

HUCTW Update
to
HUCTW Members and the Harvard Community



October 21, 2011

Update on Health Care

Dear HUCTW Member,

We last wrote to you about health care in August, to say that the University had initiated a special negotiation with proposals about increased copayments and deductibles in the active employee and retiree health care programs. (To review our communication from August, please go to http://www.huctw.org/readings/OL/20110823_update.pdf). In the past two weeks, there have been important developments on that issue, and we are writing again to provide you with an update.

The policy issues surrounding our health care program are technically complex and the larger health care environment is volatile. In this letter, we will offer a broad overview of the current situation. We will follow up with more detailed information in meetings and written communications in the coming weeks.

No changes in copayments for HUCTW members

HUCTW and Harvard held several sessions of intensive discussion about proposed copayment increases in September. At this time, no agreement has been reached on those proposals, and no additional meetings have been scheduled. Given that the Open Enrollment period for 2012 employee benefit choices begins next week, **it appears that there will be no increase in copayments or deductibles for HUCTW members next year.**

From the Open Enrollment materials that have been posted on HARVie, it is clear that the University has decided to implement copayment increases for non-union exempt staff and faculty, and for other unions that have agreed to the changes. As a result, beginning in 2012, there will apparently be different copayment arrangements for different employee groups. For example, while HUCTW members will continue to pay the current \$15 copay for office visits, non-union staff and faculty will have a \$20 copay. Our emergency room copay will stay at \$40, while the ER copay for other groups increases to \$75.

- To see a complete list of the 2012 copayment and deductible rates for HUCTW members (which are the same as for 2011), view the Health Care Comparison Chart for HUCTW on HARVie at:

http://harvie.harvard.edu/docroot/doc-lib/100_Benefits/400_Medical_and_Dental/Union_ActiveCompChart.pdf

- To see a complete list of the 2012 copayment and deductible rates for the other employee groups (with increases for 2012), view the Health Care Comparison Chart for non-HUCTW employees at:

http://harvie.harvard.edu/docroot/doc-lib/100_Benefits/400_Medical_and_Dental/MedicalComparisonChart.pdf

Our recent union-management meetings about health care have been challenging, but there are still a number of important and promising policy ideas on the table. Our special September sessions were held on a very short timeline. In those meetings, HUCTW and Harvard representatives had only limited access to data about the University's health care cost experience, and were not able to develop a full understanding of the health care cost problem in recent years. Participants also identified a number of approaches to longer-term cost containment that are worthy of further exploration, but will require deeper study in a longer timeframe. **Although the discussions of the past month have not resulted in any agreement on changes for 2012, we are hopeful that those talks are providing a good foundation for further efforts.**

A serious new problem on retiree health

In the past week it has become clear that the University is planning to implement changes in the retiree health program to which HUCTW has not agreed. Specifically, informational materials being distributed to retirees about the plans for 2012 announce a new "coinsurance" requirement for the BC/BS Medex plan (a Medicare supplement that is the most popular of the Harvard retiree health options). As redesigned for 2012, the Medex plan would require 20% coinsurance, with a \$250 annual deductible and a \$1,000 out-of-pocket maximum.

The issue of Medex coinsurance was discussed extensively in the University Benefits Committee (UBC) last year. HUCTW representatives have argued, in the UBC and in other policy discussions with Harvard administrators, that a \$1,000 out-of-pocket maximum is too high for lower- and middle-income retirees with limited income and assets. For many Harvard retirees, \$1,000 per year in new health care costs would pose a significant hardship. The Medex changes also cause a sharp increase in monthly premiums for the other retiree health options (Harvard Pilgrim and Tufts senior plans). **In our view, it is extremely important to protect lower-paid retirees by setting a lower out-of-pocket maximum and a lower deductible, or by introducing income "tiers" with different copayment obligations for different retiree income levels, similar to the tiers in place for the active employee offerings.**

In the UBC discussions and in subsequent union-management conversations, HUCTW leaders were repeatedly assured that University leaders understood the need to create a "safety net" protecting lower-income retirees, and that there would be further negotiation about how to build in those protections.

Because the University has announced the retiree health changes with no safety net, starting this week HUCTW will be organizing, educating, and campaigning within the Harvard retiree and active employee communities, expressing concern about the severe impact of the retiree health cost increases for lower-income retirees. We have already begun contacting retirees to engage with them on the issue and to make sure their voices are heard in the policy debate. **We will continue pressing the University with great urgency to reconsider the Medex coinsurance approach.** HUCTW leaders will be asking members to join in a campaign for progressive retiree health benefits as it continues.

The deterioration of our collaborative process on health care

Recent developments on health care represent an unwelcome sign of dysfunction in our long-term efforts to work together with the University on health care issues. A cost shift with potentially harsh effects has been implemented for retirees without the requisite union-management consultation. The active employee programs are ever more confusing, as we move into a year where different employee groups will have different copayment arrangements for the first time. Promising ideas for mutually-beneficial cost reduction, such as expanded wellness programming, sit unexplored on the table. Also not addressed are our Union's hopes for a more progressive approach to premium-sharing by income tiers, so that the cost burden is more fairly distributed among higher-paid and lower-paid employees. Perhaps most troubling, the University Benefits Committee, which is recognized in our Agreement and has served for years as a forum for healthy dialogue and innovative program development among faculty, Union representatives, and administrators, has not met since May and has no future meetings scheduled. The current Harvard management approach to challenging health care problems, under the leadership of Vice President for Human Resources Marilyn Hausammann, has become narrow, insular, and unyielding.

HUCTW leaders are still hopeful about the medium- and long-term possibilities for maintaining a high-quality, progressive health care program that is sustainable for Harvard and affordable for employees. However, a new spirit and new structures will be needed. We are strongly committed to the ideal of a broad, collaborative, data-driven, innovative process on health care. Faculty members with health care policy expertise should be involved. Bold, innovative ideas should be considered and tested. Harvard administrators should join HUCTW leaders in a commitment to search for ways to reduce the total cost and improve health outcomes, rather than focusing narrowly on shifting costs from one payer to another. **It is well past time for the University's leaders to match our Union's energy and commitment so that we can jointly roll up our sleeves and get to meaningful work on health care.**

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