

**From:** Tom Ross

**Sent:** Tuesday, April 24, 2012 4:02 PM

**To:** UNC Board of Governors

**Subject:** Student Health Insurance Coverage

Members of the Board of Governors:

In August 2009, President Bowles recommended and the Board of Governors endorsed “hard-waiver” health insurance coverage for all UNC students, beginning with the 2010-11 academic year. Under this policy, the University provides access to a UNC-sponsored health insurance plan for those students who cannot find an affordable plan that meets their benefit needs in the open market. Students with other creditable coverage are provided the option to waive out of the University-sponsored plan. Currently, roughly one-third of our students (nearly 64,000) are covered under the University-sponsored plan, while two-thirds have waived out by showing proof of other creditable coverage.

Prior to 2010, the availability of health insurance coverage for our students varied among the campuses, with some requiring insurance through a hard-waiver program and others offering insurance on a voluntary basis. Costs and levels of coverage also varied widely. Implementing a system-wide hard-waiver program leveraged the purchasing power of the system and provided a core set of base benefits for all campuses at an excellent premium rate. Your actions have helped ensure that our students are adequately protected against unexpected health care expenses that can destabilize a student’s financial situation and derail his or her progress toward a degree.

Based on more than three semesters of actual claims experience, as well as the new provisions of the Affordable Care Act, we are facing large increases in premiums for our students. The 2012-13 academic year marks the last of our three one-year contracts with the current vendor, and UNC will rebid the contract for 2013-14. By the time we rebid, we will have another full semester of claims experience and a clearer understanding of the implications of the Affordable Care Act, which is now under review by the U.S. Supreme Court.

In the current year, the monthly cost of health insurance for students in the University-sponsored plan ranges from \$61 to \$77—rates substantially below those available to a student seeking individual coverage on today’s open market. For the next academic year, monthly coverage under the plan is anticipated to cost from \$118 to \$133. Although these projected increases are substantial, the plan would continue to provide quality coverage at comparatively low rates. In making the decision to continue the hard-waiver program, I consulted with all of our chancellors, and the vast majority of them support its continuation for 2012-13.

Given our shared concern about the rising cost of education, I wanted to ensure that you were aware of this anticipated premium increase.

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