



## Critique of Caltech Administrators' Public Comment on Healthcare Cuts



Brought to you by *Caltech for Affordable Healthcare (CAH)*,  
an autonomous campaign of the GSC Healthcare Committee

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On May 6th, 2020, Caltech graduate students received the following email from Doug Rees (Dean of Graduate Studies) with information about cuts to their health insurance plan for the 2020-21 academic year. This email came 5 days after Caltech for Affordable Healthcare (CAH) submitted a [petition to administrators demanding no healthcare cuts and increased transparency in healthcare decision-making](#).

Below is CAH's point-by-point response to the administration's communication to the graduate student body. A day earlier on May 5th, administrators specifically contacted CAH with a private email responding to the petition demands. [This earlier email, as well as CAH's point-by-point response, can be found here](#).

### **From the email:**

*"Over the last month, there has been extensive dialogue and discussion with me personally and within the community more broadly about next year's health insurance plan for graduate students. I appreciate the perspective that each of you have brought to this topic and the concerns that many of you have expressed. In the best of times, modifications to health plans, especially with higher costs, are not popular. In the midst of a healthcare crisis, I understand that these conversations can raise even greater questions and concerns."*

### **Our Response:**

The timing of the proposed cuts to our health benefits amidst this crisis has resulted in **540 graduate students, 24 campus organizations, and 210 Caltech-affiliated supporters (undergraduates, alumni, staff, and faculty)** voicing their demands for affordable healthcare [through our petition](#). Our concerns cannot be swept away as a mere inevitability of the present crisis. **It is precisely during a public health crisis that we must defend our access to high-quality, affordable healthcare for all of the members of our community.**

**While Caltech administrators claim to have considered the questions and concerns resulting from the crisis, their actions have inadequately addressed the many student concerns that have arisen over the last month.** After the April 2 GSC COVID-19 Town Hall, administrators left graduate students with over 90 unanswered questions specifically about cuts to our healthcare. To ensure Caltech administrators were considering the many voices in our community, CAH organized a town hall to answer students' questions about the proposed cuts and gather student feedback on our petition demands. CAH invited a number of administrators to the event, but all declined. As a result, the only direct graduate student input on the

healthcare cuts came from the two graduate students on the Faculty's Standing Health Committee, who still had outstanding concerns. Meanwhile, CAH surveyed and received overwhelming support from around 260 students who gave their input on our petition demands. While we acknowledge that the administration is dealing with a lot during the pandemic, we are discouraged that they refused to seriously engage with the wealth of material highlighting the extent of graduate student concerns and questions that CAH took the initiative to gather for their consideration.

**From the email:**

*"I am writing today to share that the student health insurance plan for the 2020-21 academic year has been finalized. When the new plan goes into effect on September 1, 2020, the following changes will be implemented:*

- *The annual premium cost for graduate students will be \$630. This represents an increase of \$84 from the premium cost of \$546 for graduate students in the 2019-20 academic year.*
- *The annual deductible will increase from \$250 to \$500; and*
- *The out of pocket maximum will increase from \$1,500 to \$2,000."*

**Our Response:**

The administration fails to mention the cuts to out-of-network services, which were also recommended by the Faculty's Standing Health Committee. These out-of-network cuts include increasing the deductible from \$500 to \$1000, and the out of pocket maximum from \$5000 to \$5500. All of these cuts are unacceptable, and in particular cuts to the deductible and out of pocket maximum represent a significant burden particularly on the most vulnerable members of our community who significantly rely on healthcare for their livelihood. This includes disproportionate impacts on women and those with chronic illness (see Q5 of the [FAQ](#)).

**From the email:**

*"Under the new plan, the full premium will be \$3,138 (a total increase of \$412). The Institute is continuing its commitment to pay 80% of the premium for graduate students. A more detailed pricing for the 2020-21 medical, dental and vision plan premiums is at the end of this letter."*

**Our Response:**

Based on our analysis, the Institute saves less than \$300,000 on graduate student healthcare by implementing the proposed cuts (see Q17 of our [FAQ](#)). This is less than 0.04% of the Institute's annual operating revenue and well within the means of administrators' discretionary budgets.

Furthermore, while administrators have framed the Institute's 80% premium contribution as generous, in reality, graduate programs at many of our peer institutions – including Harvard, UC Berkeley, Princeton, Yale, MIT, Duke, Columbia, USC, and UChicago – pay for 100% of the healthcare premium of their funded

graduate students. Just as Caltech matches its peer institutions with its investment in science, so too must Caltech match its peer institutions by investing in its community (graduate students, postdocs, staff, and faculty). If Caltech aims to maintain a healthy community, cutting essential health benefits during a pandemic is not an option.

