New Dimensions

Benefits Newsletter for UC Annuitants *Volume 17 Number 3, Summer 2001*

Meet the New UC Treasurer

In mid-June, a few of us from UC HR/Benefits had the opportunity to talk with Dave H. Russ, the new UC Treasurer and Vice President for Investments appointed by the Regents in April. Dave's first day on the job was June 1. We came up with a few questions and concerns that we thought might be foremost in participants' minds and parted with a wealth of information from a man whose knowledge and ideas left us totally invigorated.

Background

Dave brings his investment expertise to UC directly from the University of Texas Investment Management Company (UTIMCO), the country's second largest endowment fund. There he served as Managing Director of Public Markets, overseeing $15 billion in assets for the University of Texas System, Texas A&M University, and several other university endowments. At UT, Dave was instrumental in helping the endowment and operating fund assets grow from $9 billion to over $15 billion from 1997 to 2001. Before that, he was Director of Investment Management and a portfolio manager for the Pacific Telesis Group in San Francisco, managing ERISA-controlled pension funds. For six years, he was part of the Stanford endowment management team, where he was responsible for internally managed funds and debt issuance. He was a member of the investment committee known as the portfolio management group, and held the title of Senior Portfolio Manager of the Stanford Management Company.

Investment Philosophy

In his work, Dave brings to life his fundamental credo: Take the investment skills that you have developed to exercise sound judgment and a coherent investment strategy. He has been exercising this skill for nearly 15 years by adding value to the institutional portfolios that he has managed for other universities and pension plans. He regularly uses proven quantitative methodologies, investment trading models, and software systems to explain portfolio performance and behavior to boards, to understand and control multidimensional risk, and to create custom benchmarks to measure performance more accurately.


David H. Russ, UC Treasurer

Dave's advice to his investment managers: "The measurement of past risk and the expectation of future risk is essential to portfolio construction and monitoring. The inherent risk embedded in any investment portfolio can be a positive contributor to performance. Risk isn't bad if you understand and control it. The risk/return tradeoff is a fundamental concept in asset allocation. For example, combining assets that appear "risky" on a stand-alone basis with other asset classes may in fact reduce risk to the overall portfolio, due to the interaction of the correlation and covariance effects. Our goal is to maximize return while minimizing risk in all the investment portfolios."

Here are some other thoughts that came up during our discussion—

Dave thinks UC's revised asset allocation policy is a good, disciplined strategy. "Our asset allocation

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framework is under constant review, and indexing a portion of UC's investment portfolios is a prudent decision. One of our goals is to protect the investment portfolios from downside surprises. We are exploring strategies to allow the portfolios to grow on the upside, while preserving the substantial gains achieved in the 1990s."

Recognizing that market downturns are fresh in everyone's mind these days, we wanted Dave to address what the Treasurer's Office does to protect and preserve the assets of the UC plans. Investment diversification is key. A well-diversified multi-asset class portfolio can mitigate losses in one portion of the portfolio by realizing gains in another area. He pointed out that unexpected market downturns are intrinsic in our global economy, and they can occur at any time.

"The financial markets respond to events that at first blush may not appear to affect global investment portfolios. For example, the U.S. equity market downturn in the summer of 1998 has been closely linked to the Russian debt crisis and the problems associated with the Long Term Capital Management (LTCM) hedge fund leveraged portfolio. Peak to trough from about July 17, 1998, to August 28, 1998, the S&P 500 dropped by more than 13 percent. Then an additional 5 percent was lost from August 28, 1998, to about October 7, 1998, for a total loss of about 18 percent. The market pundits were attempting to call the start of a bear market–defined by a 20 percent drop. Some investors may have left the equity market at that time. If one were to have weathered the storm and remain invested in the S&P 500 from October 1998 to mid-March 2000, the return would have been more than 50 percent. Granted, the Fed helped out by reducing interest rates and brokering the sale of LTCM. The point is that long-term investors must maintain their strategic exposure to the markets in both upward trending and falling markets. We cannot precisely predict the top or the bottom a priori."

Notwithstanding market overpricing and the subsequent "Internet-o-mania" burst and its shadowy effect on the corporate infrastructure, Dave firmly believes that over the long term the Ciscos, Microsofts and like companies will remain intact, supported by an economic environment of sustainable low unemployment and tame inflation. These companies are providing the infrastructure and building blocks to future creativity and innovation.

The Treasurer's Office, established in 1933, is responsible for managing the investments and cash of the University of California system, which includes the ten campuses, five teaching hospitals and three national laboratories.

The Treasurer carries out these activities under the policies established by The Regents of the University of California.

The Office of the Treasurer has a long and successful history of managing the University's pension and endowment funds, beginning with the first endowment fund in 1933, and continuing with the creation of UCRP in 1961 and the first defined contribution plan in 1967. The UC-managed investment funds have achieved excellent performance results over the years, with the Equity and Bond funds achieving returns that would place them in the top 19 percent and top 2 percent, respectively, of all comparable publicly available mutual funds over the last 15 years. In addition, the Savings Fund has earned annual yields averaging a full percentage point greater than those of 2-year Treasury Notes during the same period.

