**Graduate Student Representative Statement to the Faculty's Standing Health Committee**
**April 27, 2021**

The graduate representatives on the Faculty's Standing Health Committee along with the Graduate Student Council have found, through several years of advocacy and extensive survey of the graduate student population, that the student health insurance plan is insufficient to meet students' health needs. We believe that the most pressing problem of all with the current health insurance plan is the substantial out-of-pocket costs that individual students can face; these large costs amount to a significant financial burden on the graduate student stipend as well as an issue of equity between those with larger medical costs (chronically ill, disabled, women and nonbinary students). We have outlined some possible scenarios and their financial impact at the end of this statement.

The last two years have seen large increases to out-of-pocket costs. Our 2020 GSC survey data demonstrates that a significant minority of graduate students are incurring substantial medical costs and that an even larger minority are avoiding necessary medical care altogether due to cost. The 2020 survey only probed the 2019-20 health insurance plan, and we expect the health benefits cuts present in the 2020-21 plan to exacerbate the situation even further, continuing to put the most vulnerable in the graduate student population at risk of bodily harm and undue financial burden. These costs compare unfavorably with costs at peer institutions, as presented in case studies in the appendix to this document. The typical Faculty Health Committee discussions in the past did not address these worrying trends, and the Committee has historically been presented only with health insurance options that increase the non-premium out-of-pocket costs in exchange for mitigating increases to the premium.

We, the GSC, believe that the problem of large out-of-pocket health expenses ought to be addressed in two steps: (1) the Faculty's Standing Health Committee ought to recommend a health insurance plan with significantly lower non-premium out-of-pocket costs in exchange for mild increases to the premium, and (2) Caltech must continue to appropriately subsidize the higher premium through a combination of the Caltech premium subsidy and increases to the student stipend. With regards to point (2), we want to emphasize that Caltech has enormously more financial resources than any particular student, and therefore we urge Caltech to use its financial flexibility to provide a high quality, affordable healthcare standard for its graduate students. A failure to do so, we believe, will have a negative impact on the recruitment of new talent in the medium to long term.

Regarding the first step, our understanding of student finances, internal deliberations, conversations with graduate students, and the Caltech for Affordable Healthcare petition (based on input from 260 graduate students, and signed by 42.6% of the graduate population) suggest that graduate students would be willing and able to accept small premium increases if the deductible and out-of-pocket maximum could be reduced significantly.

The premium to maintain the current plan will very likely be larger than this current year ($3138, 80% subsidized by Caltech). However, renewing the current plan leaves the out-of-pocket maximum and deductible unacceptably high. Beyond this premium increase, we then need to decide how much to reduce the out-of-pocket maximum and deductible, which will result in an additional premium increase. **In general, graduate students would accept an additional premium increase of no more than $200 per student per year subject to Caltech's continued subsidy of at least 80% for a health insurance plan with a $250 deductible and $1000 in-network out-of-pocket maximum.**

We emphasize that if Caltech continues to subsidize the premium at a minimum of 80%, the resulting premium increase felt by students would be small, particularly compared with the decreases in costs to graduate students

needing to make use of healthcare. The only scenario in which we would accept increases to the out-of-pocket maximum would be if Caltech selects a plan in which procedures are billed as fixed co-payments rather than with a co-insurance, as this would spread costs over the entire year and likely keep them small and manageable.

This expanded range of plan designs that may involve slight premium increases is important to ensure protection of the financial and health needs of the vulnerable members of our community. Moreover, any member of the community could face an unforeseen and potentially costly medical event. We feel that the graduate student population has a greater degree of solidarity within our community than a typical insurance pool, and would appreciate a plan that controls costs to a reasonable minimum for *all* students. Therefore, we believe the Health Committee and its Chair should seek such plan bids from Human Resources and Mercer, and we call on all such parties to pursue such plans in earnest. **At the time of the writing of this statement, the Faculty's Standing Health Committee has received a bid from Anthem with a renewal rate that is approximately 11% higher than the 2020-21 plan, which is lower than the renewal rate for the present insurer. Furthermore, under Anthem, the incremental cost above the base rate of decreasing the in-network out-of-pocket maximum from $2000 to $1000 would be approximately $65 per student per year, while the incremental cost of decreasing the deductible from $500 to $250 would be approximately $12 per student per year. We have received word from Anthem that the incremental costs of these two changes are additive (total incremental increase: $77), and we urge the Faculty's Standing Health Committee to accept this bid with *both changes* provided that the switch to a new insurer is minimally disruptive to students. We also welcome plans from other insurers that have a similar level of benefits and costs.**