**From the email:**

*“Aspects of the 2020-21 plan that will remain unchanged include:*

- *A \$15 copay per office visit; and*
- *The inclusion of 25 mental health visits without a copay.”*

**Our Response:**

The April report of the faculty health committee to the faculty board originally included an increase in copay per office visit. Even though it was not acknowledged in this email, the current decision to forgo copay increases **is a direct consequence of the advocacy by CAH to bring attention to graduate student needs**. This concession highlights the potential graduate students can have to influence decisions about our healthcare when we work collectively and should serve as encouragement that we should continue in this fight.

**From the email:**

*“The cost increases in the plan reflect both the rising costs for health care services generally, as well as the continuing trend that the Caltech student community increases its use of the health plan. Renewal rates are based on Caltech's previous claims.”*

**Our Response:**

A critical lesson from the ongoing COVID crisis is that a community cannot be healthy unless **all** of its members are cared for. Data from the 2019 GSC survey shows that over **one-third** of graduate students are already avoiding necessary healthcare due to expected costs. Women, graduate student parents, and students with chronic conditions face disproportionately high costs (see Q4 and Q5 of our [FAQ](#)). The proposed healthcare cuts will not only worsen the health of our community overall, but also hurt our most vulnerable colleagues, many of whom are already struggling from the fallout of the COVID crisis. We have collected [stories](#) from some of these folks, which show that Caltech has already failed to “support the health and well-being” of many of our community members.

**From the email:**

*"I appreciate that beyond the increased premium, the plan changes will lead to increased out-of-pocket costs for some of you. The Institute is proactively taking steps to help mitigate the financial impact of this change, through such measures as*

- *Subsidizing 80% of the premium. Caltech's support in this manner provides a significant buffering of the true cost of health insurance."*

**Our Response:**

This is a bare minimum commitment, consistent with basic norms and the Institute's legal obligations to provide affordable health insurance to its employees. As mentioned before, graduate programs at many of our peer institutions – including Harvard, UC Berkeley, Princeton, Yale, MIT, Duke, Columbia, USC, and UChicago – pay for **100% of the healthcare premium** of their funded graduate students. The total cost of insurance plans paid by these universities are frequently 50% to 100% higher than the cost of Caltech's student health plan.

Administrators have framed the Institute's 80% premium contribution as generous, when in reality, the Institute's cost ratio even fails to meet the [average cost-share fraction](#) borne by US employers (~82%) in 2019. In absolute numbers, the total premium subsidy that Caltech is proposing to pay per graduate student next year (~\$2,500) is **less than half** of the average 2019 premium paid by a US employer (~\$6,222) for a PPO health plan.

**From the email:**

- *"Fully covering the health fees for the campus health resources.*
- *Providing access to a dedicated staff member who works on health insurance claims for students in the Human Resources benefits office."*

**Our Response:**

As addressed in Q6 of our [FAQ](#), the on-campus health resources are insufficient for the majority of graduate students, primarily because students report needing services not offered on campus. This disproportionately impacts students who need to visit specialists, or who prefer care with their regular doctor, by exposing them to potentially high out-of-pocket costs.

**From the email:**

- *"Providing students with significant unanticipated expenses with the option to petition for financial assistance through the Graduate Studies Office's emergency fund."*

**Our Response:**

The emergency fund is not a substitute for high quality, affordable healthcare. From concerns over the amount of the remaining funds in the wake of COVID-19 to fundamental issues of privacy, as well as the inherent delays in reimbursement, the emergency fund is at best an inadequate solution to a major problem with our health benefits (see Q7 of our [FAQ](#)).

**From the email:**

- *“Increasing the dependent health care supplement, in alignment with increased premium costs, to \$140/month starting September 1.”*

**Our Response:**

The increase to the dependent supplement (an additional \$240/year) does not fully offset the overall increase in premiums (which cost an additional \$412/year for a student with a dependent). In effect, these healthcare cuts disproportionately impact graduate students with dependents. This community is already suffering under the current healthcare plan: on the 2019 GSC Quality of Life Survey, 25% of graduate students with dependents reported that they had debt exceeding \$5,000 due to life events they felt were out of their control (see Q3 of our [FAQ](#)). Caltech is now adding a further financial burden to these students during a global pandemic.