Regarding the timely valuation of the UC-managed funds, we wondered, as many participants do, whether the monthly values could be made public closer to the first of each month, rather than the tenth of the month. For the most part, the delay is due to what Dave referred to as "pricing challenges" in the fixed income portfolios. Obtaining the value of equity securities is relatively straightforward, because the markets price securities on equal, organized exchanges. Fixed income securities—that is, corporate and government bonds and commercial paper—present more of a dilemma, however, because no single organized exchange in the fixed income markets exists for pricing. This means that banks, governments, and the foreign markets are all vying with portfolio managers and traders for the most accurate prices. And that leads to pricing delays.

Toward the end of our conversation with Dave, we broached the subject of the Treasurer's Office's interaction with the entire UC community—the more than 130,000 faculty, staff, and retirees to whom he and The Regents' Committee on Investments are largely accountable for the investment performance of their retirement savings. We couldn't have anticipated a more positive response. Above all, Dave views Plan participants and retirees as investors and clients and is eager to tap into what he believes are ripe forums throughout UC for investment education. He hopes to work closely with the benefits offices in designing educational videos and presentations to assist participants in their quest for creating Plan portfolios that will allow them to reach their retirement goals. He also reaches out to the students, who ultimately benefit by having professors, lecturers, and research projects supported in part by UC's endowment funds. Dave has participated in the UC Berkeley Alumni mentor program and enjoys helping students design their career path.

We thoroughly enjoyed meeting Dave Russ and have every confidence that he will prove to be a great "asset" to UC. We look forward to future interactions with him and will report regularly on his contributions and progress on the front lines in the Treasurer's Office. Welcome to UC, Dave!

Managed Care Crisis

With all the recent attention on the Patient Bill of Rights by Congress, it's easy for UC employees and retirees to miss the emerging signs that managed care in California is in crisis. A number of factors are pushing up the prices of the medical plans UC offers to its employees. Although new rates are still being negotiated, the result could very well be that many UC members would have to pay increased monthly premiums for their medical coverage in 2002. And it may mean that some HMO members will have an out-of-pocket premium cost for the first time in years.

The newspapers have been sprinkled with the signs of change over the last year, beginning with the San Francisco-based Sutter medical provider disruption in late 1999, and followed by many plans announcing pullouts in rural areas of the state, particularly for Medicare coordinated coverage. Struggling to contain increasing costs, such as the rocketing inflation of prescription drug prices, medical plans are proposing double-digit increases in premiums at a time when the state budget allocation for UC medical costs was approved at approximately nine percent.

Under contract with the medical plans, the medical plan providers are liable for incurred costs that exceed negotiated prices. "The providers are saying that they don't want to incur the risks in the plan," says Michele French, Executive Director of Workforce Planning at the University of California. "So they are creating some tremendous price pressures. This is happening to everyone in California."

Michele French, Executive Director of Workforce Planning

What is happening to health care in California is happening throughout the nation. In a recent article in the Washington Post, Dr. Howard Haft, president of the Apollo Medical Management Co. and assistant clinical professor of medicine at Georgetown University commented, "What is really wrong with America's health care system is that it costs much more than anyone is willing to pay. The problem," he adds, "is not insurance companies or HMOs." He reports that an average family of four with an annual income of $35,225 spend 40 percent of their income toward health care.

As in so many other things, California is first and foremost in the problems that it is experiencing with health care, particularly with its HMO plans. This is, in part, because "California has the lowest cost HMOs in the nation," as Executive Director French notes. California residents in general, and UC

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members in particular, have enjoyed the benefits of the early success of the HMO plan model beginning in the late 1970s. "The capitated model, that is the HMO model, got a much better market penetration in California than it did in other parts of the nation," says French. HMOs offered affordable care based on very aggressive financial arrangements that emphasized providing a "stream of money" for physicians. Through their agreements with HMOs, physicians and medical groups were able to provide preventive care for their predominantly healthy patients and keep costs down by controlling access to care. The 1970 HMO model proved successful because it was popular with a young and healthy population that moved into the HMOs. Through much of the 1980s and early 1990s, HMOs captured a continually larger membership and net premiums for employees in HMOs progressively dropped.

By the early 1990s, medical plans were increasingly pressured by two emerging trends—continually rising costs of medical care and growing utilization by the now-aging population. This resulted in marginally higher premiums than many employers were able to cover. As costs edged further upward, more and more employers were no longer able to shelter their employees from the increases. "Between 1994 and 1999," noted a recent report by Insure.com, "the number of companies that paid all of their employees' health care premiums had dropped by 50 percent." Employers throughout the U.S. are now forced to pass the responsibility for the increased costs to their employees.

At about the same time, medical plan members insisted that their doctors have greater control over access to care. In the last 10 years, legislation has made this change in many states and effectively removed one of the control measures of the HMO model. Currently, it is estimated that two-thirds of HMOs no longer require prior approval from a medical plan nurse before a patient can be admitted to a hospital or see a specialist. In addition, legislation approved in 41 states allows members to appeal a medical plan's denial of care to independent outside reviewers, and this further squeezes the medical plans.

By the late 1990s, the once collaborative HMO agreements between medical plans and medical groups had eroded. Pressure from rising costs balanced against dwindling profit margins shifted the health care industry, and what was once a 25 percent to 45 percent difference in medical costs between an HMO and a fee-for-service plan evaporated. In response to the financial pressure doctors and medical groups felt as many struggled just to stay in business, medical groups formed large bargaining units that, in turn, aggressively pushed on the medical plans. As Director French says, "Right now, the medical provider groups are becoming very aggressive in the negotiations and that is pushing back on the rates."