Beyond healthcare for graduate students, we call on Caltech to overhaul the healthcare cost structure for all Caltech community members: undergraduate students, graduate students, postdocs, and staff/faculty. We have repeatedly attempted to contact staff to discuss what they would like to advocate for, but we have been prevented from doing so by Caltech administrators. Similarly, staff supervisors have in the past directed staff under them not to speak to us about healthcare advocacy. **Nevertheless, we operate on the general principle that Caltech ought to cover a larger fraction of the healthcare premium for those who earn a smaller income; therefore, we call on Caltech to establish a sliding scale for the premium subsidy based on the community member's salary, rather than applying a flat dollar amount subsidy.** At the same time, we emphasize that graduate students earn a *stipend*, which is meant to cover the cost-of-living in Pasadena; this stipend must therefore cover explicit increases to the healthcare, which affect all graduate students on the student health plan (80%+ of graduate students). Note that at the moment, Caltech undergraduates on the student health insurance plan pay the full, unsubsidized premium. Thus, to protect undergraduates from the premium increases that may be needed to drive down the other out-of-pocket costs, we advocate that Caltech cover the health insurance premium at the same level as the graduate student subsidy, at least for those undergraduates receiving financial aid.

**Endorsed by:**
Graduate Student Council Board of Directors

**Appendix I: Basic Information and Possible Cost Scenarios:**

| | In-network | | Out-of-network | |
|---|---|---|---|---|
| | **Deductible** | **OoPM** | **Deductible** | **OoPM** |
| **2019-2020** | $250 | $1500 | $500 | $5000 |
| **2020-2021** | $500 | $2000 | $1000 | $5500 |

**Total Pre-Tax Graduate Student Stipend**: $36500
**Monthly Pre-Tax Graduate Student Stipend**: $3041.67

**Theoretical Maximum Out-of-Pocket Cost (2020-21)**: $7500

Case study: Generalized Anxiety Disorder 1-year

This case study assumes a standard treatment consisting of weekly therapy and medication prescribed by a psychiatrist.

*CMU has no in-network deductible, MIT's in-network deductible is $100

| **Service** | **Caltech Benefit** | **Caltech cost to student** | **MIT benefit** | **MIT cost to student** | **CMU benefit** | **CMU cost to student** |
|---|---|---|---|---|---|---|
| *Weekly therapy (52 visits per year)* | 25 visits with no copay, then $15 copay | $15*27= $405 | 52 visits with no copay, then $5 copay | $0 | Insurance covers 100% | $0 |
| *Psychiatrist office visits (4 per year)* | 25 visits with no copay, then $15 copay | $15*4 = $60 | 52 visits with no copay, then $5 copay | $5*4 = $20 | Insurance covers 100% | $0 |
| *Common SSRI* | Tier 1 drug, $15 copay per 30 day supply | $15*12 = $180 | Tier 1 drug, $20 copay per 30 day supply | $20*12= $240 | Preferred generic, $15 copay per 30 day supply | $15*12 = $180 |
| ***Total*** | - | **$645** | - | **$260** | - | **$180** |

Case study : Acute illness requiring surgery

This case study is based on real bills kindly provided by a fellow student. We have rounded the amounts billed slightly to protect their privacy. The situation involves a primary care appointment at which the student's issue was misdiagnosed, an urgent care appointment at which the issue was again misdiagnosed and finally an ER visit at which the issue was correctly diagnosed. The illness ultimately required surgery.

*CMU has no in-network deductible, MIT's in-network deductible is $100

| **Service** | **Amount charged** | **Caltech Benefit** | **Caltech cost to student** | **MIT benefit** | **MIT cost to student** | **CMU benefit** | **CMU cost to student** |
|---|---|---|---|---|---|---|---|
| *Primary care doctor appointment* | $65 | $15 copay, not subject to deductible | $15 | $25 copay after deductible (no deductible at MIT medical) | $25 | $25 copay | $25 |
| *Urgent care* | $120 | Insurance covers 80% after deductible | $120 | $25 copay (no deductible at MIT urgent care) | $25 | $25 copay | $25 |
| *Antibiotic* | - | Tier 2 drug, $30 copay | $30 | Tier 2 drug, $30 copay | $30 | Non-preferred generic, $65 copay | $65 |
| *ER visit* | $2000 | $150 copay, then insurance covers 80%, not subject to deductible | ($2000-$150)*0.2 + $150 = $520 | $100 copay, not subject to deductible | $100 | $125 copay | $125 |
| *Pre-op appointment* | $100 | $15 copay, not subject to the deductible | $15 | $25 copay after deductible | $100 *(deductible reached)* | $25 copay | $25 |
| *In-patient surgery* | $14800 | Insurance covers 80% after deductible | $1300 *(OoPM reached)* | $100 copay per admission | $100 | Insurance covers 100% | $0 |
| *Post-op appointment* | $100 | $15 copay | $0 | $25 copay after deductible | $25 | $25 copay | $25 |
| ***Total*** | - | - | **$2000** | - | **$405** | - | **$290** |

Case study: Chronic illness management

This case study is based on real bills kindly provided by a fellow student. We have rounded the amounts billed slightly to protect their privacy. This scenario involves 4 specialist appointments and two sets of lab tests for monitoring, as well as a speciality medication with a loading dose by infusion and subsequent doses by self-administered injection, and a non-specialty medication.

