



**UCLA**  
**Faculty Association**  
**Newsletter**

An Independent Membership Organization of Faculty at the University of California, Los Angeles  
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**VERIP 4???**  
**ESTIMATING THE NUMBERS # # #**  
**JUST IN CASE**

No one knows if UC will offer a fourth VERIP (Voluntary Early Retirement Incentive Program), but we do know that the budget crisis of the early nineties produced three VERIPs (announced Oct. 1990; July 1992; and June 1993). VERIP 1 and 2 offered 5 years of service credit and VERIP 3 offered up to five years of service credit plus three years of age credit. VERIPs 1 and 2 could result in a 33% pension increase, and VERIP 3 up to 50%. (For a recent favorable discussion of the UC VERIPs, see the [Notice](#) Oct. 2001 available at [www.ucop.edu](http://www.ucop.edu).) Estimates of possible budget cuts to UC in 2002-3 have ranged from 3% to 15%. Gov. Davis's January budget increases funding to UC by 1.5% despite a projected \$12.2B shortfall in state revenue. Everyone must wait and see how the legislature reacts to the governor's budget proposal, but in the meantime, UC is economizing: no funding for COLAs or faculty parity increases. In lieu of salary increases, employees will receive a contribution of 3% of eligible "covered compensation" into a CAP account on April 1, 2002, which would earn 7.5% interest.

Budget cutbacks might not produce another VERIP, but even so faculty should still have some realistic estimate of their retirement income. If a last-minute VERIP is announced, then faculty who might be interested should be ready to consider the pros and cons of whether to take it or not. To do that they need to be able to compare monthly income figures under different retirement scenarios. At a recent all-day Workshop on Retirement at UCLA, (see [Workshop](#) details below), Campus HR reps passed out Benefit Profiles for the faculty who had signed up ahead of time for the Workshop so that they could compare what they might expect to receive if they retired at 60 and 65. The UCLA FA thought that it might be useful to all faculty to learn more about how to estimate those numbers for themselves in case a VERIP 4 materializes. Below is a Q&A on the important numbers, followed by a walk-through of the numbers generated for two different retirement scenarios, the first a 63 year-old professor (birthday 1/1/1939), Step 9 and the second a 55 year-old professor (birthday 1/1/1947), Step 6. At the end we add some further information from the Workshop about 403b diversification and Wills & Estates.

**FIRST, ESTIMATING THE NUMBERS # # #**

**Q** How large will my pension be if I retire at 60? 65? 70?

**A** Use the modeling tool, the "UC Retirement Plan Benefit Estimator" on the BenCom website ([www.ucop.edu/bencom](http://www.ucop.edu/bencom)) to estimate these numbers quickly. **NOTE:** the HAPC (highest average plan

*Continued on page 2*

**FACULTY ASSOCIATION**  
**AT UCLA SPONSORS**

**TOWN HALL MEETING**

**Feb. 15, 2002, 12:00**  
**noon, Math Dept. Lounge,**  
**room 6620, 6<sup>TH</sup> floor**

**UC CARE: A**  
**HEALTH PLAN**  
**IN TRANSIT**



**HEAR UCLA MED.**  
**CENTER DIRECTORS**  
**MICHAEL KARPf AND**  
**J. THOMAS**  
**ROSENTHAL SPEAK**  
**AND ANSWER YOUR**  
**QUESTIONS ABOUT**  
**UC CARE**

**REFRESHMENTS**  
*(bagels, cream cheese, drinks;*  
*RSVP at [ucfa@msn.com](mailto:ucfa@msn.com))*



**See pp. 6-7 below for**  
**background and questions**  
**to start the discussion.**

compensation) is based on gross income before any pre-tax deductions; therefore, you do not have to alter your 403b investment contribution three years before retirement to enhance your HAPC.

# **Basic Retirement Income** \_\_\_\_\_

Q How can I provide for others when I die? What will it cost me to do so?

A After you die, UCRP will pay a survivor benefit automatically—the Survivor Continuance Benefit—at 25% of your Basic Retirement Income (50% for those not coordinated with SS) for as long as there is an eligible survivor (spouse, child, dependent parent but not currently a same-sex domestic partner). This payment will not affect the amount that the retiree gets each month. The other benefit is for anyone (including a same-sex domestic partner) you select within 90 days of your retirement—the Contingent Annuitant. This benefit lowers the amount of your lifetime monthly retirement income according to the benefit level that you select (there are 4 options) because it ensures the continued payment of a portion of your basic retirement income to a second person who survives you.