The push is being felt throughout the entire industry, not only in California. Plan providers and medical groups are clearly defining acceptable risk for themselves. In a recent example, Stanford University Medical Center announced in May that it would not renew its six HMO contracts at the end of the year. Saying that they "no longer wanted to be in the capitation business," Stanford's contracts with Aetna, Health Net, Blue Cross of California, Blue Shield of California, Cigna, and PacifiCare will lapse at the end of the year. The Business Times reports that HMO capitation payments affecting 50,000 patients represent $10 million in revenue for the medical center. Like many surprised by Stanford's move, a spokesman for Blue Cross reported that they are "a bit confused by what Stanford is trying to accomplish."

In a similar move, Aetna U.S. Healthcare announced in June 2000 that it would not renew its contract for the Medicare+Choice HMO in 11 states in 2001, pulling out of Connecticut, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Ohio, Texas, and Washington, as well as 23 counties in New York, Pennsylvania, and Northern California. Aetna Chairman and CEO William H. Donaldson explained, "Unfortunately, inadequate government reimbursements have made operating a number of our Medicare HMOs no longer viable." Aetna has been the nation's leading health benefits provider, with products and services covering 19.5 million medical, 11.5 million group insurance, and 14.8 million dental members nationwide. In June of this year, Aetna announced its plan to withdraw its non-Medicare HMO in 11 counties and two partial counties in Northern California, effective January 2002.

Analysts agree that a primary driver of medical care inflation is the cost of prescription drugs, which is spiraling out of control. It is reported that 58 percent of employer-sponsored prescription drug plans use a formulary for prescription drugs as a cost control measure. However, some feel that because a prescription drug formulary increases the affordability of these drugs, it increases utilization, and drives the costs of popular medications higher.

Very few employers encourage their people to make lifestyle or behavioral changes that might reduce their need for prescription drugs to keep utilization down. Initiating such measures now may prove too little, too late. Costs are currently rising from four to eight times the inflationary rate. It's estimated that one-third of the most-prescribed drugs for seniors rose three times the rate of inflation in the last calendar year.

The prescription drug formulary design is strained beyond its limits. For many medical plan members, a $5 or $10 copayment will provide a month's supply of a drug that costs the plan between $100 and $153. With the cost of the most popular prescription drugs rising from 100 percent to 400 percent over the last decade and anywhere between 12 percent and 80 percent in the last year, medical plans have found that they are bearing this ever-increasing burden.

Managed care is undergoing a period of realignment, but no one knows where it is headed. We only know that the HMO model has served its members well over the last thirty years, and it is being forced to change into something more in line with the modern health care marketplace.

Amid the turmoil in managed care in California and the nation as a whole, UC employees and retirees need not panic. If the recent increases announced by CalPERS are any indication, UC members may see some changes in their medical plans next year, but nothing as severe as some fear. CalPERS imposed net premium hikes between 15 percent and 20 percent for the next year, after making some plan design changes to bring down initial projected rate increases of 25 percent to 36 percent. Increased premiums come at a time when the managed care industry is adding greater flexibility for its members, while still providing coverage far below fee-for-service prices.

With budgetary constraints and an evolving health care environment, UC administrators are considering various options to keep premium costs to employees and retirees affordable. Notably, plan design changes that revise the copayment structure of UC's medical plans are being examined in an effort to keep the net monthly costs closer to what employees and retirees are used to paying. Ideally, the result for 2002 will be a modest increase in net monthly costs and slightly higher copayments for medical services.

"The good news for UC members", Lily Pang, Assistant Director of Health and Welfare Benefits Planning notes, "is that our program is still very good. We offer a competitive package of benefits, and our coverage is still quite favorable when you compare it to other employers."

Legislative Changes for Retirement Plans

Recent federal tax legislation (the Economic Growth and Tax Relief Reconciliation Act of 2001) included a number of provisions that will affect UC's retirement and savings/investment plans beginning in 2002. In part, and in very general terms, the changes that will impact UC annuitants the most include:

- Expand rollover provisions to permit greater portability of individual retirement plan assets, and
- Increase various benefit, compensation, and dollar limits.

UC HR/Benefits staff is reviewing the changes to determine their precise impact and how they will be implemented. More detailed information will be available later in the year.

Governor, Legislature Adopt State Budget for 2001–02

Governor Gray Davis and the California Legislature have approved a final 2001–02 state budget that, while giving a boost to many University of California programs, fell short of the University's goals for improving faculty and staff compensation this year.

UC's $3.2 billion state-funded operating budget will increase $152 million, or 4.7 percent, this year. By contrast, due to a downturn in the state's economy and tax revenues, overall state General Fund expenditures will fall 1.7 percent.

The new budget provides full funding for UC enrollment growth of 7,100 students in 2001–02, a 4.5 percent increase over last year, and it includes state resources for the University to begin a phased-in program of expanded summer instruction, taking effect first at UC Berkeley, UCLA and UC Santa Barbara.

The budget provides funding to avoid a systemwide student fee increase this fall, making 2001–02 the seventh consecutive year without a systemwide fee increase. The new spending plan also includes funding to help cover the University's increased costs for natural gas.

Unfortunately, the budget provides less funding than the University and the Governor originally proposed for faculty and staff compensation increases.

The final budget also eliminated a one percent augmentation that had originally been proposed for deferred maintenance, instructional technology, and instructional equipment and libraries.

