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January 8, 2014

Associate Professor Patricia Morton
President, Council of UC Faculty Associations (CUCFA)
1270 Farragut Circle
Davis, California 95618

Dear Professor Morton:

Thank you for your letter of November 11 regarding changes to UC-sponsored medical coverage for 2014. I understand that this year's open enrollment period presented challenges due to the changes the University has made to its medical plan offerings, and I am pleased to respond to your concerns. As you know, this year, UC performed a comprehensive re-evaluation of its medical plan portfolio, after many years of continuing the same plans. The new structure will give us more value for the money spent. The major driver of these changes was the need to curb the unsustainable increase in health insurance premiums for our faculty and staff, as well as for the University. A systemwide Health Care Benefits Task Force met throughout 2012 to find ways to continue to deliver high-value benefits to employees and retirees while controlling costs. The Task Force included faculty, senior level administrators from the Office of the President, staff, and subject matter experts, some of whom were from various faculty senate committees. As a result, the health benefits portfolio was put out to bid and the UC Care plan emerged.

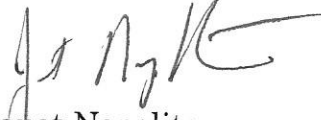
I understand your concerns regarding the potential disruption because certain providers are not included in the UC Select tier (Tier 1) of UC Care. Providers in this tier were required to make significant financial concessions to be in UC Select. Many providers decided these concessions were not acceptable. Many of these providers are, however, available through the Blue Shield Preferred network; in this tier of UC Care, the co-insurance and deductibles are identical to the previous Anthem PPO plan, and the premium of UC Care is considerably less. Also, in some cases, the Health Net Blue & Gold HMO includes the providers not in the UC Select tier, providing an even lower cost option.

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You mention a concern that UC's 2014 health insurance plans may place us at a competitive disadvantage. In fact, UC has one of the most generous health insurance offerings relative to our traditional competitors, as UC pays approximately 85 percent of the total cost of the health-care plans on average.

I want to assure you that we will continue to evaluate the strength of this new portfolio of medical plans to ensure it provides the best options for our diverse workforce, and I welcome your continued feedback in that process.

Yours very truly,

A handwritten signature in black ink, appearing to read "Janet Napolitano". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Janet Napolitano
President

cc: Provost Dorr
Academic Council Chair Jacob
Executive Director Brostrom
Vice President Duckett
Executive Director Baptista
Director Lange