

Office of the President
November 2009

TO MEMBERS OF THE COMMITTEE ON EDUCATIONAL POLICY:

ITEM FOR ACTION

For Meeting of November 19, 2009

**ESTABLISHMENT OF MANDATORY HEALTH INSURANCE AS A NON-ACADEMIC
CONDITION OF ENROLLMENT FOR ALL GRADUATE STUDENTS**

The President recommends that the Committee on Educational Policy recommend to The Regents that the President be authorized to require proof of health insurance coverage as a non-academic condition of enrollment for all University graduate students, effective with the Fall term 2010.

BACKGROUND

In the mid 1980s, as the percent of uninsured UC students steadily increased, referenda by graduate students on each campus established mandatory health insurance requirements. These requirements triggered the development of campus specific graduate student health insurance plans (GSHIPs). Though two campuses also succeeded in establishing corresponding requirements for undergraduate students through similar referenda, most did not, and by the end of the 1990s the percent of uninsured undergraduate students on campuses without a requirement rose dramatically.

In September 2000, to address the financial, administrative and personal impact of being uninsured, the Regents voted to require proof of insurance as a non-academic condition of enrollment for all undergraduate students at the University. Campus administered undergraduate student health insurance plans (USHIPs) and plan enrollment procedures were instituted to meet the Regents requirement. The Regents Action superseded undergraduate insurance requirements previously established on campuses by referenda. The campus specific stipulations relating to administration, cost and oversight of those plans became subordinate to the Regents action. At that time, the Regents did not take action on mandating health insurance as a non-academic condition of enrollment for graduate students (since this stipulation was in place on each campus through the referenda process).

If the Regents take the recommended action, the requirement for health insurance for graduate students will become systemwide policy, rather than campus policy.

UNIVERSITY ACTION CONCERNING STUDENT HEALTH INSURANCE

Today, University administered undergraduate and graduate insurance plans are in place on all 10 campuses. These plans finance students' major medical healthcare needs and are

complimentary to the campus primary care services, provided (in most cases) through the campus student health centers. Specific provisions of both graduate and undergraduate plans address the unique service access and local healthcare market issues in each campus community. With the establishment of mandatory insurance requirements, the University has become responsible for providing a continuum of healthcare services to students through a combination of campus accessible primary care centers and insurance financed specialty and major medical care services.

Campus by campus, current graduate and undergraduate student health insurance plans vary in the scope and level of healthcare benefits. Although the May 2001 report of the UCOP *Undergraduate Health Insurance Implementation Workgroup* set guidelines and recommendations for USHIP benefits and coverage to help standardize the undergraduate plans, the unique needs and experiences of the nine campus graduate student populations were not addressed in that report. Today, the independently established campus-by-campus GSHIPs have no corresponding system-wide set of guiding standards for plan benefits and coverage or oversight and administration.

Current graduate and undergraduate student health insurance plans also vary by campus in premium costs and annual plan renewal percentage increases. Currently, the UCOP Office of Health Affairs provides guidelines to campus contract negotiators and advisory groups that keep USHIP premium costs and renewal increases relatively comparable. For GSHIP contracting, however, each campus renewal proceeds in accordance with the unique provisions established under its founding referenda, without this systemwide guidance.

Each year campus student health centers work with brokers and campus health insurance advisory committees to negotiate benefit packages and premium rates. Still, the escalating costs of health care across the state are reflected in rising campus-community healthcare costs and student insurance premiums. For undergraduate and professional students, increases in premium rates place an additional burden on the University's financial aid resources; for graduate student instructors, research assistants, and fellowship recipients, these premium increases place a growing financial burden directly on campus resources.

The benefit of healthcare access in securing the students' personal health and financial stability requires that GSHIP provides coverage that is appropriate in addressing a variety of chronic and acute illness reflected in the student population. This benefit to the University, however, can only be fully realized if the provision of insurance coverage is secured through affordable, financially stable plans. Recommendations to optimize GSHIP requirements system-wide must include both appropriate benefit guidelines and sustainable cost containment principles.