# **Retirement Income Adjusted for Co-Annuitant Benefit** \_\_\_\_\_

Q What percentage of my current income should I have in retirement?

A Many people now shoot for 100%. The goal used to be 60-80%. First, calculate your monthly retirement benefit with your Co-Annuitant option, if desired. Then, estimate your final lifetime retirement benefit percentage by adding together all the sources of mo. income and dividing it by your current salary.

# **Benefit Percentage at Retirement** \_\_\_\_\_

Q How can I make up the difference between what I will get at retirement and what I want?

A Through Social Security payments, the returns on UC 403b, DCP and CAP investments, and private investments. You can use the BenCom Fortune Forecaster (located below the “UCRP Estimator” on the BenCom Main Menu) to project balances in your 403b account and private investments by estimating your contribution, date of retirement, and the rate of return. If you add together these balances on the date of retirement, you can then estimate a monthly return available to you at retirement. Most faculty coordinated with Social Security will receive the maximum amount of \$1,403 at age 65. Table 2 shows the increase in monthly retirement income due to max-out 403b investments.

# **DCP Projected Balances at Retirement** \_\_\_\_\_  
# **CAP Projected Balances at Retirement** \_\_\_\_\_

# **403b Projected Balances at Retirement** \_\_\_\_\_  
# **Social Security Payment at age 65** \$1,403

Q Should I consider a lumpsum cashout?

A Employees can take a lumpsum cashout and roll the taxable portion over into their DCP, traditional IRA, 403b or another employer’s qualified plan and shelter the one-time distribution from income tax in that year. They will then pay current income taxes on the amount they take out each month during retirement. This is one method of leaving a greater portion of your estate to your heirs. The wisdom of taking the lumpsum cashout may also be related to your health and your Co-Annuitant’s health at retirement and whether or not you have a same-sex domestic partner who you think will survive you before you retire. You should ask the “UCRP Estimator” to estimate your lumpsum cashout at the age at which you plan to retire. Then you might want to estimate rates of return on that amount given different market conditions and compare those returns with what you will receive taking the UCRP pension with the level of Co-Annuitant benefits selected.

In figuring expenses in retirement if you take the lumpsum cashout, you will also have to estimate the cost of health insurance because you will lose your UC health insurance as well as all other UC benefits. If you qualify for Medicare, then you will have to finance any secondary health insurance coverage. If you are not coordinated with Social Security and therefore ineligible for Medicare, then this monthly expense could be substantial. You must also weigh the advantages of an increased estate against monthly income affected by market fluctuation.

# **Lumpsum cashout** \_\_\_\_\_

Q Is there anything I can do now to raise the level of my monthly income at retirement?

A Investing the maximum amount in 403b accounts is the only way that you can improve your UC Retirement bottom line. Nothing you can do directly affects the CAP and DCP account balances. Because 403b investments through payroll deductions are tax-advantaged—you don’t pay income tax on the amount deducted from your salary each month—many advisors believe a 403b investment strategy should be first on anyone’s list of investment priorities. 403b investments are in effect leveraged investments—the government contributes (leverages) what would have been your income tax to each investment you make and then lets the returns grow tax-free. All other investments are made with after income tax dollars and, in addition, are taxed as capital gains each year. Because 403b investments hold such tax-privileged status, it is important to make sure you are investing the maximum each year, especially while the contribution limits are rising.

Also, further diversification in your 403b portfolio might improve return and stability. If all of your 403b investments are in UC Equities, then these investments would generally all fall within one equity category: large cap growth. Comparing ten-year annualized returns for the Russell indices (see Table 3 below), the large cap growth category had lower returns than several other categories in the StyleMap, like small cap value or mid cap value. See [403b Portfolio Diversification](#) below to learn more about the concept of StyleMaps as a way for you to analyze diversification within your 403b portfolio.

Q What are the advantages of a living trust ?