**From the email:**

*“In addition to the measures mentioned above, the Institute is increasing the minimum graduate stipend by \$1,500 from \$35,000 to \$36,500 for the 2020-21 academic year. Across the Caltech community, only graduate students are receiving an annual salary increase, as the campus is subject to a salary freeze because of the financial impact of the coronavirus pandemic on the Institute’s finances.”*

**Our Response:**

Caltech must support its graduate students, if they are to produce research for the Institute. The quoted language above frames the graduate student stipend increase as a concession, relative to the salary freezes for postdocs, admin, staff, and faculty. This 'austerity' narrative attempts to pit the graduate student community against other Caltech communities. We reject this narrative, which is a logical fallacy. The decision to increase the graduate student stipend was made independently of the decision to freeze salaries, and it has nothing to do with our 2020-2021 healthcare plan. Ultimately, the Institute is far better positioned to absorb rising costs and should do so rather than passing these costs down to its community.

The stipend increase was intended to allow graduate students to cope with rising housing costs over the past several years and to address the changes to the 2019-2020 healthcare plan, as was recommended by the GSC last fall. The stipend increase, which was decided before the healthcare committee even convened, was not intended to cope with an increase in 2020-2021 healthcare costs. Furthermore, as a blanket

increase, it does not address the variations in healthcare use amongst graduate students (see Q15 of our [FAQ](#)).

**From the email:**

*“These changes in the health plan for the 2020-21 academic year may not be the outcome you were hoping for, but having no alterations was not an option given the rapidly escalating costs of health care in a time of financial constraints for the Institute.”*

**Our Response:**

While we recognize that graduate student healthcare is a financial decision for the Institute, **we emphasize that there is nothing more vital than healthcare in a pandemic.** Caltech’s massive budgets and revenues afford it a financial flexibility far greater than anything any of its community members could possibly have. We reject the notion that the most vulnerable members of our community should bear the brunt of Caltech’s financial planning, and instead call on the Institute to plan its finances in a way that protects its at-risk community members.

**From the email:**

*“It is also important to emphasize that throughout the process to review the student health plan, members of the graduate student community have been actively engaged in the discussion. The faculty health committee that is charged with reviewing available options and making recommendations to the Institute on such plans and services includes graduate student members. For more than a decade, graduate student participation on this committee has been important for shaping changes to the health insurance plan. In the present situation, the graduate student members clearly and forcefully advocated their positions—as they are expected to do in their role—and the perspective they brought to the discussion was invaluable in informing what plan features, such as preserving the copay amount and 25 copay-free mental health visits, were the most critical to maintain. We throughout the administration thank them and all the members of the community with whom they consulted for their feedback.”*

**Our Response:**

From the outset, the health plan selection process has minimized, rather than encouraged graduate student participation. The Faculty’s Standing Health Committee included only two graduate students out of 14 members. Furthermore, the committee’s final proposal was not decided on by a vote on record involving the graduate student representatives. One concerned graduate student representative shared the proposed cuts with the greater student body. This action, which was considered unorthodox by the committee chair, resulted in many graduate students voicing their needs and concerns. However, the summary email about the committee’s decision made zero mention of any opposition to the broader cuts.

Beyond the issues with the Faculty's Standing Health Committee, Caltech administrators have failed to "work with members of the graduate student community to understand their needs." During the April 2 GSC COVID-19 Town Hall, the majority of student questions involved the impending cuts to our health insurance benefits, but these questions received only cursory mention.

CAH then hosted a town hall to allow students to voice their concerns to Caltech administrators, but all of the administrators who were invited refused to attend, stating that they had no new information to share with us until after the cuts were finalized. CAH then decided to make the voice of the graduate student body heard in the form of a petition that ~ 42% of the graduate student body has signed. Only after sending this petition to administration have we received the response we are here critiquing. Our requests for a meeting have been ignored. Caltech administrators have not adequately engaged with graduate students during this process, especially those who will be most impacted by these cuts.

**From the email:**

*"Caltech is committed to ensuring you have access to a quality plan that supports your health and wellbeing. If you are having challenges with health insurance issues, please let us in the Graduate Studies Office know, so that we may work with you and other campus resources to address these challenges."*

**Our Response:**

We regret that Caltech is unwilling to work with the 540 graduate students who have presented their issues, supported by 24 student groups and 210 affiliated supporters. In the coming year, we anticipate many students will face health insurance challenges directly resulting from this decision.

Going forward, we hope Caltech's decision-making reflects the two points at the heart of our petition: the Institute's imperative (1) to protect the well-being of its community and (2) to involve its community members heavily in decision-making processes that affect them. As pressure mounts to prematurely reopen states across the country, an undeniable public health hazard, we continue to call on Caltech to make decisions that protect its community against abuse, exploitation, and medical and financial disaster.