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July 19, 2018

MEMBERS OF THE RETIREE HEALTH BENEFITS WORKING GROUP

Dear Colleagues:

Thank you for your report of July 3, and for your considerable time and effort exploring potential avenues for me to consider to ensure a strong retiree health benefits program. The University invests heavily in high-quality health benefits, and I recognize that these benefits have significant value to faculty and staff and enable us to continue to express our support for our retirees.

I appreciate the Working Group's diligent research, thoughtful discussion, and consultation with and representation of stakeholders regarding this complex topic. After carefully reviewing your report, I support many of your recommendations and will proceed with the following:

- **No significant changes to the retiree health program for 2019.**

With your guidance in mind, I have directed Systemwide Human Resources to finalize UC's retiree health benefits offerings for 2019 — details will be available during Open Enrollment. Given 2019 cost estimates for retiree health benefits, no significant changes in UC's contribution levels or plan design are anticipated for 2019.

- **Gradually reduce the UC contribution for eligible retirees aged 65 and older who are not coordinated with Medicare to adjust to levels comparable to Medicare-coordinated retirees.**

There are approximately 1,600 current retirees who either elected in 1976 not to coordinate with Social Security or are unable to coordinate with Social Security. For this subset of our retirees, the UC premium contribution is substantially higher than for other UC retirees who elected Medicare coverage. I accept the Working Group's recommendations to gradually reduce UC's contribution for this group only over the next three years (from 2019 through 2021) to ensure equity across all our retiree groups.

- **Continue to work with members of the Working Group through 2019.**

I hope that each of you will continue to serve as a member of a consultative body that will review ongoing options to ensure that UC offers competitive retiree benefits that are financially viable over the long term. This group's charge will also include active consultation with your respective constituent groups. Systemwide HR will continue to evaluate plan and program design strategies to sustain retiree health benefits, which will be shared with this consultative body.

I am committed to an iterative process and to sharing proposed changes to the retiree health benefits program with the broader UC community, and look forward to continuing this work.

Thank you for your continued service to the University of California.

Yours very truly,



Janet Napolitano
President

cc: Executive Vice President Nava
Senior Vice President Holmes
Vice President Duckett
Associate Vice President Arrivas
Director Wartenberg
Chief of Staff Gabriel