A Avoidance of probate procedures, costs, and delays. But perhaps more importantly, a living trust entitles your heirs to claim two estate tax exemptions, whereas with wills, heirs are usually entitled to take only one. Anyone contemplating a lumpsum cashout should consider the tax advantages of a living trust. The estate tax exemption for one person will increase to \$1M in 2002 and to over \$2M in the next few years. See [Wills & Estates](#) below for more details on this topic presented at the Workshop.

## SECOND, ESTIMATING RETIREMENT MONTHLY INCOME \$\$\$

First visit the UC BenCom website ([www.ucop.edu/bencom](http://www.ucop.edu/bencom)) and get a profile of your retirement income at 60. Click on the button “Your Benefits Summary” to get your baseline information. You will need to plug in your Social Security and your PIN (Personal Identification Number) numbers. If you don’t have a PIN number, then follow the links to the “Change PIN” site. Then you can use the “UCRP Estimator” to model other possibilities including years of service credit and different dates of retirement for the lumpsum cashout.

The most important number to estimate is the total monthly income from all sources at a projected retirement date. Most of the numbers you need to arrive at this estimate will come from the Benefits Summary and the “UCRP Estimator,” but some (like the mo. return from your private investments) you will need to supply. You can use the Fortune Forecaster to project future balances. You will also need to project your decision about whether to choose a Co-Annuitant, and which payment level because this decision affects the lifetime monthly retirement figure.

The [first scenario](#) portrays a full professor, Step 9, not coordinated with Social Security, current age 63 (on Jan. 1, 2002), who has long service credit but has not contributed to a 403b pretax account or established private investments. Taking into consideration the choice of Option A for a Contingent Annuitant, s/he could retire in July 2002 at 74% of current salary or 78% if s/he waits until the age of 65, and 88% if s/he wants to wait another five and one half years. If a VERIP 4 offers 3,4, or 5 years of service credit, this professor could easily plug in the numbers and compare the monthly income taking VERIP 4 with waiting until s/he is 65 or 68.

**Table 1 Benefit Profile #1: Full Professor, Step 9, age 63, No SS, no 403b**

Basic Retirement Income Retirement Age	<u>63</u>	<u>65</u>	<u>68</u>
Service Credit	33	35	38 years
Current Covd. Compensation (CCC) (steps)	\$10,692 (9)	\$11,815 (9)	\$13,318 (9, 2%COLAs+2% parity)
Highest Average Plan Comp. (HAPC)	\$10,000	\$11,000	\$13,000
Retirement Date (July)	2002	2004	2007
Basic Retirement Income	\$8,250	\$9,625	\$12,350
Estimated Inc. with Co- Ant, Option A	<b>\$7,623</b>	<b>\$8,835</b>	<b>\$11,226</b>
As a % of Cur. Covered Comp.	71%	75%	85%
<b>Lump Sum Cashout Option</b>	\$1,179,420	\$1,313,138	\$1,556,470
Estimating a 6% annual return/mo	\$5,897	\$6,566	\$7,782
Estimating a 8% annual return/mo	\$7,863	\$8,754	\$10,377
<b>Pre-Tax Investment Amounts Available at Retirement</b>			
CAP (\$23,986 on 1/1/02, UCRP Estimator)	\$25,023	\$29,642	\$38,218
DCP (\$28,000 on 1/1/02; \$301/mo at 6%)	<u>\$30,688</u>	<u>\$42,284</u>	<u>\$62,500</u>
Total	\$55,711	\$71,926	\$100,718
Proj. monthly income at 6%	<b>\$279</b>	<b>\$360</b>	<b>\$504</b>
<b>Total Monthly Income (sum of bolded ###)</b>	<b>\$7,902</b>	<b>\$9,195</b>	<b>\$11,730</b>
As a % of Covered Comp.	<b>74%</b>	<b>78%</b>	<b>88%</b>

The [second scenario](#) shows a full prof, Step 6, coordinated with SS, current age 55 (on Jan. 1, 2002), who has contributed the maximum to 403b accounts. Taking into consideration the Option A choice for a Contingent Annuitant, s/he could retire at 60 in 5 1/2 years at 87% of salary and at 65 in 10 1/2 years at 99% of current salary. This faculty member had private investments totaling about \$720K at the end of 2001. With no future contribution if these investments earned an annual return of 6%, then the monthly income from these accounts would raise the retirement percentage of current income to 138% for retirement at age 60 and 151% for retirement at age 65.