"The reduction in salary funding was particularly disappointing, and restoration of that funding will be a high priority for us because it is critical to maintaining quality programs," said UC President Richard C. Atkinson. "However, given the very difficult fiscal circumstances the state is facing overall, we are grateful to Governor Davis and the Legislature for continuing to place a high priority on all of education, including the University."

The capital budget for UC provides $207 million in general-obligation bond funds for the University's regular capital improvement program, which includes construction of new academic buildings, seismic upgrades of existing facilities and other infrastructure improvements throughout the UC system.

In addition, the new budget provides $160 million in funding, mostly from lease-revenue bonds, for infrastructure and construction of the first academic buildings at UC Merced.

The budget also includes the second installment of funding for three California Institutes for Science and Innovation that will conduct research in cutting-edge scientific fields critical to the future of the state's economy. In addition, the Governor and the Legislature are providing a first installment of funding for a fourth institute—the Center for Information Technology Research in the Interest of Society, a joint venture among UC Berkeley, UC Santa Cruz, UC Davis, UC Merced, and private-sector partners.

The state's darkening fiscal picture resulted in many of the University's original budget proposals for 2001–02 being reduced or eliminated during the budget process this year, including augmentations for graduate and professional school outreach, student retention services, compensation for staff salaries that lag the market, and several research initiatives.

UC Retirement Savings and Investment Plan News

UC-Managed Investment Funds

Performance Results

Since April 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
April 30, 2001	$300.406	$124.245	$29.777	.4845%	.5498%	.4136%
May 31, 2001	296.386	124.901	29.732	.4954	.5704	.3993
June 30, 2001	286.804	125.552	29.494	.4872	.5550	.3685

Rates of Return as of June 30, 2001

		Annualized	
	1-year	5-year	10-year
Total Return Funds			
Equity	-16.33%	13.55%	14.56%
Bond	11.58	10.66	11.24
Multi-Asset	-1.98	9.72	10.12
Income Funds			
Savings	5.95%	6.08%	6.61%
Insurance Company Contract	6.93	7.23	7.74
Money Market	6.05	5.68	5.19

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

The UC-managed investment funds are valued monthly, around the tenth of each month. New unit values and interest factors can be obtained on our website (www.ucop.edu/bencom) or by calling UC's interactive telephone service, bencom.fone (1-800-888-8267).

Participants who choose to use the telephone can simply call bencom.fone (1-800-888-8267) for investment rates of return, account balances, and/or to request a distribution from the UC-managed funds. You can also request a Statement on Demand of your current account balances and transactions or transfer accumulations among the UC-managed funds.

If you have internet access go to our website and first choose "Top Picks" on the left-hand side of our home page. From there you can view investment rates of return. Then go back to our home page and choose "Online Actions" on the right-hand side to view your account balances and make transfers among the UC-managed funds.

Both of these services are available 24 hours a day.

UC Announces Open Enrollment 2001

Open Enrollment is your opportunity to transfer to a different UC-sponsored medical or dental (CA only) plan or add eligible family members to your current plans.

Open Enrollment begins on Thursday, November 1 and ends on Friday, November 30. Again this year, annuitants can make Open Enrollment changes by telephone using the Open Enrollment Action Line. All Open Enrollment transactions must be completed by midnight (PST) on November 30, and changes will be effective January 1, 2002.

Benefits Information

Open Enrollment packets will be mailed in late October. Open Enrollment information has been streamlined to make the most important information readily accessible and to make the Open Enrollment process easy for everyone. Your packet contains:

- *Your Current Coverage* statement,
- An *Open Enrollment for 2002* booklet and a worksheet, and
- A *Request for More Information* postcard.

Your statement shows your current coverage, enrolled family members, and your plan options and costs for 2002. The booklet includes an overview of year 2002 key benefit changes and other pertinent benefits information. The worksheet has complete instructions for using the Open Enrollment Action Line. Use the postcard to have additional materials, including an overview of changes to all the UC-sponsored plans, mailed to your home.

This year, the UCbencom website (www.ucop.edu/bencom) will have everything you need for researching plan providers, HMO service areas, prescription drug formularies, and benefits publications. UCbencom also provides links to other websites including insurance carriers and government agencies. Health Pages, an interactive service, will once again allow you to find medical plans available in the area where you live.

Annuitant Open Enrollment Fairs (see below) are another excellent source of benefits information. They provide a great opportunity to ask questions of plan representatives. A limited supply of plan materials will be available. You can also call each plan's toll-free number directly for more information.

Open Enrollment Fair Schedule—2001

The following schedule includes the dates and locations for this year's Open Enrollment Fairs. For complete information, including the addresses and times of each fair go to the UCbencom website: www.ucop.edu/bencom.

Location	Date
San Francisco	Tuesday, October 30
Livermore	Wednesday, October 31
Santa Cruz	Thursday, November 1
East Bay	Tuesday, November 6
Davis	Thursday, November 8
Riverside	Thursday, November 15
Santa Barbara	Friday, November 16
Los Angeles	Monday, November 19
San Diego	Tuesday, November 20
Irvine	Wednesday, November 21

Los Alamos fair locations and dates have yet to be finalized as this newsletter goes to print. Please check the UCbencom website or call your local Los Alamos Benefits Office.

