



# The University of North Carolina Association of Student Governments

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Fayetteville State  
University

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Technical State  
University

North Carolina  
Central University

North Carolina  
State University  
at Raleigh

University of  
North Carolina  
at Asheville

University of  
North Carolina  
at Chapel Hill

University of  
North Carolina  
at Charlotte

University of  
North Carolina  
at Greensboro

University of  
North Carolina  
at Pembroke

University of  
North Carolina  
at Wilmington

University of  
North Carolina  
School of the Arts

Western Carolina  
University

Winston-Salem  
State University

Constituent High School  
North Carolina  
School of Science  
and Mathematics

## MEMORANDUM

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**TO:** Dr. Bruce Mallette, UNC General Administration

**FROM:** T. Greg Doucette, President *T. Greg Doucette*

**DATE:** June 19th, 2009

**RE:** Student concerns regarding mandatory hard waiver health insurance

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This memo outlines the main concerns raised by Student Body Presidents of various campuses throughout the past year regarding the proposed UNCGA initiative to require all students to have health insurance in the near-term future. The Student Health Insurance (SHI) initiative is one of the policy items slated for discussion at the July meeting of the Association's Council of Student Body Presidents.

The UNC Association of Student Governments focuses its advocacy efforts on the three core areas of its mission statement, and student concerns raised regarding the SHI initiative are divided along those same lines for simplicity in this memo. Internally, these areas are described as follows:

1. Accessibility - whether an academically-qualified North Carolina student is able to gain admission into the University;
2. Affordability - whether that same student will have adequate financial resources to remain in the University until graduation; and,
3. Quality - whether the combination of that student's University experience and the value of his/her degree are "worth it" upon graduating.

### SHI Accessibility Concerns

- ***What will be the net impact on financial aid availability?***  
Based on a quick ballpark analysis at the May UNC Board of Governors meeting, it appears all of the campuses affected by the initiative (except UNC Chapel Hill) will end up with less available financial aid to distribute for non-health insurance expenses. Amounts ranged from a net loss in aid flexibility of ~\$80,000 for UNC Wilmington to over \$1M+ for NC State University.

These amounts were calculated by taking the estimated financial aid revenue raised by the tuition increases approved by the BOG in February and subtracting the projected SHI premiums multiplied by the estimated number of students who participate in the program (e.g. do not "waive out").

While this analysis is admittedly incomplete (excluding, for example, any increases in

federal financial aid that result from health insurance becoming a mandatory expense), implementing SHI should not come at the expense of financial aid availability to lower- and middle-class students.

What data exists (if any) on the impact the SHI initiative has on financial aid at each of the campuses added into the program over the last 3 years?

- ***Is “comparable” insurance determined? If so, how?***

Information obtained from several campus Student Health committees indicated that the SHI plan would require students to demonstrate “comparable” health insurance coverage in order to waive out of UNC-provided coverage.

At the May Board of Governors meeting, by contrast, it was stated that there is no determination of comparable coverage and the program instead relies on “the honor system” and an expectation of students to truthfully respond that their health insurance is comparable.

Which is the accurate assessment of how “comparable” health insurance coverage will be determined?

- ***Will campus flexibility on premiums be preserved? If not, will age-banded premiums be included in the RFP?***

Several of the non-SHI campuses, notably UNC Chapel Hill and NC State University, implemented age-banded premiums to reduce the costs to participants and to better align insurance plan usage with plan premiums.

Based on information provided by ASG officials at SHI campuses, the current premium structure does not allow for age-banded premiums and essentially provides heavily subsidized coverage to older participants at the expense of average university students.

Will the new RFP for the SHI initiative allow campuses to maintain flexibility on premiums? Assuming no, will the RFP include a provision to provide age-banded premiums for all campuses?

### **SHI Affordability Concerns**

- ***What financial provisions, if any, will be made for existing juniors and seniors? Can these classes be “grandfathered in” to the SHI initiative?***

Although many factors influence the financial aid packages available to students, a simple benchmark for measuring affordability has been the availability of Stafford loans.

The federal government recognizes the constantly rising costs of an education, and accordingly provides an increase in Stafford loans from the freshman to sophomore year, as well as from the sophomore to junior year. If the increase in a student’s total cost of attendance from one year to another is less than or equal to the increase in Stafford loan eligibility for that student, an argument can be made that the affordability of his/her education has remained the same or improved.

Unlike freshmen and sophomores, however, juniors and seniors do not see any increase in loan availability in future years. The implementation of the SHI initiative is a particular risk for these classes as a result, with the availability of financial aid an acute concern now that these students are within sight of graduation.

Will any additional financial aid be made available on campus to hold junior- and senior-level students harmless from the costs of the SHI initiative? In the new RFP, is it possible to initially exempt them from participation entirely with a “grandfathering” provision?

- ***How will the process for “waiving out” be implemented? Will it be streamlined? Will students be charged for health insurance and then refunded the premium amount upon waiving out?***

The current process for “waiving out” of the University-provided insurance has been a source of many student complaints to the UNC Association of Student Governments, particularly from the historically black universities (notably NC A&T State).

The paperwork required to waive out of the SHI initiative is cumbersome for students who should instead be focused on their education. It was stated at the May Board of Governors meeting that this paperwork would instead be replaced by a simple web-based application. Is this accurate?

A number of students have also complained of being charged by their University Cashier’s Office for health insurance regardless of intent to waive out of the SHI program (and prior to the waiver deadline), and then provided a refund of the charges once the waiver paperwork was submitted. Will this practice continue in the future?

