

HR/Benefits Review

Fall 2001

UC ANNOUNCES

Open Enrollment for 2002

Open Enrollment is your opportunity to transfer to a different medical or dental plan or add eligible family members to your current plans. You may also enroll in or opt out of UC-sponsored medical, dental, and vision plans, as well as change participation in the Dependent Care Assistance Program (DepCare) and the Tax Savings on Insurance Premiums (TIP) program.

Open Enrollment will begin on Thursday, November 1 and end on Friday, November 30. Employees eligible for full or mid-level benefits can make Open Enrollment changes through the Open Enrollment Action Line, and transactions must be completed by midnight (PST) on November 30. Core employees must use forms to make their changes, and the forms must be received in their Benefits or Payroll Office by 5:00 p.m. on November 30. You may not make Open Enrollment changes to UC-sponsored plans after these times.

All Open Enrollment changes will be effective January 1, 2002.

Benefits Information

In late October, you will receive an Open Enrollment announcement along with a personalized statement showing your current coverage. The announcement will include highlights and premium costs for 2002.

If you want to make a change, or learn more, detailed information will be available by late October on the special HR/Benefits Open Enrollment website (www.ucop.edu/bencom/oe). This website will include general Open Enrollment information, as well as descriptions of plan changes for 2002, side-by-side comparisons of plan benefits, prescription drug formularies, and instructions and worksheets for making changes by telephone.

If you don't have Internet access, you can have printed materials sent to you by returning the postcard included in your Open Enrollment mailing. If you want to request additional printed materials, please do so as early as possible to give yourself time to read the materials and to make any changes. To guarantee timely delivery, UC will accept postcard requests only through November 23.

Your campus or laboratory Benefits Fair is another excellent source of benefits information. It's a great opportunity to ask questions of plan representatives. Again this year, a limited supply of plan materials will be available. You can also call the plan's toll-free number directly for more information.

UC's Medical Plans:

Truly a Bargain for Your Health

(Editor's Note: For an in-depth look into the current cost environment of U.S. health-care and medical insurance, you may want to read the article, "Managed Care Crisis," on page 5 of the Summer 2001 issue of HR/Benefits Review, which was mailed to UC employees recently. The newsletter is available online at www.ucop.edu/bencom/newsletters.html.)

"The good news for UC members," said Lily Pang, UC Assistant Director of Health and Welfare Benefits Planning, in our article last month on healthcare costs, "is that our program is still very good. We offer a competitive package of benefits, and our coverage is still quite favorable..."

The Open Enrollment announcement material that you've received or will receive shortly serves to confirm Pang's comments. Against the backdrop of soaring health insurance costs nationwide, the University has been able to maintain a balance between holding down employee and annuitant premium costs and modestly increasing copayments.

For example, in UC's California health maintenance organization (HMO) medical plans, physician office visit copayments will change from \$5 per visit to \$10 per visit in 2002, emergency room copayments will increase by \$15 (\$25 for Western Health Advantage), and there will be larger prescription drug copayments. However, most employees in California have at least one HMO plan available to them at no monthly premium costs (all coverage levels).

The healthcare bargain that we continue to enjoy at UC is really remarkable when you take note that health insurance premiums during the past year rose 11%

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nationally, according to a report released by the Henry J. Kaiser Family Foundation and the Research and Educational Trust on September 6. That increase outpaces the overall inflation rate of 3.3%, and is the largest premium jump since 1992, the report said. The report further suggested that employers would be likely to pass on significant premium costs to employees in 2002.

At the beginning of the University's 2002 medical plan negotiations cycle, indications were that plan premium increases for the coming year would reach double digits—far exceeding anticipated state budget revenues that would fund an aggregate 9% increase in UC's employer premium contributions. The prospect of out-of-pocket premium costs for employees in many plans loomed for the first time in years. These projections mirrored the ongoing nationwide premium spiral, fueled primarily by run-away prescription drug cost hikes, the price of new technologies, costs of healthcare for an aging U.S. population, and a leveling off of competition for new enrollees among medical insurance companies that are weathering the financial strain of skyrocketing utilization costs.

However, early projections proved overstated for the University owing to a number of favorable factors, including the traditionally relatively lower cost of healthcare in California resulting from the effectiveness of the HMO model here. The large memberships that the UC population affords its medical plans, and positive underwriting risk analyses based on the copayment increases that have been announced for 2002 are also keeping cost increases low.

The value of UC medical plan coverage is truly dramatic, and most evident when we consider the bargains for healthcare that they provide. For example, consider the general healthcare market cost of typical hospitalization for three fairly common services:

- \$11,000 to \$16,000 for child delivery and post-partum hospitalization, depending on mode of delivery;

- \$10,000 on average for an appendectomy;
- \$75,000 to \$95,000 or more for an open heart bypass procedure.

