

News & Views

A Quarterly Update from the Pension Boards

Spring 2008



Michael A. Downs

Healthcare has been one of the major themes of the 2008 presidential primaries. Each candidate has talked about plans to extend health insurance to the millions who lack coverage. Each has discussed various ways to rein in the soaring costs of delivering healthcare. Very rarely, however, have the candidates – or anyone else, for that matter – focused on one of the key factors behind rising healthcare costs: patients' failure to follow their treatment plans.

This particular phenomenon – called “non-compliance” by some and “non-adherence” by others – is a little-known fact that not only costs the nation billions a year, but like healthcare costs in general,

is growing steadily. It is estimated that:

- The total direct and indirect costs of non-adherence to medical treatment plans is \$177 billion annually;
- Average adherence to long-term therapy for chronic illness is only 50%;
- 40% of nursing home admissions may be due to poor adherence;
- Non-adherence results in a loss of more than 20 million work days per year.

Recognizing the significant costs incurred to the UCC Medical Benefits Plan and its participants by non-adherence, the Pension Boards initiated a pilot disease management program four years ago. The results were startling. **For every \$1 spent on the program, the Plan saved \$3 in healthcare claim costs.** Building upon this success, disease management

services were expanded on January 1, 2008 with the introduction of **optimalhealth**, which covers 18 chronic disease states. The program now includes all UCC (Non-Medicare) Health Benefits Plan participants, their covered spouses/partners, dependent children over age 18 and children under age 18 diagnosed with asthma or diabetes. We have learned that 1,947 or 33% of the Non-Medicare Plan population has a chronic condition and will be touched by the **optimalhealth** team to support adherence with treatment plans. Watch for mailings and outreach calls.

Our wellness program, Healthy Stewards, launched three years ago also has shown success, though a more modest payback of \$1.50 for every \$1 invested. On April 1, 2008, the Pension Boards launched **myhealthIQ**. Like **optimalhealth**, **myhealthIQ** is administered jointly by Healthways, Inc. and Medco, our pharmacy

benefits manager. In addition to a Health Risk Assessment and related coaching tools, this voluntary program includes a biometric health screening resulting in a wellness score. UCC (Non-Medicare) Health Plan participants will receive \$50 to participate in **myhealthIQ**, with larger incentives possible in future years to Plan participants and their employers. Please see the articles on **optimalhealth** and **myhealthIQ** in this issue.

Also note the important article by Chief Investment Officer Kate Waterworth (p. 2) for commentary on market turbulence in recent months started by the unwinding of subprime mortgages.

As we look forward to Pentecost, may you be renewed in the power of the Holy Spirit.

Michael A. Downs

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This Spring
Season

Stay Healthy and
Enjoy the Outdoors

Market Developments – First Quarter 2008

For the second quarter in a row, the Standard and Poor's (S&P) 500 has registered a negative return, ending March 2008 a little more than 15% down from its peak in October 2007. Members have asked how much more will stocks drop and when will they rebound. No one can answer these questions with any certainty. However, remembering a few key points may help to calm jittery nerves.

In the current downturn, stocks have fallen because of a lack of investor confidence caused by shaky credit markets, not because valuations are stretched as they were leading up to the bursting of the tech bubble in 2000. Expectations for earnings in the first half of 2008 have been lowered to such a degree that negative earnings surprises may be minimized. In addition, the Federal Reserve has been aggressive in reducing interest rates and taking action to restore confidence in the financial system.

Although the housing market continues to face difficult conditions, there are parts of the economy that remain strong. A weak U.S. dollar versus other currencies makes U.S. exports attractive to consumers in other countries. Almost 60% of the earnings of companies that are included

in the S&P 500 are earned outside of the United States. Earnings should get some support with growth prospects outside the U.S., especially in emerging markets, moderately stronger than domestic prospects. In addition, the farm sector is benefiting from higher agricultural commodity prices.

Equity returns for the last two quarters have been disheartening, and indeed they could go lower depending on the depth and longevity of the collapse in investor confidence. However, prospects for better returns in the future remain intact. The important thing is not to panic during periods when stocks bounce up and down from shifting investor moods. Selling after a market downturn eliminates the opportunity to make up losses and share in future capital appreciation over a longer horizon. In the aftermath of the dot.com bust and ensuing recession in 2001, the S&P 500 has risen for five consecutive years ending December 31, 2007 with an average annual return of 12.8% during this period. Investor confidence will eventually return to the market and when it does, equity returns will rebound. In the meantime, remember that, as equity prices fall, every new dollar that is going into your retirement nest egg is being invested in equities with cheaper valuations.

Corporate Social Responsibility

Proxy Season in Full Swing

Every year at around this time, the CSR office is busy exercising the “power of the proxy.” We vote the proxy ballots for annual meetings of companies in which we have holdings in accordance with our Proxy Voting Guidelines. We have designed these Guidelines to promote board diversity, equitable pay structures within companies, global and human rights, and many other issues. This work is done in the interest of safeguarding a company's financial performance and enhancing the long-term sustainability of a company's operations. Our Proxy Voting Guidelines are a “living” document; we adapt and change them as new information on best practices becomes available.

