

COMPULSORY STUDENT FEES

MEASURE A:

Shall undergraduate students establish a \$120 per quarter (\$360/year) fee to purchase a group health insurance plan, which would be paid only by undergraduate students who do not already have comparable health insurance coverage? This fee would provide undergraduates with comprehensive, year-round (includes summer and quarter breaks), health insurance that is valid anywhere in the world. The fee would be implemented beginning Fall Quarter, 1998.

- Any undergraduate student with proof of comparable health insurance may opt out of the undergraduate group insurance plan and would not be charged the fee;
- The plan would provide insurance coverage of \$50,000 per condition;
- The plan would provide for 80% of the cost of prescription medications, once an annual \$100 deductible is met;
- A 5% cap would be placed on any annual premium increases;
- Additional specific provisions of the health insurance plan would be determined by a UC Santa Cruz campus committee with a student majority. This committee would review the plan provisions annually.

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MEASURE A - Explanatory Ballot Language:

This question was placed on the ballot by the Student Union Assembly. Measure A applies to undergraduate students only. This measure requires that a two-thirds majority (66.6%) of a minimum voting pool of twenty percent (20%) of registered undergraduates must vote in favor of the measure for it to pass.

This undergraduate group health insurance plan would cost \$360 per year with a 5% cap on annual increases. For comparison purposes, the current UC Santa Cruz voluntary insurance plan will cost \$879/year in 1998-99. This represents a savings of \$519/year (approximately 60% reduction in cost) for undergraduates who need to purchase health insurance.

Studies indicate when students come to UC Santa Cruz as freshmen, about 40% have no or inadequate health insurance; further, by the time students are seniors, 70% have no or inadequate health insurance.

The Financial Aid budget already includes a \$400 allowance for medical costs. This allowance would be replaced by the actual cost of the undergraduate insurance if the referendum is approved.

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MEASURE A - Pro Opinion:

UCSC students are uniting to make a statement that universal health coverage is good social policy. Currently, all students have access to on-campus health services, but when care is needed off-campus, the picture gets murky and a student's academic work can be severely disrupted.

Nationally, people between the ages of 18 - 25 are the most likely to be uninsured. The proposed insurance plan is sponsored and endorsed by Student Union Assembly (SUA), with unconditional endorsement from the Graduate Students Association (GSA.) Graduates have had such a plan since 1990 and they know how important this additional safety net can be to a student's career.

Last year a student with insurance was severely burned after splashing boiling water on himself. He* spent two weeks in a hospital burn unit and came out owing \$30,000. His family paid the \$100 deductible and his insurance paid the rest. Imagine the situation for the uninsured student and his family who would be faced with a medical bill more than twice the cost of a year at UCSC.

The sad thing is that even less serious illnesses and injuries can seriously impact a student's ability to stay in school. For example, a typical Emergency Department (ER) visit, with an injury, costs more than this plan costs for the entire year. The average cost of treating a broken arm runs \$800. Surgery to fix a knee injury averages \$1,400, not counting hospital stays and specialists.

Students should not have to choose between expensive medical treatments and staying in college. Many students who were formerly covered by their parent's plan get dropped during their college years, especially during the current trend towards benefit-cutbacks. Currently, 22-25% of systemwide academic withdrawals are for medical reasons.

***What is the Plan?

The Student Fee Advisory Committee (SFAC) has strongly recommended that the Student Health Services (SHS) work to provide all students universal health insurance. If Measure A passes, undergraduates would have an inexpensive health plan covering most health care needs anywhere in the world. Students who pay for spring quarter will get an added bonus of summer coverage for no extra cost. This means that students registered for 9 months will automatically have year-round coverage.

***What Are the Costs?

The current voluntary health plan will cost about \$72 per month next year. Universal health coverage, if approved by students, would initially cost not more than \$31.25 per month, with a 5% cap on annual increases. Costs are lower because risks are shared by a larger pool. Student insurance plans are usually priced much lower than private insurance and are tailored to the unique health-care needs of college students.

***What About the Overall Cost of Education?

That's a serious concern. However, each year a significant number of students end up with unanticipated medical bills in the thousands of dollars and no way to pay them.

***What About Low-Income Students?

The Office of Financial Aid is including this expense in the standard financial aid budgets. This means the cost will be funded for students who qualify for financial aid.