UC's Medicare Corner

Useful websites: Medicare—www.medicare.gov   Social Security—www.ssa.gov

HCFA Changes

The Department of Health and Human Services has announced the start of major changes in the Health Care Financing Administration (HCFA). To begin with, the organization has a new name—the Centers for Medicare and Medicaid Services (CMS)—and the revamped organization promises to strongly emphasize service to beneficiaries and providers, as well as the quality of health care.

Reforms will include the establishment of three new business centers.

- The Center for Beneficiary Choices will focus on providing beneficiary education and the information people need to make health care decisions.
- The Center for Medicare Management will focus on the management of the traditional fee-for-service Medicare program.
- The Center for Medicaid and State Operations will focus on state-administered programs, such as Medicaid and the State Children's Health Insurance Program.

In the fall of 2001, the new CMS will launch a nationwide media campaign highlighting available health care options and information resources, including the Internet (www.medicare.gov) and their toll-free number (1-800-633-4227). The toll-free phone line currently works only during business hours, but will be expanded to provide service 24 hours a day, seven days a week.

UC Reaffirms Commitment to Diversity

On May 16, 2001, the University of California Board of Regents unanimously adopted a resolution that rescinds SP-1 and SP-2 the Regental policies that prohibited the use of preferences in University admissions, employment and contracting practices and reaffirms UC's commitment to a student body representative of California's diverse population.

"This is a great day for the University of California and the people of California," said UC President Richard C. Atkinson.

"This action sends a clear and unequivocal message that people of all backgrounds are welcome at the University of California," said Regent Judith L. Hopkinson, who introduced the resolution.

Consensus on the resolution was reached in part by reaffirming the shared governance role of the UC faculty in determining admissions criteria, including the "two-tier" process through which the campuses admit 50 percent to 75 percent of an incoming freshman class on the basis of academic achievement alone.

Atkinson requested in a February 15, 2001, letter that the Academic Senate begin this review to develop admissions criteria that allow a more comprehensive, holistic evaluation of applicants. That review is underway and is anticipated to be completed by the end of the year.

The Regents' action further underscored UC's commitment to K-12 outreach programs that aim to improve the educational preparation of California's elementary and secondary school students to pursue a college education. The resolution also commits the University to retention programs to assure that UC students succeed and complete their education.

As part of UC's various efforts to expand the pathways to UC, the resolution further commits the University to undertake new initiatives to improve the transfer process for community college students. One of those initiatives includes the president's "dual admissions" proposal that would simultaneously admit eligible high school students to both UC and a community college.

SP-1 and SP-2, were approved in July 1995. While eliminating SP-1 and SP-2, the University is still governed by a similar ban incorporated into the California Constitution through Proposition 209, the state measure passed by California voters in November 1996.

New Policies for Temporary Employment

At the beginning of the year, UC enacted major policy changes extending additional benefits to many "limited-term" employees, formerly known as "casual" employees. Effective January 1, 2001, limited-term employees who accumulate 1,000 hours on pay status in a consecutive 12-month period will become eligible for membership in the UC Retirement Plan and for full health and welfare coverage. In addition, employees with limited appointments who accumulate 1,000 hours on pay status in a consecutive 12-month period, without a break in service of more than 120 days, will be converted to full career appointment status. Also, one-time "look-back" review programs have been implemented to ensure that limited-term employees with significant service in casual status during the period January 1, 1998, through January 1, 2001, are awarded the appropriate career status and benefit levels.

"Temporary employees fill critical needs at the University and have been an important part of the UC community for many years," said Judith W. Boyette, UC Associate Vice President for Human Resources and Benefits. "The new policies, which took effect January 1, seek to ensure that temporary appointments are used only for temporary staffing needs and that employees whose appointments are extended beyond what would normally be considered a temporary duration have an opportunity to achieve career employment status and full benefits."

The results of a recent report by the Bureau of State Audits acknowledged the positive impact of these policy changes. The audit made two recommendations:

- That the Office of the President ensure that campuses have a clear understanding of the eligibility of employees for certain benefits under UC's new policies, and
- That the University incorporate additional automated features into its payroll system to ensure that employees receive only those benefits to which they are entitled.

Boyette said the University has been conducting extensive training sessions to ensure that campus administrators are familiar with the new policies and monitor their implementation in an effective manner, and she explained these training activities are being expanded pursuant to the first recommendation. With regard to the second recommendation, the University has already incorporated new automated features into its payroll system and is researching the possibility of incorporating additional features, she said.

More information about the new policies is available on UCbencom or from local Human Resources and Benefits Offices.

Health Care Facilitator Program

Recently, good news greeted the UC community. The Health Care Facilitator Pilot Program at UC Berkeley has proven so successful that funds will be made available to hire a health care facilitator at each of the UC campus locations. "Congress is involved with health care and patients' rights. UC's proactive approach in this area is groundbreaking nationally," says Assistant Vice President of Policy Planning and Research Lubbe Levin.

Beginning in 1999 at UC Berkeley and UC Irvine (including Irvine Medical Center), health care facilitators have assisted employees and annuitants with ongoing health-related issues. Tackling everything from complicated billing issues to locating a health care specialist, UC's health care facilitators have been praised highly by staff, faculty, and annuitants.

Specialized training familiarizes the health care facilitator with campus contacts and teaches the ins and outs of UC's health care system, including all of the various medical, dental and vision plans. The training also provides the health care facilitator with information about and an understanding of the broad-based support available through the local Benefits Office and the UC HR/Benefits Office in Oakland.