RATIONALE FOR A GRADUATE STUDENT HEALTH INSURANCE REQUIREMENT

In contrast to USHIP, GSHIPs vary substantially with respect to benefits, premiums, administrative oversight, and historic success in containing costs. This is not surprising given that each campus plan is a product of a local student referendum establishing its own mandatory graduate/professional student health insurance plan. While all plans have been in effect since the

late 1980s, there are no systemwide guidelines in effect with respect to cost containment or coverage.

Within this context, and following requests from the Graduate Deans and Vice Chancellors for Student Affairs, the UC Office of the President charged a Workgroup composed of campus leadership and UC Office of the President staff to explore options for Graduate Student Health Insurance Plans. In addition, the recent review of possible systemwide efficiency measures undertaken by The Monitor Group also identified student health insurance as an area potentially lending itself to a systemwide approach.

In conducting its analysis, the Workgroup reviewed the history of the establishment of ten individual campus graduate student health insurance requirements through the campus referenda process. The Workgroup concluded that the unique provisions of each campus GSHIP referenda currently precludes the development of a more consistent organization or management of graduate insurance plans systemwide. However, establishing systemwide recommendations and guidelines for campus GSHIP plan benefits and premiums shows significant potential for enhancing the ability of the University to assure the continuing negotiation of appropriate, affordable and sustainable graduate student insurance plans, as well as the potential to enhance benefits.

UCOP ACTION TO DATE

The GSHIP Workgroup was convened in August, 2008 and is co-chaired by Joseph I. Castro, Vice Provost at UC San Francisco and XXX, Graduate Dean at UC XXX. The Workgroup's primary objective is to respond to growing concerns about rapidly escalating GSHIP premiums and to explore options for stabilizing premium costs and plan benefits.

Hewitt Associates, a consulting firm that has a dedicated operation to higher education and includes experts in student health insurance has been retained by UC Office of the President to assist with the actuarial analysis. Hewitt has taken an incremental approach to the project and divided it into three phases.

Phase I: Plan Design concluded in December 2008
Phase II: Cost Projections concluded in March 2009
Phase III: Request For Proposal (RFP) concluded in November 2009

UC currently has eleven separate insurance plans for its approximately 55,000 graduate and professional students. There is large variance in student health insurance costs from campus to campus. The range of current 2008-2009 annual premiums is from \$1338-\$2518 (88% difference). These cost differences reflect current variations in plan design provisions, covered student health center services, carrier provider discounts / care management arrangements / administrative fees, region and funding requirements. The expected aggregate 2009-2010 cost increase, across all campuses, is +6.9%.

As part of its directive, the Workgroup recommends that a Regents Action requiring establishment of universitywide policy that the President be authorized to require proof of health

insurance coverage as a non-academic condition of enrollment for all University graduate students. The Workgroup believes that this action would enable the University to develop policy and procedures for all Graduate Student Health Insurance Plans (GSHIPs) and thus allow the University to enhance the stability and affordability of sustainable graduate student insurance plans through: establishment of guidelines for benefits, coverage and cost containment; development of policy and procedures for plan negotiation and management; and clarification of accountability and advisory functions of campus constituencies.

The Workgroup recognizes that if such an action were taken by The Regents, new GSHIP guidelines would include specific stipulations relating to administration, cost and oversight that would supersede existing campus practices relating to negotiations of plan provisions and costs, plan benefits, and program management. The Workgroup has consulted with the Executive Vice Chancellors/Provosts, Graduate Deans, Vice Chancellors for Student Affairs, Student Health Center Directors, the UC Student Association, UC Office of the President Health Affairs and Labor Relations. The overarching objective of Workgroup's recommendations will be to contain costs, increase efficiency and stabilize GSHIP plans (and access to them) for all graduate students - all of which are important components of the University of California's broader efforts to improve graduate student support, and improve competitiveness in recruitment for top students.