***What About International Students?

International students have to buy the campus plan. Their cost would be reduced from approximately \$875 to less than \$360 per year.

***What About Re-Entry Students?

Re-entry students are usually older and often have children and other family members that they need to worry about. Currently, most re-entry students cannot afford the campus plan. The new plan would be less than half the current cost.

***What about Spouses, Partners and Children?

Student health plans have been available to spouses, domestic partners and children for many years and will continue to be available.

***What If a Student Already Has Insurance?

Students with comparable health insurance can opt-out using a simple process, either completing a simple form during registration that gives needed information or providing a copy of their insurance card.

***What About Athletes?

Currently, athletes participating in non-NCAA sports have to pay extra for insurance. Measure A would cover athletes and they would not have to buy an additional plan.

*****What About Counseling and Mental Health?**

This plan would cover off-campus services. Currently there are few, if any, resources available to students for these visits.

*****What About the Other UC's?**

A recommendation that insurance be a condition-of-enrollment for all UC students went from a systemwide Insurance Committee to the Office of the President (OP) in 1995-6. The OP decided that this should be a campus-by-campus decision. Recently, there has been renewed discussion of a top-down mandate vs. campus by campus decision.

Berkeley's students voted for universal health coverage several years ago and 40% of their undergraduates enrolled in the first year. By the second year 60% of undergrads were enrolled. This dramatic increase is attributed to the fact that student families were able to save money on premiums. Graduate students on all UC campuses have had mandatory insurance since 1990.

*****Who Will Decide on the Benefits of the Plan?**

Students will have control of the benefits of the plan. An advisory committee consisting of six students and 4 staff/faculty will have control for plan design.

Melissa Ramos, Student HIV Prevention Program, Cowell College

Jaime Garcia, Chicanos in Health Education, Merrill College

Jordan Weiss, Emergency Medical Technician, College Eight

Anita Diaz, Director Student Health Services

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MEASURE A - Con Opinion:

Just say NO to new fees. Why should the campus force us to do what they tell us is in our own personal interest? Most students who can afford health insurance have it through their parents or employer. Those who do not have insurance and thus benefit from mandatory insurance are going to be those who cannot afford it. Those who advocate for this new mandatory health care system say that it will curb the amount of students who drop out due to health related problems yet have no statistics as to how many students it may force out due to the increased costs. We are all students, we know what its like to live on a tight budget, even if you can afford this increase, you probably know people who can not. If you want health insurance, go buy some, you will probably find a better plan, for cheaper than the university will give you. I did.

Corin Choppin

1. BACKGROUND AND RESPONSE

In 1992, the University of California Student Health Services (SHSs) Directors and the *UC Advisory Committee on Student Health* recommended an undergraduate health insurance requirement as a condition of enrollment in response to a growing risk of students without health insurance. However, momentum was slowed by controversy over recent fee increases and overwhelming budgetary concerns.

On November 5, 1993, the *UC Advisory Committee on Student Health* formally recommended to Dr. Cornelius Hopper, Vice President - Health Affairs that "UC adopt a policy that all students have guaranteed access to adequate health services, via the following mechanism: *prior to enrollment*, students must have major medical insurance coverage, either through private or University-offered sources to supplement campus-based health care services."

In March 1994, Dr. Hopper appointed the *Student Health Insurance Advisory Committee*, with a charge to consider, and ultimately recommend, on the question of whether comprehensive major medical health insurance coverage should be required for all UC students as a condition of enrollment.

Dr. Hopper's questions (*in italics*) and the Committee's responses and recommendations are:

1. *whether all students would be required to purchase a UC-sponsored plan*

The Committee believes that the same requirement currently in place for graduate students -- as a condition of enrollment -- should be required for all undergraduate students.

2. *whether students could waive out of this plan if they demonstrated comparable coverage*

The mechanism already in place for GSHIP waivers would apply. Comparable coverage, as determined by each campus, would allow students to waive out of the University-sponsored plan.

3. *whether Registration Fee funding would still be available to SHSs to fund services that fall outside the scope of traditional major medical insurance plans*

Registration fees or other non-waivable fees (e.g. separate health fee) should continue to be available to fund on campus primary health care services that fall outside the scope of a traditional major medical plan.

