates and resets participants' MAC amounts in the payroll

system. This also occurs for participants whose contributions were stopped because they reached their MAC limit before the end of the year.

Employees who are not on payroll status in January (newly hired, rehired, or employees on leave) and who want to enroll in the plans should contact their Benefits Office to get a calculation of their MAC. The Benefits Office must perform the calculation and sign a new or rehired employee's salary reduction agreement before payroll offices will process the agreement.

403(b) Hardship Distributions to be Ineligible for Rollover

Effective January 1, 2000, most hardship distributions from UC's Tax-Deferred 403(b) Plan will no longer be eligible for rollover and will not be subject to the mandatory 20 percent tax withholding. However, taxes and early distribution penalties may still apply. There are exceptions to the withholding requirements, depending on the source of the monies. A distribution will continue to be eligible for rollover treatment if it is attributable to a rollover from another 403(b) plan.

Effective January 1, 2000, hardship distributions will first be taken from a participant's elective contributions. For participants who have insufficient elective contributions in their 403(b) Plan to satisfy their hardship distribution request and who have monies in their plan that are attributable to a rollover, the mandatory 20 percent withholding will apply to the portion of the hardship distribution from the rollover.

Look for details about this change in the *News for Your Benefit* newsletter, which will accompany your semi-annual statement in February 2000.

HR/Benefits Review

November 1999

HR/Benefits Review is published by University of California Human Resources and Benefits to provide news and information to UC employees. Points of view or opinions do not necessarily represent those of the University.

Editors: Janie Kirsch
Mary Benedict

Contributors: Brad Hayward

Design: Susan Otterson
Maria Theren

Photography: Susan Otterson

UNIVERSITY OF CALIFORNIA
HUMAN RESOURCES AND BENEFITS

300 Lakeside Drive, 5th Floor
Oakland, CA 94612-3557

Associate Vice President:
Judith W. Boyette

Director, Communications
and Training Services:

Barbara Facey

By authority of The Regents, University of California Human Resources and Benefits, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by The Regents. Source documents are available for inspection upon request to University of California Human Resources and Benefits (1-800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, annuitants, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums and employer contributions at any time. Health and welfare benefits are subject to legislative appropriation and are not accrued or vested benefit entitlements. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. Contact your Human Resources Office for more information.

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer.

Inquiries regarding the University's affirmative action and equal opportunity policies may be directed to Sheila O'Rourke—Academic Affairs at 510-987-9499 (for academic employee-related matters) or to Mattie Williams—Business and Finance at 510-987-0865 (for staff employee-related matters).

Websites: www.ucop.edu/bencom
www.ucop.edu/humres



University of California
Human Resources and Benefits
300 Lakeside Drive, 5th Floor
Oakland, California 94612-3557

11/99 150M

HR/Benefits Review

University of California
Human Resources and Benefits
300 Lakeside Drive, 5th Floor
Oakland, California 94612-3557

Presorted
First Class Mail
U.S. Postage Paid
Oakland, CA
Permit No. 208

HR/Benefits Review

Inside:

Medical Plans—After Open Enrollment

Labor Relations Update

UC-sponsored Plan News

Work/Life Series Planned

Request a Distribution by Telephone

and more...