Special Offer for UC Annuitants

For the first time, all UC employees and annuitants can subscribe to UC Berkeley's own *Wellness Letter* at a special one-year introductory rate of $15. This offer is being made only to members of the UC community and is the lowest price available anywhere. See the special edition sample included with this newsletter. To take advantage of this special offer, just fill out and return the business reply card enclosed. Your satisfaction is fully guaranteed. If, after you read your first issue of the *Wellness Letter*, you decide it's not for you, just write cancel on the invoice and send it back. The first issue is yours to keep.

About the *Wellness Letter*—Founded in 1984 as a partnership between the School of Public Health at UC Berkeley and a publisher in New York, the *Wellness Letter* has more than 400,000 subscribers in the U.S. and Canada (plus thousands of readers of its foreign-language editions). *U.S. News & World Report*, the *Baltimore Sun*, *Money Magazine*, and the *Washington Post* have all rated it No. 1 for its "brisk," "reasoned" coverage of health issues.

The *Wellness Letter* relies on the expertise of the School of Public Health and other researchers at UC Berkeley, as well as other top scientists from around the world. It translates this leading-edge research into practical advice for daily living—at home, at work, while exercising, and in the market or health-food store.

Rather than reporting quick health stories of the day, the *Wellness Letter* puts the news in perspective and evaluates it. It constantly reviews the latest research to give you the edge in your quest to live the best life you can. In particular, it clarifies the often conflicting and superficial health information presented by the popular media. It doesn't promote faddish diets or other anecdote-based regimens. Nor does it simply repeat conventional medical advice from mainstream health organizations or pharmaceutical companies.

The *Wellness Letter* has no ads, no padding. It doesn't try to sell you supplements or products. Instead, in every fact-packed issue, you'll find at least a dozen articles on a wide variety of subjects related to food and nutrition, exercise, self-care, preventive medicine, and emotional well-being—plus many Wellness Facts and Tips.

The School of Public Health receives royalties from the publisher of the *Wellness Letter* and these funds, now totaling several million dollars, have been used almost exclusively for student support, assistance for junior faculty, and curriculum enrichment. A large endowment has also been set aside to provide student support in perpetuity.

To learn more about the *Wellness Letter*, take a look at the special edition enclosed or go to their website at www.wellnessletter.com. On their site, you can check out the index or read articles from the current issue.

WHA Medical Plan

Magellan Behavioral Health, Inc.

On August 1, 2001, Western Health Advantage (WHA) switched to Magellan Behavioral Health, Inc. to administer the Mental Health/Substance Abuse benefits for the WHA plan. All members received a letter and a Magellan brochure announcing this change.

WHA members should call Magellan (1-800-424-1778) for authorization of care and referral to mental health/substance abuse services. Members currently under care are instructed to call Magellan and arrange for the transition of care to a Magellan provider. The period of time allowed for the transition of care is 90 days.

WHA Medical Plan

New Prescription Drug Provider

Effective July 1, 2001, Western Health Advantage (WHA) contracted with Merck-Medco to manage WHA prescription drug benefits, both retail and mail order.

A letter has already been sent to all WHA members, advising them of the change. Soon, a packet will be sent to members describing Merck-Medco's services, along with new mail order forms, drug transition forms, and a list of participating pharmacies.

Bulletin Board

Bulletin Board is for UC retiree and emeriti association announcements and other articles of interest. The information contained herein does not necessarily represent the opinions of UC Human Resources and Benefits. UC HR/Benefits reserves the right to edit, correct, and/or decline to publish information submitted to New Dimensions. *To post an announcement, write to* New Dimensions *or e-mail janie.kirsch@ucop.edu.*

A Delightful Journey Down the Danube

Nineteen University of California retirees, members of their families and friends had the special opportunity to share the 12-day Grandeur Danube Cruise and Tour, May 16–28, 2001.

The tour started in Salzburg, where we were lodged in the charming Satcher Hotel, listed among the 100 leading hotels in the world. In this lovely city we could almost hear the refrains from "The Sound of Music," especially when we toured the convent where Maria and the Captain were married and the nuns sang "What do you do with a problem like Maria" in the movie. One evening we had front row seats in the Mirabelle Gardens Concert Hall for a delightful concert of "Mainly Mozart" music. We almost thought that Master Mozart himself would come on stage and play for us.

From Salzburg, we traveled by bus through the majestic forests and quaint towns of Austria and Germany, arriving in Passau, Germany, where we boarded the Deilmann cruise ship the MV Danube Princess. After our first meal on board, our maitre d' rearranged our tables so that all of our group could eat together which made it easier for us to visit with one another as we moved down the river.

Our first stop was in Durnstein, Austria. It was a beautiful little town where we strolled through cobblestone streets to view the ruins of Kuenringer Castle, Collegiate Church and quaint 16th–18th century townhouses. We culminated our visit at a charming tavern and were introduced to the various wines from the Wachau region that surrounds the area. The next day, after traversing eight locks from Passau, we arrived in Budapest. Here we toured both sides of the river, visiting both Buda and Pest, with their magnificent churches and castles. Budapest is the home of the most remarkable parliament house in all of Europe. Currently on display there is the unusual, bejeweled crown of the early kings of Hungary. Budapest is a city of wide, beautiful boulevards, large construction and reconstruction projects and unique, crowded marketplaces. After being under German domination during World War II and then ruled by the Communists for 41 years, it is a city vibrating with hope and vitality.