4. *whether a UC-sponsored plan would be local or statewide*

A local campus approach, subject to a systemwide minimum benefits level, is recommended. Campus needs vary, as do local health care arrangements and pricing. It would be very inefficient administratively to manage a statewide plan for 125,000 students.

5. *whether voluntary dependent coverage would be available*

All campuses would continue to offer voluntary dependent coverage separate from a mandatory student plan.

6. *how Student Financial Aid would cover the additional mandatory insurance costs*

Some campuses already include student health insurance in the Financial Aid package. While grants are preferred over loans for low-income students, the Financial Aid Directors on each campus, would have to consider their specific fiscal situation. An appropriate amount of aid in the form of grants, loans, and work should be earmarked annually.

7. *whether graduate and undergraduate plans would be merged*

This decision must be made campus-by-campus. Circumstances at each site vary and merger may not always be an advantage.

8. *how student-employees would be covered*

Student-employees would be covered "as any other student" unless the illness or injury is work-related and covered by Workers' Compensation.

9. *and whether referenda would be necessary at all campuses before implementing a mandatory insurance plan.*

We recommend that the President adopt a policy that, as a condition of enrollment, all students have and maintain adequate health insurance to supplement on campus SHS services. A campus-by-campus referendum on this issue is not likely to be successful. However, health and well-being are key to academic success and retention and time to degree. A decision by the Office of the President, in consultation with the UCSA and the Chancellors is advocated (Delegation of Authority, 100.4).

2. THE PROBLEM

- A. *It is estimated that a minimum of fifty thousand (40 %) ¹ of the University of California's undergraduates are un/underinsured. This includes students who are no longer covered by employer plans and those in plans that have geographic or other provider-specific restrictions which limit medical care services when the student is away from home. Faced with an unexpected illness or injury, students without coverage are at high risk for a potential disruption of their academic work, significant, time-consuming difficulties in accessing non-SHS health care, and subsequent unplanned financial obligations.*

Students need to be healthy to participate maximally in their educational endeavors. Because of this, SHSs provide primary health care with a strong emphasis on health education and prevention, often functioning as mini health departments.

For care beyond the scope of the SHSs, students must access non-SHS health services. Without adequate insurance, cost is a significant barrier to access and to the quality of services received. Even paying for a simple diagnostic test can become a significant impediment and often cause delays in getting care.

- B. *From an actuarial point of view, a significant number (estimated at 2,000-7,000 students per year) of the un/underinsured students will need major medical/specialty healthcare services beyond those available through the SHSs. These cases present a serious economic consequence for the student, the campus and the community.*

Experience in the SHSs indicates that all of their clinicians at one time or another are confronted with the problem of seeking inexpensive health care services for an un/underinsured student patient. Such obstacles have costly staff implications and have serious implications for student retention.

- C. *This problem is worsening due to the decrease of health benefits for dependents in employee-based plans, the severe limitations in public resources devoted to health care, and the advent of economically focused managed care programs with limited "portability."*

The two biggest problems are, of course, high costs and the increasing erosion of employer-paid health insurance coverage. Not only is coverage typically not available to students but it is steadily decreasing as employers exercise cost-cutting measures and continue decrease the scope of health benefits. Alternatives to private insurance, such as public funding for those under 21 or funding for medically indigent adults (ages 21-64), have become more restrictive. The result is that alternative and/or public funding for (non-pregnant) UC students in the

predominant age group is virtually non-existent. According to the March 1995 report of the *Public Citizen's Health Research Group's Health Letter* the number of uninsured Americans has grown by 6.3 million since 1989 and the largest growth has been for persons between the ages of 18-39.

- D. Many students ignore the health and financial risks involved in being un/underinsured; lower-income students are particularly at risk. Although voluntary, low-cost, comprehensive medical insurance is available many students choose not to participate on the basis of economics, perhaps a false reliance on youth as protection against illness or injury and/or an emphasis on an individual choice rather than the impact of such a choice on the larger community.*

The portion of the University student population that remain un/underinsured is a significant percentage of the entire student population. Graduate students on all campuses and UCB undergraduates are required (through a self-imposed mandate via referenda, *See Attachment A*) to be adequately insured, as are international students.

One nationwide study² shows that minority graduate students are substantially more likely to be uninsured than majority students, 21.5% v 9.3%. While minority students made up only one quarter of the respondents in this study, they accounted for nearly half (45.6%) of the uninsured.