In 2002, a member of a California HMO, UC Care, or a BluePremier Plan will have only a \$250 copayment for each of these hospitalizations. That is less than the charge for many home or auto repairs. It's quite a bargain.

- The bill for that routine visit to your doctor's office to check on a cold or flu, have an annual physical exam, or have an outpatient procedure can range from \$125 to \$180, depending on the type of visit; in 2002, UC members of California HMOs will have a \$10 copayment for each visit.
- Prescription drug costs, which have risen a staggering 12% to 80% in the past year, remain affordable under the copayment structure of UC's medical plans. For many UC members of California HMOs in 2002, their \$10 copayment will provide a month's supply of a generic drug that costs the plan between \$100 to \$150; a \$20 copayment will provide a month's supply of a more costly brand name drug.

What is as dramatic as these representative bargains for services is that many UC plan members pay no monthly premiums. In 2002, the University will pay the entire California monthly amount for all but one HMO, and 97% of the premium for the plan in which members do have a monthly cost.

Moreover, the large size of UC membership in most plans, coupled with the copayment structure modifications for 2002, continue to hold total premium costs for many plans below the national average. According to the September 6 Kaiser Family Foundation report, the current average monthly medical plan premium nationwide is \$221 for singles and \$588 for families. In 2002, the monthly premiums for UC's California HMOs will range from \$176.06 to \$190.79 for singles, and from \$475.36 to \$515.16 for families, and UC will pay the full premium

costs of all but the most expensive of these plans.

Despite the good news for 2002, however, the University almost inevitably faces cost increases again in 2003 and beyond. To maintain its tradition of providing a health and welfare benefits package that retains a high industry standard will require difficult and complex planning. "Offering good, cost-effective benefits choices for faculty and staff is and always has been our focus," wrote Judith W. Boyette, UC Associate Vice President for Human Resources and Benefits, in her letter in the Open Enrollment announcement recently mailed to UC employees.

For the future, Michele French, Executive Director of Workforce Planning at UC, pointed out that the premium and copayment cost issue is a challenge to every California employer. "It's a statewide, and ultimately a nationwide, problem," she said, adding that UC specifically, and California generally, "are fairing better than others because we are starting from a lower baseline, but we are seeing the same relative upward cost creep." The important message, she said, "is that we have had an incredibly good deal for the last 20 years, but we are now being caught up in something that is happening statewide," as well as nationwide.

Many solutions might be viable in the future, French suggested. One is a more flexible approach to medical coverage in which an individual has a degree of core coverage, with optional levels of copayments, deductibles, and prescription drug expense alternatives. Another approach might be a medical expense flexible spending account for employees, in which out-of-pocket member expenses might be higher, but the employer-provided spending account can be a pre-tax account.

French cautioned that approaches such as these are only under preliminary study presently. The guiding principle, though, as we move forward into the new century, is to ensure that health coverage remains a bargain for the University community. ▲

Plan Highlights for 2002

UC continues to offer an array of health and welfare plans that give a high degree of insurance coverage at affordable costs. This page gives only a brief overview of changes for the coming year. For detailed plan changes, please see our website (www.ucop.edu/bencom/oe) or use the postcard included with your Open Enrollment announcement to request an Open Enrollment Packet. For details specific to a plan, call that plan. Plan phone numbers are available in the Open Enrollment materials or on our website.

California Only

Employee Monthly Plan Costs

With all of our medical plans, it was necessary to make changes in order to contain employee monthly premiums. Employees will notice that copayments are higher than in the past and that prescription drug benefits have been restructured. Dental and vision plan premiums continue to be fully paid by UC.

California Medical Plans

UC is extending indefinitely its 2001 pilot program that allows transfer among California HMOs at any time during the year to address concerns about medical plan provider/network disruptions.

Core and High Option

No benefit changes.

UC Care

Tier 1:

- \$10 copayments increase to \$20 for office visits and general outpatient visits.
- \$50 emergency room copayment increases to \$75 (doesn't apply if admitted to the hospital).
- \$250 copayment is added for each hospital admission.
- Out-of-pocket maximum increases from \$1,000 to \$1,500 (individual) and from \$3,000 to \$4,500 (family).

Tier 2:

- \$40 copayments increase to \$50 for

office visits and general outpatient visits.

- \$50 emergency room copayment increases to \$75 (doesn't apply if admitted to the hospital).

Tier 3 and out-of-area:

- \$50 emergency room copayment increases to \$75 (doesn't apply if admitted to the hospital).

Tiers 1, 2, and 3: Chiropractic and acupuncture copayments increase from \$10 to \$15.