Sitting left to right: Barbara Starkey, Jana Master-Keith, Antony Master, Edward Otter; Standing left to right: Bob Starkey, Mary Dashen, Vail Palomino Irma Vollhoffer, Melissa Dashen, Veronique Rouillard, Andy Benson, Dee Benson, Mary Pates, Rosemary Norling, Hugh Pates, Ellen Rhodes, Donald Sites, Dorothy Bench, John Palomino

We stopped the following day in the Hungarian city of Esztergom. Here we climbed to the top of the city to view the beautiful cathedral. We were pleasantly surprised to be greeted by a full concert orchestra playing classical music whose refrains filled the soaring vaults of this great building, modeled after St. Peter's in Rome.

In Bratslavia, the capital city of Slovakia, we had time to walk through the "old city" and visit the bustling town square. There were wonderful shopping opportunities here, as the artisans and craft persons did wonderful work and the dollar was especially valuable compared to the local currency. Then it was off to Vienna, Austria, where we arrived shortly after sunset. That evening we were able to visit the town center, named St. Stephanplatz. The extraordinary Cathedral of St. Stephen occupies the center of the platz. Since it was the eve of a national holiday, the platz was filled with people, food and music. It was an uplifting moment to be in this magical place. The morning ushered in tours of beautiful Vienna with its tree-lined avenues, magnificent museums, and the extraordinary Schonbrun Palace, home of the Hapsburg dynasty. That evening we again had front-row seats at the unusual Palais Lichtenstein, with its marbled walls and frescoed ceilings. The Vienna Residence Orchestra entertained us with exquisite renditions of music by Mozart and waltzes by Straus. All of us agreed that we were very fortunate to have had this very special experience together.

On a warm enchanting evening, with the lights of Vienna glistening in the night, we set sail for the town of Melk. Here we visited the extraordinary Benedictine Abbey, which still serves as a school for students from around the world. Our tour guide was an American woman who had come to the Abbey to study, married a local man and settled down in Melk to raise a family. From Melk we returned to Passau, where we left the ship. One of the benefits of a river cruise was the opportunity to view a constantly changing landscape as we moved gently from country to country. Another was the special treat of being able to exchange stories about the day's adventures, activities and purchases during the evening meal.

We concluded our tour with a bus trip through the Bavarian forest and farmlands to Prague, where we spent the final two days of our journey. Here, we had an evening tour of Prague's pubs, ranging from the oldest pub in the city, circa 1400, to the very elegant pub where German army officers would gather to end their day with a glass of beer. Large steins of delicious Czech beer were only about 40 cents American. The next morning we embarked on a wide-ranging tour of Prague's finest features, ending in the heart of the town center. In the early evening we were able to attend another scintillating concert in the Chapel of the Mirrors. The music started with classical pieces and ended with modern offerings from "West Side Story." The crowd was so enthusiastic it was difficult for the musicians to leave the stage. We ended our stay with a wonderful meal together at one of Prague's eating establishments. Prague is a vibrant city with a large population of young people under 40, ready to make its mark in Europe and in the 21st century.

This was an extraordinary journey with exceptional people that gave all of us very special memories that will last for a lifetime.

Retiree Program, AADP/LLNL, Update

Richard G. Dong & Kathleen Martinez, June 1, 2001

The Retiree Program housed in the Lawrence Livermore National Laboratory's Affirmative Action and Diversity Program (AADP/LLNL) offers a unique way for LLNL retirees to remain in contact with the Laboratory while helping young employees gain a head start. Young employees benefit from the experience and wisdom of retirees, and the retirees benefit by staying mentally active while interacting with the young. This article provides an update on this win-win program that was launched in 1995.

This update begins with an expression of gratitude to all the retirees participating in the program. The program has been a success because of their efforts. From feedback we get from various Laboratory programs, the efforts provide rich and rewarding experiences for both the employees and retirees. We extend an invitation to all Laboratory retirees to join us in this unique experience.

The program is now pretty much automated by virtue of its two web sites.

1. http://www.llnl.gov/aadp/retiree/Index.html

2. http://www-r.llnl.gov/aadp/retiree/Index.html

The first web site is accessible by computers out side the LLNL. It provides a way for retirees to look over the program and to become participants. It describes the program, lists eleven Laboratory programs interested in the services of retirees, and shows how to become a participant.

The second web site is accessible by computers within LLNL. An employee interested in contacting a retiree would use this web site to find a retiree with the desired background. The employee can then contact the retiree by e-mail, telephone, or mail. It is then between the retiree and employee as to the help and the extent of the help that the retiree will give. The retirees do not have to live within driving distance from the Laboratory. Communication can be by e-mail, telephone, or mail.

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On May 10, 2000, we made a special effort to contact retirees who retired since November 1, 1993. Invitations were mailed out to these retirees to participate in the program. Those who retired before that date had already received invitations in 1994. We have also arranged with the Employees Benefits & Services Division of LLNL to include an invitation with the package issued to all future new retirees.

We currently have 110 names of retirees on our database. This is a 10 percent increase from before our May 10, 2000, invitation mailing. The number of names registered for each of the eleven Laboratory programs interested in the help of retirees is as follows.