- E. UC students who are un/underinsured contribute to the increased cost of insurance for their insured colleagues and the increased cost to the community as a whole.*

The practice of cost-shifting, that is, increasing medical fees for those who can pay to compensate for the losses incurred for those who can't pay, greatly contributes to the costs of health care for other members of society. Students also create access problems for themselves and their colleagues by contributing to a perception of students as "bad debts."

- F. The concept of health insurance entails the sharing of the financial risk and the benefits. Since the total potential need can be estimated, but not individually foreseen, insurance is most cost-effective when a significant number of individuals pool their resources. UC students form an ideal insured group because they are, for the most part, young and healthy with relatively lesser needs than other segments of the population. This advantageous position, however, is largely unrealized because of the current voluntary nature of the participation.*

Under-participation in the current voluntary insurance plans contributes to the cost and limitations in the benefits provided. Some campuses may find themselves offering students less-than-adequate health insurance because they can no longer bid competitively. Smaller campuses are already facing a downward spiral of

increased premiums and decreased enrollment as a result of adverse selection. As a result, the cost goes up and even fewer are able to afford it.

G. The problem affects the entire campus. UC students who are un/under-insured utilize a disproportionate share of limited campus resources.

The inability of campuses to rely on access to health care for their students impacts resources for a number of University-related activities, causing not only the SHSs, but Financial Aid, Recreation Departments, Disability Resource Offices, Counseling and Psychological Services, Insurance and Risk Management, etc., to devote much-needed resources to the resolution of related problems. For example, if a student without insurance experiences an unexpected illness or injury and has a large bill, that student is in the unenviable position of taking out yet another loan, becoming more stressed, and having less time to devote to academic work. Inevitably, the use of these University resources is out of proportion to the number of students who need these services.

Closing Comments

Many UC students and their families, as a result of all the media attention, know more about health insurance issues than ever before. As a part of new student recruitment, SHSs are being asked more questions regarding coverage and students are increasingly requesting a full continuum of health services as part of their educational package.

Health insurance can be an effective means of attracting underrepresented students, since it is clear that there is a direct correlation between a lack of health care access and decreased enrollment and retention of minority students and students on financial aid, and increasing evidence of no health insurance for students from middle-income families.

3. A STUDENT HEALTH INSURANCE REQUIREMENT

A requirement that all University students carry adequate health insurance is cost efficient for students and their families and the University, and good social policy. A decision to require insurance is needed more urgently than ever because of the increasing risk to students and the University of trying to insure a population on a voluntary basis in this economic climate. A requirement that students be adequately insured will result in :

- making the University more competitive in recruiting students and improving retention by providing a clearer continuum of health care and wellness choices.
- providing equitable services to all students when they need them, while lowering health insurance costs for the majority of students.
- providing a reduction to indirect administrative costs by making it possible for the SHSs to negotiate discounts with local health care providers and lessen the impact on campus resources.
- enabling all the campuses to reduce the impact of student illness and injury on retention by providing supplemental insurance plans which are affordable and financed so that students can access health care, regardless of economic status.
- improving the health status of the campus community by providing ready access to health care before an untreated health problem worsens.

4. WHO WILL PAY FOR IT?

Most students will pay the cost along with their other fees. The current cost of health care services for un/underinsured students is borne by the students themselves, their insured colleagues, the health care system, public support systems and the campuses. The financial effects of an insurance requirement include:

- safeguarding of the University's investment in its students by preventing medically related attrition problems, estimated at 25% of withdrawals. Currently, the University spends approximately \$2-3,000 per student to recruit and this expense does not consider the additional costs of hidden student turnover or the loss of income when students withdraw.
- increasing the cost by approximately \$4-500 per year for students who now choose to be un/underinsured. It is likely that many will seek financial support for this expenditure through grants and/or loans.
- including the cost for health insurance as part of the overall personal expenditures.
- identifying specific allocations in financial aid award calculations.
- reducing insurance premiums for students who are currently choosing to purchase voluntary insurance plans from 10-30% due to improved ability of the SHSs to acquire comprehensive insurance plans at discounted rates.
- reducing significantly the need for emergency loans and other resource demands on Financial Aid and the campus for unexpected medical emergencies.
- redirecting labor-intensive campus resources now devoted to assisting students with uninsured medical expense to programmatic efforts benefiting the broader student population.
- decreasing the costs of the accident insurance plan purchased by the OP to cover students during University-sponsored activities and non-NCAA sports insurance plans.
- covering administrative costs via a small administrative surcharge to the premium.