Prescription drugs, all levels:

- Retail: \$10 copayment for generic drugs increases to \$15; for brand name drugs, \$20 copayment increases to \$25; \$40 for non-formulary.
- Mail Order: Copayments increase from \$25 to \$30 generic/\$35 to \$50 brand name/\$80 non-formulary.

California HMO Plans—Health Net, Kaiser Permanente, PacifiCare, and Western Health Advantage (WHA)

Most copayments increase; hospital copayment is added. For example:

- \$5 copayments increase to \$10 (including office visits and general outpatient visits).
- \$35 (\$25 WHA) emergency room copayment increases to \$50 (doesn't apply if admitted to the hospital).
- \$250 copayment is added for each hospital admission (including admission for mental health and substance abuse care).
- Annual copayment maximum increases for all plans, except Kaiser Permanente, which remains at current maximums.

For Kaiser Permanente—California, certain benefits are increased related to emergency contraceptives and intrauterine devices, post-mastectomy brassieres, and therapeutic contact lenses for aniridia.

Prescription drugs

California HMO plans (except Kaiser):

- \$5 retail drug copayment for generic drugs increases to \$10; \$10 brand name drug copayment increases to \$20; \$35 for non-formulary drugs.

- \$10 mail order drug copayment for generic drugs increases to \$20; \$20 brand name increases to \$40; \$70 for non-formulary drugs.

Kaiser Permanente:

- \$5 retail drug copayment increases to \$10 for generic and to \$20 for brand name.

Service area changes

Butte, Humboldt, Lake, Sutter, and Yuba counties will no longer be in the service area for Health Net or PacifiCare. In addition, Amador, Glenn, Mariposa, Mendocino, Merced, and Napa counties, and parts of Madera and North El Dorado counties will no longer be in is PacifiCare's service area. Trinity will no longer be in Health Net's service area. WHA will add Colusa county.

New Mexico Medical Plans

BluePremier HMO

- \$15 copayments increase to \$20 (including office visits and general outpatient visits).
- \$35 emergency room copayment increases to \$75 (doesn't apply if admitted to the hospital).
- \$250 copayment is added for each hospital admittance.
- Annual copayment maximum is removed.

Prescription drugs:

Retail: \$25 copayment for brand name drugs increases to \$30; \$40 to \$45 for non-formulary; (generic remains \$15).

Supply limit for one-month period: One copayment for a 30-day or 120-unit supply (whichever is less). If more than 120 units are needed for a 30-day supply, another copayment will apply to each additional 120 units (or portion) purchased.

Mail order for a 30-day or 120 unit supply (whichever is less): \$25 copay-

UC Proposes Special Retirement Savings Option

Due to the recent economic downturn and resulting decline in state revenues, the University of California received significantly reduced state funding for 2001-2002 salary programs. In an effort to mitigate some of the disappointing effects of this year's salary shortfall and to recognize employees' continuing contributions—especially during the present economic difficulties—University administrators will be presenting to UC Regents on November 14–15 a proposal that would give eligible employees additional personal funds by way of a special retirement account.

"All our employees work very hard to help make UC a premier educational institution and they deserve to be recognized appropriately. Given this year's unfortunate constraints on salary increases, we are very happy to have found a way that could give employees some additional funds," said Joseph Mullinix, Senior Vice President for Business and Finance. He added, "It's essentially a form of deferred compensation, and while it won't change employees' incomes immediately, it will give a boost to their finances later on."

The special account, called a Capital Accumulation Provision (CAP) accrual credit, will be available to all eligible UC employees who are members of the University of California Retirement Plan (UCRP). For each eligible employee, the CAP accrual credit being proposed would be calculated at 3 percent of the employee's eligible "covered compensation" (compensation used for the purpose of determining benefits under UCRP) for a specified period of 12 months. This amount would then be put into a special account in UCRP where it would earn interest until the employee retires or leaves University service.

For example, an employee who receives \$35,000 in covered compensation during the specified 12 months would receive a CAP accrual credit of \$1,050. This CAP accrual credit would then be

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ment for brand name drugs increases to \$30; \$40 to \$45 for non-formulary; (generic remains \$15).

Supply limit for three-month period: two copayments (see above) for a 31–90-day or 360-unit supply (whichever is less). If more than 360 units are needed for a 90-day supply, two more copayments will apply to each additional 360 units (or portion) purchased.

- The member will pay the applicable prescription drug copayment for each package regardless of the days' supply it represents.
- A new drug formulary will apply.
- Nonprescription enteral nutrition products are covered with a 50% copayment (prior authorization required).

Service area changes:

- McKinley County is added to the service area.

BluePremier POS

For Tier 1: \$15 copayments increase to \$20 (including office visits and general outpatient visits).

For Tiers 1, 2, and Worldwide benefits: \$50 emergency room copayment increases to \$75 (doesn't apply if admitted to the hospital).