**Table 2 Benefit Profile #2: Full Professor, Step 6, age 55, SS, 403b**

**Basic Retirement Income**

	<u>55</u>	<u>60</u>	<u>65</u>
Retirement Age	21 years	26 years	31 years
Service Credit	21 years	26 years	31 years
Current Covered Compensation (steps)	\$8,366 (6)	\$9,842 (8)	\$13,008 (9, 2%COLA+2%parity)
Highest Average Plan Comp. (HAPC)	\$7,736	\$9,000	\$12,500
Retirement Date (July)	2002	2007	2012
Basic Retirement Income	\$2,985	\$5,763	\$9,584
<b>Estimated Inc. with Co- Ant, Option A</b>	<b>\$2,752</b>	<b>\$5,227</b>	<b>\$8,462</b>
As a % of Current Covd. Comp.	33%	54%	65%

**Lump Sum Cashout Option**

	\$493,569	\$876,206	\$1,307,545
Estimating a 6% annual return/mo	\$2,468	\$4,381	\$6,538
Estimating a 8% annual return/mo	\$3,290	\$5,841	\$8,717

**Pre-Tax Investment Amounts Available at Retirement (Proj. at 6% return)**

CAP (\$23,148 on 1/1/02, UCRP Estimator)	\$24,149	\$36,883	\$56,331
DCP (\$23,893 on 1/1/02; \$191/mo)	\$25,785	\$48,173	\$78,371
UC 403b (\$25,000 on 1/1/02; \$250/mo)	\$27,286	\$54,334	\$90,819
Fidelity (\$125,000 on 1/1/02; \$750/mo)	<u>\$133,377</u>	<u>\$232,494</u>	<u>\$366,189</u>
Total	\$210,597	\$371,884	\$591,710
Proj. monthly income	<b>\$1,053</b>	<b>\$1,859</b>	<b>\$2,959</b>

**Other Sources of Income Available at Retirement**

Estimated SS Income at age 65/mo		<b>\$1,403</b>	<b>\$1,403</b>
Social Security Offset before age 65	+52	+ 86	0
Est. Priv. Invest. Inc./mo (\$720K on 1/1/02; 6%)	\$3,709	\$5,003	\$6,749

**Total Monthly Income**

<b>Sum of bolded numbers</b>	<b>\$3,857</b>	<b>\$8,575</b>	<b>\$12,824</b>
As a % of Current Covered Comp	<b>46%</b>	<b>87%</b>	<b>99%</b>
As a % of CCC incl private invest	89%	138%	151%

These numbers are only very rough estimates to help faculty estimate their own monthly retirement income figures. Each person will have to analyze the details and circumstances of his/her own unique situation. For questions about benefits at UC get in touch with UCLA Benefits Rep. Robert Larriva (rlarriva@chr.ucla.edu) or 310 794-0837.

**THIRD, PROVIDING SOME ADDITIONAL INFORMATION ON 403b PORTFOLIO DIVERSIFICATION AND WILLS & ESTATES**

Several FA at UCLA members attended an all-day workshop on retirement planning held by Campus Human Resources, the Emeriti Association, Emeriti Retiree Relations Center, and the University Emeriti Pre-Retirement Relations Committee on Oct. 26 at the Faculty Center. And it took all day to skim the surface of such complex issues as the workings of the UC Benefit Plans (Retirement, Medical, Insurance Programs, etc), Social Security/Medicare, Financial Planning, and Estate Planning. Anyone having already made the decision to retire will need to schedule a meeting with Campus Benefit reps and begin the process of paying closer attention to the details.

**403b Portfolio Diversification: Size and Investment Style**

The 403b plan is the biggest slice of the total UC retirement pie in which a faculty member has significant decision-making power to affect amount and yield. Diversification within the 403b equity portfolio according to size (capitalization)-- large cap stocks (over \$15B), mid-cap (\$5-\$15B), and small cap (less than \$5B )—and investment style--Value (current share price versus book value), Growth (future potential), and Blend between Value and Growth--could improve return and increase stability. A 3x3 tick-tack-toe StyleMap (Table 3) shows the range of a diversified portfolio. Visit the Fidelity Advisor at UCLA Joseph Fazekas (800 232-6690, x334), Retirement Counselor, located in Campus Benefits at 10920 Wilshire) or sketch in your own StyleMap:

- Sketch a 9-box StyleMap with column headings at the top from left to right
- Value, Blend, Growth; and row headings from top to bottom Large, Mid, Small;
- Get out your most recent Retirement Savings Statement from Fidelity;
- Go to the Fidelity website at [www.fidelity.com](http://www.fidelity.com);
- Click on each Fidelity fund in your 403b account;
- Scroll down the account information for that fund until you come to the StyleMap;

See which box in the StyleMap your fund falls into;

Fill in the 10-year Average Annual Total Return for your fund; and if you want to compare those returns, find the Russell Benchmark for that box ([www.Russell.com/common/dailies/USRtns\\_bd.htm](http://www.Russell.com/common/dailies/USRtns_bd.htm))

\*Note: Try to use the same time frame for all fund returns in the grid. You will find that it is difficult to do this because returns for UC funds are often updated every 30 days instead of daily!

If you map all your 403b funds, including UC Equities if you hold that fund, then you will be able to see how diversified your 403b funds are across investment style and size. The UC Equity Fund falls into the Large Cap Growth Fund category and is often compared to the S&P 500. Although still Large Cap Growth, the UC Equities has been expanding its holdings in index funds. If someone has all of his/her 403b equity funds in the UC Equity Fund, then those funds are all in one box on the StyleMap, and that person might consider moving some funds into a Fidelity fund in a different box or directing new contributions into a fund in a different box to increase diversification. Comparing the annualized returns of the Russell indices in each box illustrates the value of diversification across categories. On the Fidelity website you can also search for funds by clicking on the StyleMap box to find funds in that category.

**Table 3: Style Mapping 403b Funds**  
(with ten-year annualized returns as of Dec. 31, 2001 for the Russell Indices and as of Nov. 30, 2001 for UC Equities and the S&P 500 Index)

	<b>VALUE</b>	<b>BLEND</b>	<b>GROWTH</b>
<b>LARGE</b>	Russell 1000 Value 14.16%	Russell 1000 Blend 12.85%	Russell 1000 Growth 10.80% <i>(S&amp;P 500 14.06% and UC Equities 13.45% as of 11/30/01)</i>
<b>MID</b>	Russell MidCap Value 14.41%	Russell MidCap Blend 13.58%	Russell MidCap Growth 11.10%
<b>SMALL</b>	Russell 2000 Value 15.12%	Russell 2000 Blend 11.51%	Russell 2000 Growth 7.19%

### **WILLS & ESTATES**

At the Retirement Workshop, Paul Gordon Hoffman of Hoffman, Sabban & Watenmaker, LA, CA discussed estate planning (see the company website [www.hswlaw.com/memos.html](http://www.hswlaw.com/memos.html)). In conveying the basics of the living trust and will, he emphasized the significance of the “signature”:

When someone buys or sells a sizeable asset, s/he usually has to sign some kind of document, bill of sale, deed, etc.. If that person dies, s/he cannot sign anything in order to transfer ownership of that asset to another person. The law provides for ways to transfer ownership in these circumstances, including a will and a living trust.

If someone has a will naming a beneficiary (not a spouse) to inherit a sizeable asset, that beneficiary must go through the probate process in order to take possession of someone else’s asset without a signature. A judge would first decide if a valid will exists and then would appoint an executor to act for the deceased (repay debts, list assets, pay income tax, etc.) in the transfer of assets to the beneficiary.

If someone has a fully-funded living trust, that person has already signed over all his/her assets to a Living Trust, named the beneficiaries, and named the living trust as the owner of record. When this person dies, the beneficiary does not need to go through the probate (court supervised) process because the trust already owns the assets and has identified the beneficiaries.

On the simplest level, there could be a tax advantage to a living trust over a will in the case of a married couple with assets that exceed the federal estate tax exemption. With a will, when one spouse dies and leaves all his/her assets to the surviving spouse, the surviving spouse does not pay any taxes, but when this second spouse dies, all taxes are due. The beneficiaries can claim the federal estate tax exemption (\$675K in 2001; \$1M in 2002; up to \$3.5M by 2009) of this second spouse. With a living trust, the beneficiaries can claim two exemptions: one determined by the amount allowable on the date of the first spouse’s death, and the second determined by the amount allowable on the date of the second spouse’s death.