- ***Does participation in the SHI initiative reduce the expenses of the Student Health Centers? Does it impact SHCs financially in any way?***

Student representatives on the Student Health committees at several universities indicated that joining the SHI initiative would enable Student Health Centers to both (1) bill services to insurance companies that are not currently billed and (2) improve collection on other billed services that are currently charged to a student’s account with the university.

Given the approved increases in student health fees at several campuses justified in large part on rising costs, this creates the appearance of “double dipping” on the part of Student Health Centers -- increasing fees to generate revenue and joining the SHI program to reduce expenses, both of which ultimately create costs for students.

It was stated at the May UNC Board of Governors meeting that this perception was inaccurate, and that Student Health Centers in fact see no financial impact of any kind from joining the SHI initiative.

What data exists (if any) on the financial impact SHI participation has on the Student Health Centers of the campuses added into the program over the last 3 years?

### **SHI Quality Concerns**

- ***What actions will be taken to accommodate students in geographic areas that may not widely accept the insurance vendor selected during the RFP?***

Student Government officials at two of the Association's constituent institutions, notably Western Carolina University, raised substantial concerns regarding the availability of care in the Cullowhee region and reluctance by healthcare providers to accept the current Pearce & Pearce health insurance plan students are required to use.

Documentation was provided to UNCASG regarding these concerns with respect to the 2008 RFP, but factors can change when a new RFP is issued. Selection of an insurance vendor that is not widely accepted at health insurance providers near each of the participating campuses would be a serious detriment to the students at those campuses, essentially requiring hundreds of dollars paid in premiums for substandard care.

In the event the winning bid for the UNC-wide SHI initiative is not widely accepted in the areas surrounding participant campuses, what actions (if any) will be taken to improve the quality of care of students on those campuses?

- ***What implementation measures will be taken to safeguard the privacy of student health information?***

The SHI initiative will only expand to a handful of campuses in the new RFP, however the affected campuses represent well over 50%+ of the total FTE enrollment in the University.

Given the dramatic increase in the number of students who will be subject to the SHI program, and the corresponding volume of hard waiver documentation for those students waiving out of the program, concerns have been expressed regarding the ability of several universities to adequately protect the privacy of student health information.

How will the privacy of student health information be ensured? What measures will be taken to prevent unauthorized disclosure under both a paper-based waiver option and an online-based waiver option?

- ***What actions are being taken to address the quality of Student Health Centers in general?***

Independent of the SHI initiative, the quality of Student Health Centers has been a frequent source of criticism among UNCASG delegates. Specifically, only UNC Chapel Hill and NC State University seem to have Student Health Centers that are considered "high quality" among its students.

Complaints abound of student ailments being misdiagnosed, students unable to schedule an appointment or see a physician in a timely fashion, and so on. These complaints have also transcended historical dividing lines, coming from both large and small as well as both predominantly white and historically black institutions.

The SHI initiative overview provided to the Association in November 2008 indicated efforts were underway to review the quality of Student Health Centers on all campuses based on a

common methodology, with a summary report to be provided by May 1st, 2009. UNCASG is unaware of the status of that report.

Adding in a new expense for the SHI initiative in the face of unsatisfactory care by Student Health Centers is a significant concern for almost all UNCASG delegations. What actions are being taken to address SHC quality?

- ***Is the SHI initiative necessary? Has any significant number of students called for it?***  
Unlike the implementation-based concerns expressed above, several student leaders have expressed more philosophical concerns regarding the SHI initiative: whether it is truly needed, if it provides meaningful value to a student's college education, and if it is predominantly an administrator-led initiative or something that students themselves have requested.

These concerns were inflamed at the May Board of Governors meeting, when several student observers noted remarks that seemed to indicate the expansion of the SHI program to the remaining 50%+ of enrolled students is being done primarily to reduce the expense for the institutions already in the program.

What data exists (if any) regarding the genesis of the SHI initiative and the planned expansion to non-SHI campuses? What justification has been provided regarding the value it adds (if any) to a student's education? Has any non-trivial number of students called for the expansion of the program?

### **UNCASG Requests for Action**

Based on the foregoing concerns, the UNC Association of Student Governments developed an initial list of requests for UNC General Administration as the SHI initiative is considered:

1. Delay implementation until the 2010-2011 school year so all relevant information can be gathered and the program can be carefully reviewed.
2. Include in the new RFP a clause to provide age-banded premiums for all campuses.
3. Include in the new RFP a clause to "grandfather in" junior- and senior-class undergraduates.
4. Include in the new RFP a streamlined "waive out" process.
5. Ensure adequate financial aid for lower- and middle-class students at the institutions brought into the SHI program.
6. Provide a plan for ensuring adequate care in the event the selected insurance vendor is not widely accepted in the geographic area surrounding a campus.
7. Address the disparate quality of Student Health Centers across the University and develop a plan to improve the quality of care at those SHCs.

**Conclusion and Contact Information**

As I indicated in the beginning of this memo, the SHI program is a significant concern for several Student Body Presidents and is currently scheduled to be discussed during the July meeting of the Association's Council of Student Body Presidents. Concerns exist across both current SHI campuses and those scheduled to be included in the SHI program in the future.

We are committed to working with UNC General Administration and the Board of Governors on a program that meets the needs of students while also preserving their ability to obtain a quality education from the University of North Carolina.

In the event of any questions regarding these items, or if additional information would be useful, please feel free to contact me at (919) 606-7158 or via email at [president@uncasg.org](mailto:president@uncasg.org).