Prescription drugs—both in-area and worldwide benefits:

- Same as prescription drug benefits for BluePremier HMO.
- Nonprescription enteral nutrition products are covered with a 50% copayment (prior authorization required).

Core Plan

No benefit or rate changes.

Kaiser Permanente—Mid-Atlantic

Most copayments increase, similar to those noted above for California HMOs (\$5 to \$10 for office visits; \$35 to \$50 for emergency room; new \$250 copayment for each hospital admittance; \$5 to \$10 for prescription drugs in Kaiser Permanente facility; \$15 to \$20 at participating

pharmacy; \$3 to \$8 for mail order).

PacifiCare of Nevada

No plan changes. Washoe County will no longer be included in the plan's service area.

Dental and Vision Plans

Delta Dental and PMI (CA only)

Both plans now cover pit and fissure sealant through age 9 for primary molars and age 15 for secondary molars (previously ages 8 and 14 respectively). PMI coverage for fluoride treatment is covered through age 18 (previously through age 17).

Vision Service Plan

Polycarbonate lenses will be covered.

Tax Savings on Insurance Premiums (TIP)

No plan changes.

Dependent Care Assistance Program (DepCare)

No plan changes.

Plans Not Available During Open Enrollment

Legal Plan

The benefit for estate planning, wills, and trusts will be expanded from one to four benefits per single/family coverage per year.

Establishing guardianship or conservatorship of either an adult or minor will be covered.

No rate changes.

Disability Insurance

Short-Term Disability—formerly called University-Paid Disability

Supplemental Disability—formerly called Employee-Paid Disability

No benefit or rate changes.

Life Insurance

Basic Life—formerly called University-Paid Career Life

Core Life—formerly called University-Paid Core Life

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UC Ratings of Care

2001 Survey of Member Satisfaction

Earlier this year, DSS Research (DSS) conducted a member satisfaction survey of the UC-sponsored medical plans. DSS is an independent research firm located in Arlington, Texas.

The survey, which measured member satisfaction with the medical plans during the calendar year 2000 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, 2000, and whose primary coverage was through a UC medical plan (rather than Medicare).

Open Enrollment for 2002

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Year 2002 Plan Highlights

In the face of skyrocketing costs throughout the healthcare industry, UC has had to make some difficult choices to keep costs as low as possible. In 2002 you will see increased medical plan copayments and other changes that were made to contain employee monthly premiums.

Also, UC is extending indefinitely its 2001 pilot program that allows transfer among California HMOs at any time during the year. The program has helped to address concerns about medical plan provider/network disruptions.

In addition to the medical plan changes, there are some benefit improvements in the dental and vision plans, as well as a 2% rate reduction for the Supplemental Life Plan. You can find more information about plan changes in the Open Enrollment mailing and on the HR/Benefits website.

Salary Reduction Programs

The Dependent Care Assistance Program (DepCare) allows you to pay eligible dependent care expenses on a pretax, salary reduction basis. During Open Enrollment you can enroll in DepCare or change or cancel your DepCare salary reduction amount.

Tax Savings on Insurance Premiums (TIP) allows you to pay your health plan premiums, if any, on a pretax, salary reduction basis. Participation in TIP is automatic. During Open Enrollment you may opt out of or reenroll in TIP.

Remember that Open Enrollment only comes once a year! So this year be sure to review the information carefully and consider any recent changes in your life that may affect your insurance and benefits needs. The choice is yours. ▲

Percent of members who responded favorably about...

UC Plan	Overall Health Care	Overall Health Plan	No problems getting a referral to a specialist	Care for an illness or injury as soon as wanted	No problems getting help from the health plan's customer service	No complaints or problems written to health plan
Blue Premier HMO NM	88.5%	75.6%	65.4%	79.8%	51.3%	73.1%
Blue Premier POS NM*	90.1%	74.1%	73.0%	85.7%	37.7%	65.2%
Health Net	86.8%	79.8%	64.3%	75.1%	44.6%	82.8%
Kaiser Permanente	89.8%	86.8%	73.8%	83.9%	60.1%	92.3%
PacifiCare	87.6%	80.1%	65.8%	77.1%	48.0%	84.6%
UC Care	86.2%	70.5%	58.4%	73.8%	40.5%	72.7%
WHA	91.4%	84.5%	70.2%	80.3%	44.7%	89.6%
# of Respondents	4814	5352	3117	2378	2177	5430

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

Survey results are based on responses from more than 5,400 members of the California HMOs, UC Care, and Blue Premier Plans. For more in-depth information on plans and providers in California, go to *Healthscope* at: www.healthscope.org. ▲



Medical Provider Disruptions and Service Area Pullouts



Your best resources for information are your personal physician and your medical plan. Often, your doctor can alert you to possible changes to your plan. Your plan will let you know when there are anticipated changes in provider groups or service areas. They will also inform you of your options, should you be faced with such changes. When you have a particular question about your plan or coverage, you are encouraged to call your plan directly.