**Other Ways to Avoid Probate:** There have been important changes in the last ten years to avoid probate outside the limits of either a will or living trust. New procedures allow people to name beneficiaries for bank accounts (payable-on-death forms), retirement accounts (naming beneficiary of pension plan or retirement account), and investment accounts (transfer-on-death registration for securities). There are even transfer-on-death designations for motor vehicles. It makes sense for people to make sure that they have beneficiary statements on file for all their accounts, especially those that they have had for some time. (See [www.nolo.com](http://www.nolo.com) for plain-language discussions of wills, estates, and probate avoidance techniques.)

A few days after the workshop at UCLA, the LA Times ran a story entitled “Where There’s a Will...” by Maria Elena Fernandez (E2: Mon., Oct. 29, 2001). She discussed the sudden popularity of living trusts and referred readers to several sources of information for those interested in the topics and outlined the many different ways to establish a living trust or a will. The traditional way is to hire a lawyer to draw up the documents and file them. But now the internet has introduced some new ways, especially for the do-it-yourselfer. At LegalZoom.com the client fills out some info on the website, but lawyers prepare the final trust documents and file them. Someone can also purchase a CD like Quicken Lawyer 2002, personal deluxe by Nolo and follow the directions and file his or her own living trust or will. There are also stand-alone sites like Doyourownwill.com.

**Disclaimer:**

The Faculty Association at UCLA is not offering financial advice on any topic. We are presenting general information and some basic concepts introduced at the Workshop in order to stimulate interest in the topics and prompt readers to ask questions and seek out further information. For exceptions, details, questions, advice, etc. about individual circumstances and options, please call the UCLA campus HR benefits reps., the Fidelity advisor at UCLA, the systemwide benefits reps in Oakland, or your own financial advisor.

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## **UC CARE: A HEALTH PLAN IN TRANSIT (contd from page 1)**

Many faculty in UC Care have questions about the shift of physicians and medical services from UCLA-Westwood (WW) to UCLA-Santa Monica (SM). They had understood for many years that UC Care was created for the benefit of UC medical centers and UC employees. Then the University subsidized it to encourage wide participation in a health plan that allowed choice among UC physicians and services at one of the five UC medical centers, which are ranked at or near the top of academic medical centers in the nation and in the world. The mission of UC Care embodied reciprocal benefits for all UC parties: providers, employees, and medical center administrators. The option to choose UC Care and receive care at one of these medical centers has helped UC recruit new faculty and retain faculty who regard this healthcare choice as one of the most important benefits the University offers its employees.

Within the last two years much of this has changed. Now at UCLA most routine and much specialty care has been moved to UCLA-SM. Faculty and staff are unfamiliar with many of the physicians and unsure about the quality of specialty care at this facility. Although reluctant, many are willing to accept routine care at UCLA-SM but when they need specialty care, they try to get referrals back to UCLA-WW. They believe strongly that the specialists on campus should be available to them through UC Care if they need them. But there are serious obstacles to access built into the new referral matrices for these centers. There are many one-way roads leading to UCLA-SM, which now add further layers of difficulty to a healthcare plan already challenged by referrals across the boundaries of tiers one and two and a medical billing system that is counterintuitive at best and at worst defies logic for many people.

To add even further roadblocks to UCLA-WW, the Faculty Association has understood from UC in Oakland and many of the providers at UCLA-WW that if faculty and staff were to use UC Care tier 2 extensively in order to achieve more direct access to UCLA-WW physicians and services and bypass any referral matrix that points in a different direction, it would result in deeper financial losses for UC Care and the UCLA medical providers. Damned if you do and damned if you don't.

Are we headed for a perfect storm of healthcare catastrophe at UCLA?

Most faculty are aware of the current threatening healthcare environment: double digit inflation in healthcare costs; the failure of many HMOs in the state; the general cost shifting of healthcare from employer to employee; the rise in the number of people without any medical insurance; and the skyrocketing cost of prescription drug coverage. Most are also aware that UC is building two new hospitals, one on campus at UCLA, and another in Santa Monica. In addition, faculty are paying more in UC Care premiums for 2002: prices more than doubled for two-party and family coverage in one year. Is \$8,082 a year (\$1,320/employee and \$6,762/employer), not counting deductibles and co-pays, for a family enrolled in UC Care not enough revenue to cover the costs of UC Care at UCLA?

