

**DATE:** May 19, 2014  
**TO:** Graduate Students, Graduate Faculty and Graduate Program Staff  
**FROM:** Regina Vasilatos-Younker, Interim Dean of the Graduate School  
**SUBJECT:** Update Regarding Student Medical Insurance Costs

This memo is to update the graduate education community regarding student medical insurance plan costs for 2014-15, including the final increases in premiums for all graduate students, and in particular premiums for Graduate Assistants, Graduate Fellows and Trainees, taking into account increased University contributions to the higher cost plans for these categories of funded graduate students.

A prior (March 26<sup>th</sup>, 2014) memo from my office shared information regarding projected increases to the costs for student medical insurance proposed by the insurer, Aetna Student Health, and steps the University was taking to mitigate those costs to the extent possible. That prior memo is attached for reference purposes. At this time, the University has finalized its contract for 2014-15 and was able to negotiate a smaller increase in premiums (21%) than originally proposed by Aetna (30%). This savings, which combined with the increased University contributions to premiums for Spouse/Domestic Partner or Children (75%) and for Family (76%) plans previously committed (the University contribution for Individual plans will remain at 80%), will result in the total net increases in premiums for *GAs/Fellows/Trainees* for 2014-15 indicated below (for details, see table in Appendix A, also attached to this memo).

**Net increases in premiums for *GAs/Fellows/Trainees* for 2014-15:**

- Individual Plan = \$98
- GA plus Spouse/Domestic Partner = \$114.47
- GA plus Children = \$107.87
- Family = \$11.32

**In addition, a summary of plan changes are as follows:**

1. Addition of pediatric dental benefits
2. Addition of pediatric vision benefits
3. Compliance to Federal Mental Health Parity (removal of day/visit maximum for inpatient and outpatient substance abuse treatment)
4. Increased annual deductible of \$250 for individual (up from \$75); \$500 for family (up from \$225);
5. Addition of \$150 copay for emergency room visits
6. Coinsurance amended to 90% of negotiated charge for in-network care and 70% of recognized charge for out-of-network care (services at University Health Services and MSHMC Fishburn Clinic will remain at 100% for covered services)
7. Addition of in-network out-of-pocket maximum of \$1350/individual and \$2700/family (includes all copays, deductibles and coinsurance)

New annual premium rates for graduate students are as follows (premium cost for a student plus spouse and/or children is equal to the sum of the respective component premiums, e.g., Student plus Children = \$2838 + \$4248 = \$7086; for further details, see Appendix B, attached):

1. Student - \$2838
2. Spouse - \$7056
3. Child(ren) - \$4248

For complete details regarding cost increases and plan benefits, please refer to the UHS web site (<http://studentaffairs.psu.edu/health/welcome/feesInsurance/>), which is in the process of being updated with the new plan information.

As previously stated in my memo of March 26<sup>th</sup>, **a 3% increase to graduate assistant stipends across all grade levels is planned within the 2014-15 projected budget for the University**, with the caveat that Penn State's budget for 2014-15 is not finalized until appropriations are approved by the State Legislature in Harrisburg, and the University's proposed budget gains approval from the Board of Trustees. This increase would completely mitigate the increases to both premiums and deductibles at even the lowest stipend grades and highest cost plans for graduate assistants and fellows.

The University continues to explore other avenues to help mitigate the impact of rising health care costs on our students, in particular out-of-pocket costs. As costs continue to rise, the University cannot absorb all costs -- but we can look at ways to mitigate their impact. We understand the importance to our students.

At this time, a Student Health Insurance Task Force chaired by Dr. Dennis Shea has been appointed and charged by Provost Nick Jones, and has begun its work. The charge to the Task Force includes the following:

*(1) To explore the interpretation of how the Affordable Care Act (ACA) applies to the Penn State student health insurance plan, using information provided by our insurer, Aetna, our consultant, Towers Watson, and, if necessary, other sources internal and external to the University.*

*(2) To examine factors that contribute to the rising costs of coverage independent of ACA, including plan utilization, review the short-term cost mitigation strategies proposed by the University and others, and recommend approaches to control costs and ensure equity and prevent hardship during the life of the existing student insurance contract with Aetna and that may be appropriate for future contracts.*

*(3) To review the longer term challenges and opportunities facing student health insurance at Penn State linked to rising health care costs and health reform, and to identify recommendations for the University to implement or explore with the goals of ensuring access to quality, cost-effective care for current and future students.*

Please share the above and attached information with all graduate students, graduate faculty and graduate program staff in your unit.

For questions related to Penn State's student medical insurance plan, please contact the Student Insurance Office at [uhs-insurance@psu.edu](mailto:uhs-insurance@psu.edu) or call 814-865-7467. For any other questions related to the above information, please contact [L-GRAD-DEANS-OFFICE@lists.psu.edu](mailto:L-GRAD-DEANS-OFFICE@lists.psu.edu).