In the last few years, medical provider disruptions and service area changes have alerted UC employees and annuitants to the impact of the managed care crisis in America.

PacifiCare and Health Net recently announced they will discontinue their Medicare plans in several California counties, effective January 1, 2002. These are the latest in a series of medical provider disruptions to affect the UC community during the last few years. These circumstances make it important for UC members to remain in contact with their medical providers and plans and to watch for announcements from HR/Benefits for updates about their coverage.

This week, Health Net announced the discontinuation of its *Seniority Plus* Medicare plan in Marin county and the northern part of San Mateo county as of January 1, 2002. The complete list of counties in which Health Net will no longer provide coverage to Medicare enrollees by the end of 2001 is El Dorado, San Joaquin, Marin, Stanislaus, Ventura, and parts of San Mateo. The *Seniority Plus* pullout in these areas affects 211 UC members and their family members.

On September 24, 2001, PacifiCare announced that it would discontinue its *Secure Horizons* Medicare plan in eight counties, and partially withdraw

What you can do

If you are currently enrolled in a UC HMO and are faced with a medical provider disruption, you should do the following:

- Call the plan to find out what the change is and when it will go into effect. Also, ask the plan what your options are, should your doctor or medical group no longer contract with the plan.
- Call your doctor or medical group and ask them if they have a contract with another UC HMO in your service area. If they do and you would like to stay with your current doctor and/or medical group, ask them whether or not they will take you as a patient under the other HMO. Then, apply for an HMO transfer under UC, by contacting your local Benefits Office (current employees) or calling UC Customer Service at 1-800-888-8267 (annuitants).
- If there is no other HMO available to you to keep your current doctor or medical group, call the plan to find out what other doctors or medical groups are available to you in the area. They can advise you and assist you in making the change to a new primary care physician (PCP).
- You may also want to call your local Benefits Office or UC Customer Service for other options available to you.

If you are currently enrolled in an HMO and are faced with a service area pullout, you should do the following:

- Call the plan to find out when the change will take effect and watch for notices in the mail.
- Call your local Benefits Office or UC Customer Service to find out what alternatives are available to you.
- If you decide to change plans, do so by submitting the appropriate form to your local Benefits Office or to UC HR/Benefits. If you do not select another plan, California members will be placed into UC Care (for Los Alamos National Laboratory employees and annuitants, the default plan will be different). ▲



from seven more on January 1, 2002. Counties affected are Alameda (partial), Butte (partial), Contra Costa (partial), El Dorado, Imperial, Marin, Napa, San Francisco, San Joaquin (partial), San Mateo (partial), Santa Barbara (partial), Solano, Sonoma, Tulare and Ventura (partial). These withdrawals affect 232 UC members and their families who are currently enrolled in *Secure Horizons*.

UC members have seen their HMO choices, both non-Medicare and Medicare, dwindle in recent years. UC members can choose other plans such as UC Care, but many members prefer the low cost and security of an HMO plan. In many cases, the HMO plans have provided members with their

medical coverage for many years. Many members, particularly those in Medicare, are now without an HMO plan to choose.

Health Net and PacifiCare will alert UC members currently in *Secure Horizons* or *Seniority Plus* in the affected counties that they are impacted by the announced pullouts. Those who do not make changes to their medical coverage during the 2002 Open Enrollment will be placed automatically into UC Care. Members are encouraged to contact the plans directly with questions. They can also call UC Customer Service (1-800-888-8267) for more information about alternate Medicare coverage in their areas. On campuses where the health



The Women's Health and Cancer Rights Act

Annual Notification of Rights

The Women's Health and Cancer Rights Act of 1998 (Women's Health Act) requires group medical plans and insurance companies that provide coverage for mastectomies to also provide certain related benefits or services. It also requires that we give annual notice of your rights under this law.

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 reconstruction 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 Act applies to any employee, annuitant, or eligible family member 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. ▲



403(b) Plan and DC Plan

UC Account Distributions on the Internet

In September, a new feature was added to UCbencom—UC Account Distributions. Participants can now use the Internet to request a distribution from their UC-managed accounts in the Defined Contribution Plan (DC Plan) and the Tax-Deferred 403(b) Plan. You can find an icon link to this new feature on the UC HR/Benefits homepage, (www.ucop.edu/bencom).

This marks a milestone in the HR/Benefits department's effort to deliver more efficient, cost effective, and responsive services to employees and retirees. The full cycle of UC-managed account transactions is now available on the Internet—from enrollment to transfers and, now, distributions. If you do not have Internet access, the Distribution Line on bencom.fone, UC's interactive telephone service, continues to be available 24 hours a day, 7 days a week, at 1-800-888-8267.