In 2007, we voted over 500 ballots according to our Guidelines. Voting ballots is an essential part of the fiduciary duty of the Pension Boards, and we take this obligation very seriously.

You may also be receiving the ballots for annual meetings for companies in which you are invested. There are several resources you can use to learn how to vote according to how you believe a company should be conducting its business. To learn how the Pension Boards has voted the ballot of a particular company, go to <http://pbucc.org/csr> and click on the Proxy Voting icon on the right side. To learn more about proxy voting and certain types of ballot items, go to <http://www.socialinvest.org/projects/advocacy/proxyvoting.cfm>. As always, the CSR office is eager to help you vote your proxies; contact **1.800.642.6543, ext. 2752** for assistance.

optimalhealth - Helping Plan Participants with Chronic Medical Challenges

The UCC (Non-Medicare) Health Plan is reaching out to Plan participants with an expanded wellness opportunity. On January 1, the existing disease management program, which only assisted persons diagnosed with three types of chronic illnesses, was replaced with a new program, **optimalhealth**, that includes a significantly wider range of chronic illnesses, including asthma, coronary artery disease, chronic back pain, chronic kidney disease, chronic obstructive pulmonary disease, depression, diabetes, end stage renal disease, heart failure and cancer.

When we look at the 5,900 participants who depend upon the UCC (Non-Medicare) Health Plan, it is distressing to find that 1,947 – 33% – are facing one or more of these serious medical challenges. **optimalhealth** gives participants telephone access to a healthcare professional, provides detailed and understandable education on the illness and leads and encourages the participant to develop a healthier lifestyle through workbooks, reminder letters and personal follow-up calls. Education is a key emphasis of the program, with information on medications, self-monitoring, diet and exercise provided directly to everyone taking advantage of **optimalhealth**.



Plan participants with a health record that points to one of the named illnesses will be contacted by an **optimalhealth** professional who will make participation available. Participation does not incur a cost to the participant, is purely voluntary and only those who choose to join the program will have access to this benefit. Please remember that although the UCC Health Plan sponsors and supports **optimalhealth**, the Plan does not have access to a participant's records or files within the **optimalhealth** program. The choice to participate as well as the improved benefits to your health belong to you!

UCB withdraws Neupro® skin patches

On March 20, the drug manufacturer UCB announced that it was withdrawing all batches of Neupro® (rotigotine transdermal system) in the U.S. due to a “deviation from approved product specification.” UCB stressed that the withdrawal was NOT due to any toxicity or safety issue. This product withdrawal was expected to result in an out-of-stock situation with Neupro in the United States in late April 2008. UCB advised patients to avoid abrupt discontinuation and to contact their healthcare providers to begin reducing their dosage over time (down titration) until it was safe to discontinue use. Neupro is indicated for the treatment of the signs and symptoms of early-stage idiopathic (unknown cause) Parkinson's disease. In response to this event Medco, the UCC Medical Benefits Plan's pharmacy benefits manager:

- Contacted prescribers for all incoming prescriptions sent to Medco by Mail (new and refills) to obtain a taper prescription for current users and an alternate for new users of Neupro.
- Began the process of sending letters to all Medco By Mail patients who had filled a prescription for Neupro in the previous 120 days, informing them of the shortage and of the need to contact their healthcare provider to arrange for down titration.
- Posted a POS (point of service) message to retail pharmacists informing them of the withdrawal.
- Posted general and patient-specific Web alerts for patients using Neupro when they logged onto medco.com.



myhealthIQ - A New Approach to Wellness

myhealthIQ, a wellness program designed to give you the information and tools you need to make or sustain positive lifestyle choices, is now available to UCC (Non-Medicare) Health Plan participants.

The program consists of a personalized Health Risk Assessment (HRA), which contains 50 questions about your health history and lifestyle, individual Wellness Exams (blood test and body mass and vital signs measurements), web-based support and improved incentives for participation.

To participate in the Wellness Exam, you must complete a Health Risk Assessment. Fasting is required for eight hours prior to the time of your Wellness Exam. Upon completion of the HRA and Wellness Exam, each participant's results are sent to him/her confidentially, along with instructions for understanding the screening results.

For your convenience, the Pension Boards has arranged to provide the Wellness Exams at upcoming Conference Annual Meetings. PBUCC will be contacting you personally to confirm your participation and to schedule your Wellness Exam.

Upcoming **myhealthIQ** Wellness Exams:

Pacific Northwest	May 3, 2008
California Nevada Northern	May 16, 2008
Illinois	June 6-7, 2008
Indiana-Kentucky	June 6, 2008
Penn Southeast	June 7, 2008
Minnesota	June 7, 2008
Northern Plains	June 7, 2008
Iowa	June 14, 2008
Penn Central	June 13-14, 2008
Southern	June 27, 2008
Connecticut	TBD
New Hampshire	TBD
New York	TBD
Ohio	TBD
Penn Northeast	TBD
Wisconsin	TBD

We look forward to your participation in our efforts to help you become a healthier you!

