



January 21, 2015

Janet Napolitano  
President, University of California

Dear President Napolitano:

As you are well aware, when health insurance provider Blue Shield of California terminated its contract with the Sutter Health network earlier this month, thousands of UC employees were shocked to see that such a drastic change in their benefits would be legal and dismayed that their health care could be put at risk without a robust reaction from UCOP. Many will have to scramble for new doctors, new medical facilities, or pay much higher out-of-pocket expenses for services offered by Sutter. It seems inconceivable to us that those in charge of health insurance provision at UCOP allowed the November 2014 open enrollment window to pass without some legal assurance from Blue Shield that those signing up for UC Care could do so in the knowledge that the designated physicians and hospitals would remain in-network for at least a year. Michael Rancer, the former Budget Director in your office, has called this UC failure one that “borders on fraud.” And this fiasco comes on top of an out-of-line 17% premium increase for UC Care.

You might ask, why are faculty and staff in Santa Barbara concerned over a dispute that largely involves those who work for the University of California in the Bay Area? Well, the Blue Shield-Sutter-UC Care fiasco is just a larger version of the situation under which we have been burdened for more than a year. When UCOP ditched Anthem in 2013 and contracted with Blue Shield to provide insurance that would utilize UC medical facilities, your office seemed to take rather lightly the fact that no UC medical school existed in Santa Barbara nor that Cottage Hospital, the large, high-quality medical facility in our city, was consigned to “Tier 2” status, which requires a 20% copay for those of us who signed up for UC Care. Along with Chancellor Henry Yang and the UCSB Academic Senate, we have strenuously called this inequitable and unworkable situation to your attention, but in the fall of 2014 when we were asked to once again choose a health plan, Cottage Hospital and many other physicians in our community continued as Tier 2 providers and therefore of potentially far more expense than just two years before when Cottage had been part of the Anthem network of health providers.

As currently designed the UC Care plan is a manifest failure, not only in isolated Santa Barbara but also for a huge number of all those who work at the University of California.

We urge you to immediately take the most vigorous steps to rectify this situation. In seeking to once again assure that Blue Shield renews its Tier 1 contract with the Sutter medical network, we insist that this same imperative apply to a Blue Shield contractual arrangement with Cottage Hospital here in Santa Barbara. Whatever the presumptive cost,

the failure to include this vitally important hospital in UC Care's Tier 1 coverage represents a grievous inequity for all of us without an alternative provider of similar quality, coverage, and convenience. In its contractual negotiations with health insurance providers, UC employees must be guaranteed reliable, equitable, and quality health insurance options. Anything less would represent an abdication of leadership on your part.

Sincerely,

UC Santa Barbara Faculty Association