Due to the special tax treatment of these accounts, active UC employees are restricted from requesting certain distributions from the DC Plan and 403(b) Plan. For the most part, the UC Account Distributions feature will be used by participants after they leave UC employment. (Active employees can request distributions from the DC Plan After Tax Account at any time.) You can find more information about your distribution options on UCbencom or from your Benefits Office. ▲

University Military Leave Provisions

As a consequence of the recent tragic events that have occurred in our nation, many UC employees have contacted their local Benefits Offices to request information about military leave.

To review the most current *UC Military Leave-Benefits Checklist*, go online to UCbencom (www.ucop.edu/bencom): on the homepage, click on "Life Events," then simply scroll down and click on the *Military Leave-Benefits Checklist*. The checklist has recently been updated to include the most current information available at this time. ▲

Calvert Group Investment Fund Options

Effective September 2001, 403(b) Plan participants may invest in a wider array of socially responsible mutual funds managed by the Calvert Group. Since 1985, 403(b) Plan participants have had only one socially responsible investment fund option through Calvert—the Calvert Social Investment Fund Balanced Portfolio (formerly the Managed Growth Portfolio). Beginning in September, participants were able to invest in and transfer money among all 11 socially responsible funds currently managed by Calvert. The 10 new funds that will be available for investment are:

- Calvert Large Cap Growth Fund
- Calvert Social Index Fund™
- Calvert Social Investment Fund™ Equity Portfolio
- Calvert Social Investment Fund™ Enhanced Equity Portfolio
- Calvert Capital Accumulation Fund
- Calvert New Vision Small Cap Fund
- Calvert World Values International Equity Fund
- Calvert Social Investment Fund™ Technology Portfolio
- Calvert Social Investment Fund™ Bond Portfolio
- Calvert Social Investment Fund™ Money Market Portfolio

The Calvert Group has been a leader in the socially responsible investment field for nearly 20 years. Teams of research analysts—experts in international human rights, labor relations, environmental policy, and community investment—rigorously screen potential investments based on the company's social record; for example, product

UC-Managed Investment Funds

Performance Results

Since July 30, 2001, 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
7/30/01	280.934	128.613	29.498	.4887%	.5690%	.3464%
8/31/01	266.326	130.321	29.135	.4762%	.5709%	.3142%
9/30/01	245.271	132.128	28.554	.4523%	.5542%	.3063%

Rates of Return as of September 30, 2001

Annualized

	1-YEAR	5-YEAR	10-YEAR
TOTAL RETURN FUNDS			
Equity	-28.72%	9.69%	12.26%
Bond	14.42%	10.73%	10.91%
Multi-Asset	-6.28%	8.53%	9.33%
INCOME FUNDS			
Savings	5.92%	6.06%	6.54%
Insurance Company Contract	6.93%	7.19%	7.69%
Money Market	5.33%	5.60%	5.13%

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 UCbencom. To get there, go to www.ucop.edu/bencom and select "403(b) and DC Plans Unit Values" on the left side of the home page. The UC funds are valued monthly, and the new unit values and interest factors are posted on our website around the tenth of each month. You may also request a Statement on Demand of your current balances and transactions from UC's interactive telephone service, [bencom.fone \(1-800-888-8267\)](tel:1-800-888-8267). Both services are available 24 hours a day. Summary statements and retirement projections are also now available on the Internet by going to UCbencom and selecting among the statement options under "Online Actions." ▲

safety, the environment, workplace practices, and community relations, as well as intensive financial analysis.

For more information on the newly available socially responsible funds, call Calvert directly at 1-800-368-2745 or visit their website at www.calvertgroup.com. ▲

Open Enrollment Fairs for Employees

Open Enrollment will be held November 1 through 30, 2001. Here is the schedule for Open Enrollment Fairs—your opportunity to meet with insurance carriers and UC staff regarding UC-sponsored plans and the benefits they offer.

