

Information for UC Employees about 2007 Health Insurance Rates

August marks that time of year when UC enters final negotiations with its health plans regarding health insurance rates for the coming year, and we wanted to let employees know what 2007 rates are looking like.

Health Insurance Costs Continue to Rise Everywhere

Health care costs throughout the country continue to rise and employers everywhere are facing double-digit health insurance increases for 2007. Here in California, the California Public Employees Retirement System (CalPERS), the second largest health insurance provider in the U.S., experienced average premium increases of **11.9 percent**. More employers are also asking employees to pay for other benefits costs, including higher co-payments and deductibles.

The Good News for UC Employees

UC maintains its commitment to providing employees affordable access to quality health care

UC is committed to maintaining access to quality health care and to preserving a range of choices that reflect and address employees' diverse needs. Using our purchasing power as a large group, we are able to negotiate terms that are favorable to our employees, which allows us to offer a range of benefits that continue to be among the finest in higher education.

UC continues to pay for the majority of medical plan costs

Even though health care costs are rising significantly, as part of our ongoing commitment to its employees, UC continues to shoulder the vast majority of health insurance costs.

UC continues salary-banded premiums to help keep cost increases down for lower-paid employees

A top priority for UC is to ensure that all employees have affordable access to quality healthcare, especially our lower-paid employees. Recognizing that increased premiums are especially challenging for employees with modest incomes, UC is continuing its salary band approach to help protect employees in lower salary ranges and employees with children from the impact of premium increases.

Increases for UC members less than many others, and no reductions in benefits or out-of-pocket increases

While many employers are having to reduce or, eliminate benefits, and pass on to employees numerous types of cost increases, UC is not canceling any plans or raising employee costs for co-pays and deductibles. UC will also continue to provide dental and vision coverage, and basic life and disability insurance at no cost to employees.

Better than expected funding for 2006-07 salaries and benefits

UC received some very welcome news this year regarding funding for 2006-07 salaries and benefits. The budget compact that UC signed with Governor Schwarzenegger called for a 3% increase in funding for salaries and benefits for the 2006-07 fiscal year. However, the final state budget actually contains an increase of 4% for salaries and benefits.

2007 Comparison of UC and CalPERS Health Benefits

NOTE: Figures shown are for gross premiums (the total plan costs paid to the insurance carrier) not the premiums employees pay. Information about employee premiums will be available in October.

	UC	CalPERS
Gross 2006 medical plan premiums UC share of premium: 88% Employee share of premium: 12%	UC's 2007 gross premium increase will be comparable to CalPERS	11.9 % increase over 2006
Salary-banded rates	Four salary bands	Not offered
Number of coverage categories	Four (inc. "Adult + Child(ren))	Three
Number of plans offered	Ten	Five
Deductibles	No increase	No increase
Co-pays	No increase	No increase
Dental/Vision	Still free to employees	Some dental costs; vision still free

More Salary and Benefits Information to Come

More detailed information about our 2007 health insurance rates, including employee costs, will follow in mid-October when UC begins sending employees and retirees their Open Enrollment information. Employees can also expect information regarding UC's 2006-07 salary plan in the coming weeks.