| **Service** | **Amount charged** | **Caltech Benefit** | **Caltech cost to student** | **MIT benefit** | **MIT cost to student** | **CMU benefit** | **CMU cost to student** |
|---|---|---|---|---|---|---|---|
| *Specialist doctor appointment (4 per year)* | $75 | $15 copay, not subject to deductible | $15*4 = $60 | $25 copay after deductible | $175 *(deductible reached)* | $25 copay | $100 |
| *Basic lab tests (2 per year)* | $20 | Insurance covers 80% after deductible | $20*2 = $40 | No charge | $0 | $25 copay | $50 |
| *Infusion center consultation* | $170 | $15 copay, not subject to deductible | $15 | $25 copay after deductible | $25 | $25 copay | $25 |
| *Infusion (outpatient)* | $13800 | Insurance covers 80% after deductible | $1885 *(OoPM and deductible reached)* | $25 copay after deductible | $25 | Insurance covers 100% | $0 |
| *Specialty medication (8 week cycle, 7 per year)* | $30,000 per 8-week supply | Tier 2, $60 copay up to 90 day supply | $0 | Tier 2, $60 copay up to 90 day supply | $60*7 =$420 | Preferred brand name, $105 copay up to 90 day supply | $735 |
| *Non-speciality medication* | - | Tier 3, $50 copay per 30 day supply | $0 | Tier 3, $40 copay per 30 day supply | $40*12= $480 | Non-preferred generic, $65 per 30-day supply | $780 |
| ***Total*** | - | - | **$2000** | - | **$1125** | - | **$1690** |

**Appendix II: Case studies 2019-20 plan parameters vs. 2020-21 plan parameters**

Case study: Generalized Anxiety Disorder 1-year

| **Service** | **Benefit** | **Cost to student 2019-20** | **Cost to student 2020-21** |
|---|---|---|---|
| *Weekly therapy (52 visits per year)* | 25 visits with no copay, then $15 copay (not subject to deductible) | $15*27= $405 | $15*27= $405 |
| *Psychiatrist office visits (4 per year)* | 25 visits with no copay, then $15 copay (not subject to deductible) | $15*4 = $60 | $15*4 = $60 |
| *Common SSRI* | Tier 1 drug, $15 copay per 30 day supply (not subject to deductible) | $15*12 = $180 | $15*12 = $180 |
| ***Total*** | | $645 | $645 |
| ***Deductible balance*** | | $0/$250 | $0/$500 |
| ***OoPM balance*** | | $645/$1500 | $645/$2000 |

Case study : Chronic illness management

| **Service** | **Benefit** | **Cost to student 2019-20** | **Cost to student 2020-21** |
|---|---|---|---|
| *Specialist doctor appointment (4 per year)* | $15 copay, not subject to deductible | $15*4 = $60 | $15*4 = $60 |
| *Basic lab tests (2 per year)* | Insurance covers 80% after deductible | $20*2 = $40 | $20*2 = $40 |
| *Infusion center consultation* | $15 copay, not subject to deductible | $15 | $15 |
| *Infusion (outpatient)* | Insurance covers 80% after deductible | $1885 *(OoPM and deductible reached)* | $1385 *(OoPM and deductible reached)* |
| *Specialty medication (8 week cycle, 7 per year)* | Tier 2, $60 copay up to 90 day supply | $0 | $0 |
| *Non-speciality medication* | Tier 3, $50 copay per 30 day supply | $0 | $0 |
| ***Total*** | | $2000 | $1500 |
| ***Deductible balance*** | | $250/$250 | $500/$500 |
| ***OoPM balance*** | | $1500/$1500 | $2000/$2000 |

Case study : Acute illness requiring surgery

| **Service** | **Benefit** | **Cost to student 2019-20 parameters** | **Deductible/OoPM balance** | **Cost to student 2020-21 parameters** | **Deductible/OoPM balance** |
|---|---|---|---|---|---|
| *Primary care doctor appointment* | $15 copay, not subject to deductible | $15 | $0/$15 | $15 | $0/$15 |
| *Urgent care* | Insurance covers 80% after deductible | $120 | $120/$135 | $120 | $120/$135 |
| *Antibiotic* | Tier 2 drug, $30 copay | $30 | $120/$165 | $30 | $120/$165 |
| *ER visit* | $150 copay, then insurance covers 80%, not subject to deductible | ($2000-$150)*0.2 + $150 = $520 | $120/$685 | ($2000-$150)*0.2 + $150 = $520 | $120/$685 |
| *Pre-op appointment* | $15 copay, not subject to the deductible | $15 | $120/$700 | $15 | $120/$700 |
| *In-patient surgery* | Insurance covers 80% after deductible | $800 | **$250/$1500** | $1300 | **$500/$2000** |
| *Post-op appointment* | $15 copay | $0 | $250/$1500 | $0 | $500/$2000 |
| ***Total*** | | **$1500** | | **$2000** | |