Schedule of Benefits Fairs

Date	Time	Location
Tuesday, Oct. 30	7:30-1:00	San Francisco Campus, UCSF Gymnasium, 500 Parnassus Ave.
Thursday, Nov. 1	12:00-3:00	Santa Cruz Campus, Basking School of Engineering, Lobby
Friday, Nov. 2	9:00-12:00	Berkeley Campus, 370 Dwinelle Hall
Friday, Nov. 2	1:00-5:00	Lawrence Berkeley National Lab, Cafeteria, Bldg. 54
Monday, Nov. 5	2:00-5:00	Lawrence Livermore National Lab, West Cafeteria Bldg. 125
Tuesday, Nov. 6	11:00-3:00	UC Office of the President, 1111 Franklin St., 1st floor foyer
Wednesday, Nov. 7	10:00-3:00	Davis Campus, Freeborn Hall
Friday, Nov. 9	10:00-3:00	UC Davis Medical Center, ACSU Auditorium
Tuesday, Nov. 13	7:30-1:00	Los Angeles Medical Center, Cafeteria Vending Area
Tuesday, Nov. 13	3:00-5:00	Santa Monica Hospital, Classrooms A and B
Thursday, Nov. 15	12:00-3:00	Riverside Campus, Terrace Rooms A,B,C and D
Monday, Nov. 19	12:00-4:00	Los Angeles Campus, Faculty Center, California Room
Tuesday, Nov. 20	11:00-3:00	San Diego Campus, Price Center, Ballrooms A & B
Wednesday, Nov. 21	7:30-11:00	Irvine Medical Center, Associates Conference Center
To be Announced		Los Alamos National Laboratory, see LANL website: www.hr.lanl.gov/

Delta Dental

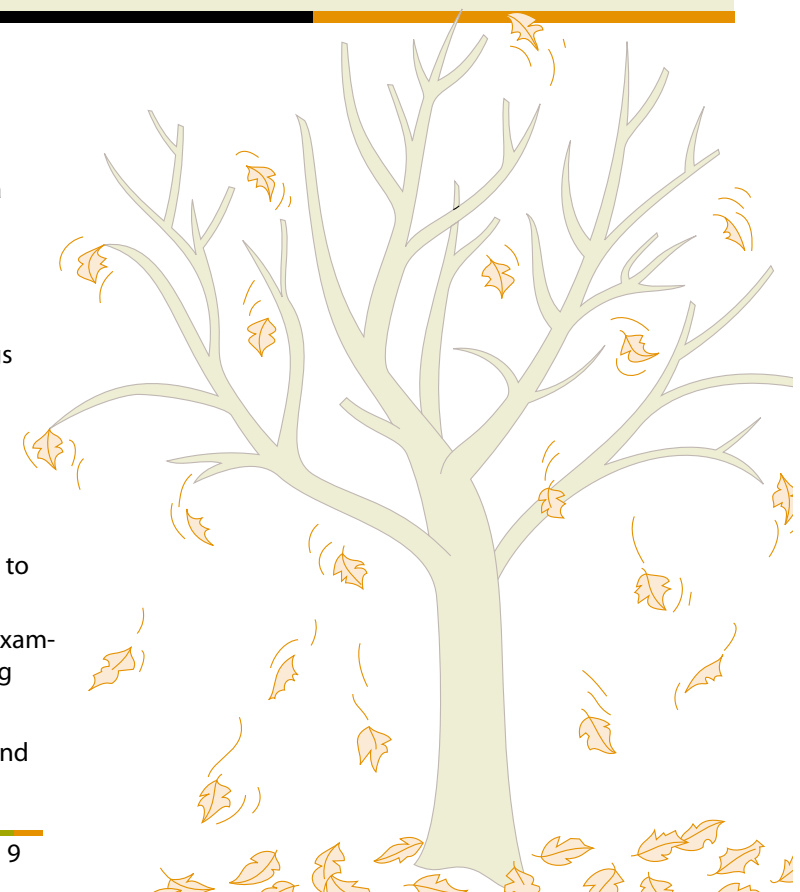
Are you about to schedule your next dental check up? If you're a member of Delta Dental, clip-out the following, and keep it with your calendar.

Delta Dental Overview

If you or your family member schedules more than two cleanings per year—or if you receive more than one oral exam during the year—be sure that both you and your dentist (or the appropriate dental office staff member) clearly understands what Delta Dental will cover.

- In general, one oral exam will take place at one of the cleanings.
- You can schedule a second cleaning. (Note: You may be eligible to receive more than two cleanings if dental necessity is shown.)
- Up to two non-routine oral exams are available each year (for example, an exam related to injury, infection, toothache, or evaluating oral surgery needs).

Remember, to keep that perfect smile, schedule one oral exam and two cleanings with your Delta dentist each calendar year. ▲



One-time UCRP Service Credit Allocation

Reminder for Staff, Preview for Academics

The Regents recently approved a program to provide University of California Retirement Plan (UCRP) service credit to certain eligible UCRP members in recognition of past time worked in temporary positions. The first phase of the program was rolled out for staff in June, and to date more than 17,000 employees have received additional UCRP service credit. Preparation is now underway for the second phase, which is directed to academics. If you have worked as a temporary employee in an academic appointment at some time during your UC career, you may be eligible to receive additional retirement plan service credit (and increase the value of your future retirement benefits) under this program. This article covers the highlights of the program and should not be read as defining the rules for eligibility.