In summary, everyone seems to agree that health insurance is a good idea. However, there is disagreement on how it should be paid for and universal concern about the impact of rising fees on students' ability to come to, stay in, and graduate from the University. A student health insurance requirement is the most economical and convenient method for students to acquire insurance, since the premium would be assessed as a regular campus fee.

Less-affluent students would be granted immediate relief from payment of the fee by either a grant, loan or work-study. More affluent students will either be able to bear the additional expense or can cancel more expensive individual coverage and buy the less expensive University-sponsored plan.

5. STUDENT INVOLVEMENT AND THE PLANNING PROCESS

It is important to guarantee that student participation to make this program a success. On September 5, 1994, Bryan Hannegan, President UC Student Association wrote to the Committee,

“UCSA supports the notion of mandatory health insurance for all students, but is concerned with the financial impact an additional health insurance fee could have on those already finding it difficult to meet the costs of attending the University. Financial aid should be made available for those who have difficulty meeting the additional cost of attending the University represented by this additional mandatory student fee.

Providing ‘universal coverage’ to our students is certainly a goal we must pursue, but we should take care not to further discourage students from attending the University due to its skyrocketing costs.”

Student representatives from Berkeley, Davis and Riverside serve on *the Student Health Insurance Advisory Committee* and concur with this recommendation. Campuses would continue to ensure student involvement in designing, reviewing and modifying their own insurance health plan, via campus-based advisory committees.

Implementation of this proposal would require substantial changes in campus accounts receivable procedures and require appropriate lead time for fee announcements. A twelve-month period is recommended to notify the campuses and allow them time to make needed changes.

THE BERKELEY EXPERIENCE**ATTACHMENT "A"****A. HISTORY**

In April 1990, UCB undergraduate students successfully voted to establish an enrollment policy which requires mandatory health insurance for all Berkeley students. The Regents approved the addition of the policy and the new student fee in June, 1990. Since the graduate students had already voted for mandatory health insurance policies in fall of 1987, this decision created the first-ever commitment to health care for all students at a UC campus. The two insurance plans were merged, creating a large enrollment pool and a standardized benefits package.

In fall 1990, students were automatically enrolled in the University-sponsored plan or had the option to "waive" out of the plan. 40% of undergraduates enrolled and 95% of graduate students enrolled in the Student Health Insurance Plan (SHIP). The plan was originally a fully insured indemnity plan whose benefits were designed to complement the provision of on-campus primary and specialty care. University Health Services (UHS) are funded by a combination of registration fees and student co-payments, not by SHIP. The SHIP consists of 12 months' major medical coverage with a \$100 annual deductible and a \$200,000 lifetime maximum., In its first year, SHIP premium rates were \$280 annually for undergraduates and \$310 for graduate students.

B. CAMPUS COLLABORATION

UHS took the lead in coordinating a campus workgroup to develop the systems necessary to enroll all students in the plan, collect payment, or waive the student out of the SHIP plan. Implementing the mandatory health insurance requirement involved close cooperation with many other campus business and academic departments.

D. CURRENT STATUS

At the beginning of fall, 1995, 60% of the undergraduates and 95% of the graduate students enrolled in SHIP. Enrollment among undergraduates has increased by approximately 5% each year, while the graduate student enrollment has remained relatively stable. Undergraduates have accepted the new requirement and fee with relatively little resistance.

For the most part, students have supported the concept of universal access to health care for all Berkeley students and only grow concerned when they approach graduation and realize they will lose their health coverage. SHIP rates for the academic year 95-96 are \$398 annually for undergraduates and \$438 annually for graduate students (compared for up to approximately \$750 per year for voluntary plans).

REFERENCES

- ¹ William A. Christmas, M.D., "The Evolution of Medical Services for Students at Colleges and Universities in the United States," JACH, Vol. 43, May 1995.
- ² Dean G Smith, Ph.D., "Graduate Students' Health Insurance Status and Preferences," JACH, Vol. 43, January 1995.