The UCC Health Benefits Plan will provide a **CASH INCENTIVE*** to you for completing the HRA and Wellness Exam. If you have any questions regarding **myhealthIQ**, please feel free to contact the Health Plan Team toll-free at **1.800.642.6543, ext. 2872**.

** You, as the participant in the UCC Medical Benefits Plan, qualify for a cash incentive upon completion of both the HRA and Wellness Exam. Other enrollees (your dependents - defined as your spouse, same-gender domestic partner or other family member covered under your Plan) are not eligible to receive cash incentives under **myhealthIQ**.*

Member Education Conference Calls

The Pension Boards' Member Education Conference Call Series offers members an opportunity to learn more about benefits plans and have their questions answered by knowledgeable Pension Boards staff. Conference calls are scheduled for the **second Wednesday of every month** and begin at Noon (Eastern).

Join us for the following discussions by calling the toll-free conference call number at **1.888.635.9299** and entering Access Code **905128**.

May 14 – Learn about our Short-Term Disability (STD) and Long-Term Disability (LTD) coverage, and how your Health and Pension Plans operate while you are receiving disability payments.

June 11 - We'll discuss how the Annuity Fund pays benefits when you retire, terminate employment, or die before retirement.

July 9 - Catherine Waterworth, Chief Investment Officer, joins us to discuss the investment choices in the Annuity Fund and to answer your questions.

If you are unable to participate, a recording of each conference is available for **one month** following the call at 1.800.475.6701, Access Code: 905128

2008 Regional Retirement Seminar Schedule



Retirement seminars are held annually in each of the six geographic regions of the United Church of Christ for individuals age 58 and older and their spouses/partners. Invitations and registration information will be mailed to qualifying members in each of the regions in advance of each event.

Tuesday, September 30, 2008
Mid-Atlantic Region
Holiday Inn BWI
890 Elkridge Landing Road
Linthicum, MD 21090

Wednesday, November 19, 2008
Great Lakes Region
Radisson Hotel
651 Huron Road
Cleveland, OH 44115

*For additional information, please contact Sharon Thomas, Member Education Services Coordinator, at **1.800.642.6543, ext. 2712** or by e-mail at **sthomas@pbucc.org**.*

New PBUCG Web Site to Debut July 1

The new Pension Boards web site (**www.pbucc.org**) will be unveiled on July 1, replacing the existing site. The new site, under development for more than a year, will offer members ready access to information about their individual accounts and plans. Among the features available at roll-out will be:

- content determined by the member's status (active, retired, working annuitant) at log-in
- personalized account balance information for accumulation accounts, including percentages allocated among various investment funds
- annuity information for those receiving pension income
- beneficiary designations
- TSA and annuity benefit calculators
- benefit plan information, such as coverage type (health, dental, vision; individual, spouse/partner, child(ren); FSA, etc.)
- downloadable forms

By year-end, the site will enable members to perform certain online transactions, such as:

- changing beneficiary designations
- submitting online forms

Please be sure to visit **www.pbucc.org** on July 1!

www.pbucc.org

Ministerial Assistance to Provide One-Time Energy Grants to Low-Income Annuitants



You've seen the news reports.

The average price of gasoline in the U.S. is expected to reach \$4 a gallon during the summer of 2008. These record-breaking prices will have a dramatic impact on the cost of every commodity used by the nation's families.

Low-income annuitants have been hit especially hard. The ripple effect of soaring energy costs affects what consumers pay for food, utilities and other necessities as well.

Even with assistance provided by supplementation programs, a significant number of retirees who receive annuity payments from the Pension Boards still have incomes barely above the federal government's poverty income guidelines.

In an effort to relieve the crushing economic impact on those with the greatest need, this summer the United Church Board for Ministerial Assistance (UCBMA) – one of the corporations comprising the Pension Boards – will provide \$200 one-time Energy Assistance Grants to 1,000 low-income retirees. Recipients were selected by UCBMA at its March meeting based on criteria established by the Board and represent some of the neediest retirees in the United Church of Christ. Checks will be issued starting in July.

In January 2006, a similar form of assistance was provided to approximately 900 retirees in response to the rising costs of energy in the aftermath of Hurricane Katrina. These grants represent one form of the assistance provided to clergy and lay employees throughout their careers.

Energy Assistance Grants are made possible by the income generated by contributions to the Reserve Fund for Ministerial Assistance, which is the endowment fund of the United Church Board for Ministerial Assistance. Gifts to the annual Christmas Fund Offering and income from the Reserve Fund for Ministerial Assistance support an annual assistance budget of approximately \$5 million.

Should you wish to provide a legacy gift for this endowment, please contact the Rev. Dr. M. Douglas Borko, Director, Ministerial Assistance, toll-free at **1.800.642.6543, ext. 2716** or by e-mail at **dborko@pbucc.org**.

Benefit Enhancement Coming October 1

The Pension Boards is pleased to announce that effective October 1, 2008, **hearing aids** will be covered under the UCC Medical Benefits Plan. Watch for more information, which will be sent to Plan participants in the coming months by mail and e-mail. Additional details also will be included in the next issue of **Employee News & Views**, which will be mailed in late July.