If we begin with the premises that employees want a health plan that

- 1) offers choice among providers and services
- 2) allows access at some level to the UCLA-WW Providers and Services
- 3) is reasonably priced for the employee, adequately supported by a competitive employer contribution, and provides a fair level of reimbursement for services to the provider

Then what do we need to do to make UC Care a viable healthcare plan for enrollees?

- 1) improve the current 3-tiered plan to make it work?
- 2) change the design of UC Care? (higher deductible in exchange for lower premiums?) If so, how?
- 3) increase the UC Care plan revenue both from the employer contribution and from the employee premium level according to basic risk adjustment mechanisms?
- 4) other?

To provide an opportunity for faculty and healthcare administrators to talk about these important questions, the Faculty Association at UCLA has set up a town hall meeting, at noon, on Feb. 15, 2002 in the Math Department Lounge (Room 6620) to which all faculty are invited. UCLA Medical Center Director Karpf and UCLA Medical School Vice Provost Rosenthal have agreed to come and speak to faculty and answer questions. To help provide focus on these larger concerns and issues, the Faculty Association has formulated four specific questions, which individual professors will ask Director Karpf and Vice Provost Rosenthal at the faculty town hall meeting.

**Question #1: FINANCIAL ISSUES** (Professor Tom Liggett, Math Dept.)

**WHAT KINDS OF PLAN CHANGES WOULD ADDRESS THE CONCERNS LISTED ABOVE AND HELP SOLVE THE FINANCIAL PROBLEMS OF UC CARE? PLEASE WALK US THROUGH THE NUMBERS.**

**Question #2: ACCESS** (Professor Matthew Baum, Poli. Sci.)

**WHAT IS THE UCLA MEDICAL GROUP DOING TO IMPROVE ACCESS IN UC CARE TO PHYSICIANS AND SERVICES?**

PLEASE DISCUSS:

- 1) adequate number of primary care physicians per enrollees in UC Care
- 2) access to UC Care at UCLA for routine care; for urgent care
- 3) adequate telephone access (adequate handling of telephone inquiries) Note: Current practice is ineffective and frustrating. Many calls are not returned.
- 4) access to UC Care facilities in areas like the San Fernando Valley, Agoura, San Gabriel for faculty who cannot afford to live in Santa Monica
- 5) plan viability: future limitations on enrollment in UC Care?
- 6) equal treatment of UC Care members at HMO, tier 2, and tier 3 compared to members in other HMOs, PPO-non PPOs in the UCLA-CHS system

**Question #3: QUALITY INDICATORS** (Professor Mary Kay Norseng, Scandinavian Literature)

**HOW CAN FACULTY EVALUATE THE QUALITY OF MEDICAL CARE IN UC CARE?**

PLEASE DISCUSS:

- 1) availability of quality indicators by outcomes, mortality?
- 2) # of Primary Care Physicians, # of Board Certified Specialists at UCLA-SM? At UCLA-WW
- 3) consumer satisfaction surveys

**Question #4: MEDICAL BILLING** (Emeritus rep. to UCLA-FA Professor Amos Norman)

**HOW CAN UC CARE IMPROVE ITS MEDICAL BILLING SYSTEM?**

Why can't medical insurers and physicians in the UC Care network provide a billing system that people understand? For example, why can't they use a color-coded uniform, simple explanation of benefits and medical bill? The red (STOP, READ ONLY) colored (or color coded in some way) Aetna Explanation of Benefits (EOB) for UC Care should include date of service, service provided, physician, tier, amount billed by the doctor, amount eligible for insurance, amount paid by the insurance company to the doctor. The green (GO, PAY) doctor's medical bill to the patient should include date of service, physician, service, verification that the insurer has paid its portion of the bill or not, amount due from the patient. Often doctors' bills don't indicate the basic information and many employees confuse Aetna's Explanation of Benefits with the doctor's bill.

After the initial questions, there will be an opportunity for faculty to ask the speakers their own questions.

**Please Mark Your Calendars for Noon, Feb. 15, MSB, 6620 (RSVP at [ucfa@msn.com](mailto:ucfa@msn.com))**