Early in 2002, academic employees who meet the program's criteria will be notified by mail that they've received an automatic allocation of either one or two years of UCRP service credit. This automatic allocation will be based on the best available records, and it is possible that it will not identify everyone who is eligible. If you do not receive notice that you received the automatic allocation, you may still be eligible to request an allocation based on your past time worked in a temporary position.

To be eligible to receive the service credit allocation under the second phase of this program, you must first meet all three of the following basic criteria:

1. You must have been in an active academic appointment at UC on January 1, 2001; and
2. Either you must have been an active UCRP member on January 1, 2001, or, if you were not, you must become an active UCRP member by December 31, 2001; and
3. You must have had a period of eligible temporary employment at UC which lasted at least six months.

Employees who, as of January 1, 2001, were working in a job category exempt from UCRP membership are not eligible. This includes employees in per diem and casual restricted appointments, and those paid "by agreement" or under other special compensation agreements not eligible for UCRP.

If you are a staff employee and think you are eligible under the staff program, you can find information and forms on the HR/Benefits website, (www.ucop.edu/bencom/). The deadline for staff to submit requests or appeals is July 31, 2002.

If you are an academic employee, please don't try to obtain payroll records or submit a request until the second phase of the program is in place. Watch for updates in your local newsletters and on the UCbencom website (www.ucop.edu/bencom/) for more information about this program in the coming months.

Employees who have worked in both staff and academic appointments

Eligibility to request a service credit allocation is based on your appointment as of January 1, 2001. If you were working in a staff appointment at that time, you can request an allocation under the staff phase of the program based on past time worked in either a staff or academic position. If were working in an academic appointment on January 1, you will have to wait for the academic phase of the program, even if your past time worked was in a staff position.

In any case, no years of employment with the University may count twice for determining service credit under UCRP. If you have two appointments, one staff and one academic, and meet the eligibility requirements under both programs, you may be granted service credit under one program, but not under both. ▲

Plan Highlights 2002

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Supplemental Life—formerly called Employee-Paid Life

Rates will decrease by 2%.

No benefit changes.

The name changes for both disability and life insurance became effective January 1, 2001.

Accidental Death & Dismemberment (AD&D)

(Employees may enroll at any time.) No benefit or rate changes. ▲

CAP Announcement

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held in a separate CAP account for that employee under UCRP, and would earn interest at an specified annual rate based on the interest rate used to value liabilities under UCRP (currently 7.5 percent).

To be eligible to receive the CAP accrual credit, employees must be active UCRP members on the date specified, which could be as late as June 30, 2002. This would include UCRP members on sabbatical or approved leave of absence. Disabled, Retired, and Inactive members would be excluded. The eligibility dates for this proposed accrual credit have not been finalized.

If approved by UC Regents in November, six to eight months of retirement system programming would be required and the CAP accrual credit would be expected to be in place by summer 2002.

Eligible UCRP members previously received CAP accrual credits in the early 1990s, during another period when the state's budget was under severe pressure. The CAP provides a supplement to other UCRP benefits; eligible members receive their CAP balance when they retire or leave University service. ▲

Pullouts

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care facilitator program has been implemented, the health care facilitator is also available to help members deal with various health plan issues.

In the last few months, UC has tried to describe why we are seeing these changes in our health care system. Medical provider disruptions and service area pullouts are symptoms of the crisis in managed care throughout the nation, not just California. In the summer issues of *HR/Benefits Review* and *New Dimensions*, our Managed Care Crisis article explained some of the background for these changes to managed care. You can view the article by going to UCbencom (www.ucop.edu/bencom).

Medical plans and medical groups are struggling to survive. Medical provider disruptions and service area pullouts are decisions they reluctantly make to sustain their business. The reality is that changing economic factors leave them no choice. Rising costs and evaporating profit margins have even forced some medical groups and medical plans to close or to limit their services.

UC HR/Benefits will continue to provide information about plan provider disruptions and pullouts as the information becomes available. Watch for updates in our newsletters and announcements. When a disruption or service area pullout affects you, UC will work with your plan to provide information to you about the changes and how they may affect you.

For those with Internet access, the UCbencom web site (www.ucop.edu/bencom) can be the best source for the latest announcements. You can also access plan links and telephone numbers, as well as providers through UCbencom.

Your medical plan coverage is an important benefit of belonging to the University of California community. UC HR/Benefits is committed to providing quality medical services to our employees and annuitants. As part of that commitment, we work continuously to mitigate the problems you may face with disruptions, pullouts, and other issues. ▲

HR/Benefits Review

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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.

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In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Director Mattie Williams and for faculty to Executive Director Sheila O'Rourke, both at this address: University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.

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



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Notice

This newsletter is the official vehicle by which UC notifies both active and inactive University of California Retirement System (UCRS) members of changes that can impact any future retirement benefits to which they may be entitled. ▲

HR/Benefits Review

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Human Resources and Benefits
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