



OFFICE OF THE CHANCELLOR

UNIVERSITY OF CALIFORNIA, SANTA BARBARA

September 22, 2015

Dear Members of our Campus Community,

Because health care is of utmost importance to our quality of life, an affordable and first-rate health care insurance program that addresses the diverse needs of our faculty and staff has been a top priority for me and our campus.

I am very pleased to announce that beginning in 2016 the UC Care Health Insurance Plan will add Cottage Hospital, Pacific Diagnostic Laboratories, and Pueblo Radiology to its list of tier one providers. Please see the announcement below for the preliminary details.

I want to take this opportunity to thank our many faculty and staff colleagues who have devoted valuable time and energy to address this important issue and to help seek solutions. In particular, I would like to thank President Janet Napolitano, Executive Vice President of UC Health Jack Stobo, Vice President for Human Resources Dwaine Duckett, Executive Vice President and CFO Nathan Brostrom, Professor and Academic Senate Chair Kum-Kum Bhavnani, the Faculty Association, our Human Resources Office, and administrative colleagues. I would also like to especially thank Executive Director of Self-Funded Health Plans Lori Taylor and Professor Richard Watts for their help, and for their review of the details provided below.

Sincerely,

Henry T. Yang
Chancellor

UC CARE HEALTH INSURANCE PROGRAM ADDS COTTAGE HOSPITAL, PACIFIC DIAGNOSTIC LABS AND PUEBLO RADIOLOGY TO ITS LIST OF TIER ONE PROVIDERS

Beginning in January 2016, participants in the UC Care Health Insurance Plan will have access to Cottage Hospital facilities at lower costs than those which have applied in 2014-2015. Those who require hospitalization will be able to use Cottage Hospital facilities, at tier one costs, for prescribed treatments under supervision by their local UC Care doctor who has admitting authority at Cottage. In addition, Pacific Diagnostic Laboratories and Pueblo Radiology will also provide covered services prescribed by UC Care network doctors at tier one costs.

The University of California first introduced its self-insured PPO health care plan, UC Care, to employees in 2014. This plan offers health care services in three payment tiers. Tier one (UC Select) providers provide covered services for a set co-payment with no deductible, and it features the lowest cost services of the three tiers. This tier includes services provided by the UC medical centers, including UCLA. Locally, Sansum Clinic is a tier one provider. However, in 2014-2015, Cottage Hospital has been providing only tier two (Blue Shield Preferred) services to UC Care participants. This has required a 20% co-payment after an annual deductible fee (\$250 individual/\$750 family). The cost for services in tier two has been substantially higher than the cost for services of tier one providers.

Since UC Care was introduced in 2014, campuses with medical centers have benefited from a full range of tier one services provided by these centers to UC Care participants. However, UC Care participants at UC Santa Barbara were faced with a difficult choice when needing hospital services: paying for tier two services at Cottage Hospital, or seeking tier one services at the UCLA medical center or another tier one hospital that is not located in our local community. Those faced with this choice were well aware that they not only had to travel to a remote location for tier one hospital services, but they also had to deal with changing their physician from a local doctor to one authorized to admit patients to the tier one hospital selected.

Many concerns were raised by our faculty, staff, administration, and senate representatives regarding the inequity of tier one services available locally to our UC Care participants as compared to those available at campuses with UC medical centers. In response to these concerns, and given the intense interest in tier one access to Cottage Hospital, UC Care undertook an in-depth analysis of the plan experience at our Santa Barbara campus and the financial impact of including Cottage Hospital into tier one. The outcome of this analysis is that UC Care will include Cottage Hospital as a tier one provider beginning in 2016. In addition, UC Care successfully negotiated contracts with Pacific Diagnostic Laboratories and Pueblo Radiology for tier one participation. This is a major step forward in providing UC Care tier one coverage to UC Santa Barbara that

will be more comparable to the services provided to employees at campuses that include UC medical centers.

Beginning in January 2016, UC Care participants will have access to services provided by Cottage Hospital, Pacific Diagnostic Labs, and Pueblo Radiology under the terms provided by tier one. Details of these and other features of UC Care and additional health care plans will be made available in literature you will receive during the open enrollment period in November 2015. Our Health Care Facilitator, Laura Morgan, will be available to answer questions you might have about any of the health care plans, and we anticipate that several workshops will also be scheduled to provide information and answer questions as part of the open enrollment period.