



Dwaine B. Duckett  
Vice President, Human Resources  
(510) 987-0301; (510) 587-6476 Fax  
dwaine.duckett@ucop.edu

OFFICE OF THE PRESIDENT  
1111 Franklin Street, 5<sup>TH</sup> Floor  
Oakland, California 94607-5200

January 22, 2015

**RONNIE D. LIPSCHUTZ**

*RE: Blue Shield & Sutter Health*

Dear Ronnie,

I received a copy of the letter you sent to President Napolitano and have been asked to respond on her behalf. We are also displeased with the current situation between Blue Shield and Sutter. The University departments, which include UC Care Management, Risk Services and the Benefits Department, within my organization were surprised by the depth of this dispute. It has created a great deal of anxiety for faculty and staff, who chose coverage that relies on Blue Shield and Sutter's support and services.

UC Care's program management team received no indication that negotiations between these parties who represent a network and provider within the UC Care plan, were at such a critical point. No one at UC received adequate notification that anything like cancellation notices would go out to employees before they were mailed. The University has expressed its displeasure and has demanded a list of contracts and expiration dates for anything that could impact Blue Shield's services to UC Care.

Meanwhile, there are efforts under consideration to protect employees. Sutter and Blue Shield have extended services six months until 6/30/2015. They have told us that they will continue negotiating with one another during this time. This also means there will be no changes in rates or charges to employees on Blue Shield's behalf before 06/30/2015.

My office is working in conjunction with the UC Care management team and the SVP of Health Affairs to construct contingency plans that would provide impacted employees coverage that could go into effect as early as 4/30/2015 if the situation does not improve. The aim of these contingency plans would be to protect employees from an access and affordability standpoint.

Again, we understand the amount of disruption and anxiety this has caused for people and their families who are enrolled in these plans. We plan to hold Blue Shield responsible for any adverse impact this has on our organization. We see this turn of events and how it was handled as absolutely unacceptable and have expressed this to Blue Shield.

In the meantime, while we continue to investigate options to protect people who are enrolled in these programs, I am attaching a series of frequently asked questions (FAQs) that has been shared with our location's Human Resources and Benefits offices that you may feel free to distribute to anyone else who has questions also. As we get closer to the end of April, we will send out updates outlining what steps can and/or will be taken.

Please feel free to contact me with any additional questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dwaine B. Duckett', with a stylized flourish at the end.

Dwaine B. Duckett  
Vice President of Human Resources

Attachment