1.	Experience Transfer Program	79
2.	American Indian Program	26
3.	Visitors Center	41
4.	Job Imaging Project	0
5.	Tri-Valley Science and Engineering Fair	27
6.	Fun with Science	2
7.	Science & Technology Education Programs' Outreach Efforts	5
8.	Expanding Your Horizons in Science and Mathematics	0
9.	Explorer Post	0
10.	Future Scientists & Engineers of America	2
11.	Photo Identification Project—Friends of the Archives	7

The Retiree Program was originally started with only Laboratory programs 1, 2, 3, and 5. This explains their relatively large numbers of participants. The remaining seven were added later as additional Laboratory programs found out about the Retiree Program and wanted to be included. This explains the relatively small numbers of participants for these seven. However, in due time we expect the numbers to grow.

Over the years we have received enthusiastic feedback from the contacts for the various Laboratory programs. The most recent came from Beverly Bull, the contact for Laboratory program number 11. She wrote,

Richard and Kathleen,

My experience with my retirees has been wonderful. They are interested in the Laboratory history, they find interesting things to do that help the Archives tremendously, they tell me wonderful stories and know about (because they lived through or worked on) many of the projects we have represented here, they are dependable and reliable and devoted to all that is good for the Archives. They are independent thinkers and are constantly coming up with good ideas of things we can do to make the Archives better. The Archives used to be a group of 8 full time employees, we are now 2 full time employees and the retirees help in so many ways. We can always use more help though because even though we have now a crew of 6 retirees (one recently died) they come in on their own schedule (which can be anything from every week for 5 hours each time to every few months for a few hours). We are very grateful for the retiree program.

Beverly A. Bull

Feedback such as this helps us see how well the Retiree Program is working. We appreciate receiving any suggestions on how to make the program better. Again, we extend an invitation to all Laboratory retirees to participate with us in this unique, worthwhile, and fulfilling effort.

Updating Your Tax Withholding

As you know, federal income tax rates have recently changed. Consequently, you may want to make changes to your tax withholdings.

To update your tax marital status, personal and withholding allowances, and additional tax withholdings, simply go to: www.ucop.edu/ bencom, and select the icon "online forms" at the top of the home page. Scroll down and print out a copy of UBEN 106 (*Tax Withholding Election for UCRP Income*), fill in the form, make a copy for your records, and mail it to the address located on the form.

Annuitant Newsletter on Audio Cassette

This newsletter is available on audio cassette tape for visually impaired and disabled annuitants. If you are interested, call *New Dimensions* at 1-800-239-4002, extension 70270, and leave your name, address, and phone number. Please indicate that you want to receive *New Dimensions* on tape. Please note that audio cassette tapes are generally mailed four weeks after each *New Dimensions* mailing.

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Editor: Janie Kirsch
Contributors: Human Resources and Benefits Staff
Paul Schwartz, Dale Ogar
Design/Layout: Kathy Kirkpatrick

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: Barbara Facey

Manager, Communications Services: Yvonne Anderson

Comments or Questions?

Write *New Dimensions* at:
University of California
Human Resources and Benefits
P.O. Box 24570, Oakland, CA 94623-1570

Association Contacts

Use this listing if you're interested in joining an association, or to inform your association of an address change.

	Emeriti	Retirees
Berkeley	UCB Retirement Center 510-642-5461	UCB Retirement Center 510-642-5461
Davis	Paul Stumpf 530-753-5022 pkstump@ucdavis.edu	Arleen Kasmire 530-753-0898
Irvine	Sam McCulloch 949-650-5569	Emeriti/Retiree Office 949-824-6204 emeriti@uci.edu
LANL	N/A	Mary Mariner 505-672-1950 Chuck Mansfield 505-662-2115
LBNL	N/A	Bud Larsh 510-724-1202 almonlarsh2@juno.com
LLNL	N/A	Lawrence Livermore Employee Services Association 925-422-9402
Los Angeles	Emeriti/Retiree Relations Center 310-825-7456 emeriti@humnet.ucla.edu	Emeriti/Retiree Relations Center 310-825-7456
OP & Regents	N/A	Keith Sexton 925-376-5194
Riverside	Michael D. Reagan 909-780-5993 cdmdr@pacbell.net	Betty Morton 909-689-4381 TheMortons@aol.com
San Diego	Sandi Pierz 858-534-0101	Lisa Hreha 858-534-4724 retireelink@ucsd.edu
San Francisco	William F. Ganong 510-526-5680	Frances Larragueta 415-731-3109
Santa Barbara	Emeriti/Retiree Relations Center 805-893-2168 gina.lopez@hr.ucsb.edu	Emeriti/Retiree Relations Center 805-893-2168
Santa Cruz	Stanley D. Stevens 831-475-9172	Barbara Dileanis 831-426-7653

Note to associations: To update a listing, write to *New Dimensions.*

University of California
Human Resources and Benefits
PO Box 24570
Oakland, CA 94623-1570

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Benefits Newsletter for UC Annuitants
Volume 17 Number 3, Summer 2001

INSIDE:

Do You Save Our Postage-paid Reply Envelopes?

If you save UC HR/Benefits postage-paid business reply envelopes (just in case you need to send us something some day), please check the preprinted address and permit number. Discard any envelopes with our street address (300 Lakeside Drive, Oakland) and permit number 1691, 1692, or 1693. (The permit number appears in the box above the address.) Effective immediately, the U.S. Post Office will no longer process business reply mail with this address, so anything you send in one of these envelopes will not get to us. You can still use business reply envelopes addressed to P.O. Box 24570, Oakland.

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