

**University of Colorado Student Government**

**Legislative Council**

**3 April 2014 80 LCR 08 Self-Funded Student Health Insurance**

**Sponsored by:
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**A Resolution to Support the Enabling of Self-Funded Student Health Insurance Programs in the State of Colorado**

**Resolution History**

Self-funding is a means of conducting a health insurance plan wherein an employer, or, in the case of the University of Colorado, an institution of higher education, provides health insurance to select covered parties that meet a membership requirement through their own funds, rather than by contract with a third-party insurance company. By collecting premiums directly and managing the plan internally, benefits can be better tailored to the student body’s needs, and any profits made off of premiums can be returned directly to students through fund reserves, as many institutions do in order to keep premiums from rising1.

Currently, 300,000 higher-education students are enrolled in self-funded healthcare plans, comprising 20% of the total number of students enrolled in student health plans overall. The schools that have implemented self-funded plans range in size and character from Brigham Young University in Utah, to the University of Wisconsin system schools, and notably include the University of California system schools, and have been met with mixed, although overall positive, results. BYU and UW-Madison point to self-funding as one of their biggest successes, allowing student health plans to operate at consistently affordable rates, and providing students with easy access to the care they need. BYU has even accidentally turned a profit through their plan, allowing them to give back to the student body by reducing plan premiums at a time when premiums everywhere else are perpetually rising.

For example, UW-Madison was able to utilize funds kept in reserve from previous plan years in order to expand coverage (in line with the ACA requirements for fully-insured student plans) and still offer a zero percent premium increase last year. For comparison, our CU Gold insurance plan this year has seen a doubling of the deductible amount, from $500 to $1,000 and still managed to incur a 16.3% increase in premium cost.

It is important to highlight the cautionary tale presented by the University of California system, however. These schools implemented a self-funded Student Health Insurance Plan, or SHIP, without an adequate actuarial analysis, and have found themselves in a collective mountain of debt totaling around 57 million dollars, leading to the forced abandonment of the plan. It is widely accepted that proper analysis and accounting can avoid this catastrophic failure, but it is nonetheless important to mention.1,2,3

Colorado currently has no legal window for self-funded health insurance plans, making even an initial inquiry or feasibility study for CU unreasonable. Many states already have legislation that enables the creation of these plans. The plans are not restricted to Universities, but can be created and operated by businesses to cover employees as well, making the legalization of self-funding an attractive prospect for not only higher education, but the business community as well.

We want to be able to serve our student body to the highest degree possible, and offering a reliable, cheap, and easy-to-access campus health insurance plan is one way to do just that. Important to note is that self-funded student plans are considered to meet the minimum coverage requirements set forth by the Patient Protection and Affordable Care Act for the upcoming year, and can be determined to be minimum coverage in the future through an application process through the Department of Health and Human Services.

**Resolution Summary**

The University of Colorado Student Government supports legislation enabling the creation of a self-funded student health insurance trust, plan, or benefit program in the State of Colorado. Opening this currently prohibited avenue enables the University to move forward with research and feasibility analysis that could lead to better health coverage options for students, at more affordable prices, ultimately creating a healthier and more health-confident student body.

The creation of enabling legislation would allow for the further exploration of self-funding as an option for the University of Colorado, and does not in any way dictate that self-funding is the avenue that must be pursued.

**Whereas,** the University of Colorado does not have the authority to establish a self-funded health insurance plan without enabling legislation;

**Whereas,** self-funded health insurance can offer decreased costs to students when compared to third-party insurance prices;

**Whereas,** student dissatisfaction with the Gold insurance plan currently offered by CU is likely to grow as premiums continue to rise along with deductibles;

**Whereas,** universities that have implemented self-funded plans have largely been met with success and savings;

THEREFORE BE IT RESOLVED by the University of Colorado Student Government that:

**Section 1:** The University of Colorado Student Government supports legislation enabling self-funded health insurance trusts, plans, or benefits programs.

**Section 2:** CUSG emphasizes the importance of student involvement in health plan operations. Initialization and maintenance of a responsible self-funded student health plan requires formalized student input, oversight, and engagement. This involvement would likely be in form of an oversight board, committee, or group that includes student representatives.

**Section 3:** Due to the nature of consistently rising healthcare and health insurance costs, CUSG urges the University to pursue such enabling legislation as early as possible, allowing initial studies to be conducted.

**Section 4:** Upon passage, this resolution will be distributed to the student body, Inter-Campus Student Forum, Board of Regents, CU Boulder administration, Colorado State University, Joint Budget Committee of the State of Colorado, and media

**Section 5:** This resolution shall take effect upon passage by the legislative council and upon either obtaining the signature of two Tri-Executives or the lapse of six days without action by the Tri-Executives.

**Vote Count**

**04/03/2014 Passed on 1st reading with technical amendment Acclamation**

**04/17/2014 Passed on 2nd reading Acclamation**

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Chris Schaefbauer Juedon Kebede

President of Student Affairs Legislative Council President

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Ellie Roberts Marco Dorado

President of Internal Affairs President of External Affairs

**Citations**

1. Beckley, Stephen L., CEBS, Monica A. DeGraff, and Doreen Hodgkins, MBA. *A Primer for Self-Funding a Student Health Benefits Plan*. Hodgkins Beckley Consulting, LLC, 2010. Print.
2. Tavilan, Alex. "UC Health Insurance: A Sinking SHIP." *Davis Political Review*. Web. <http://dprmag.org/2013/04/10/a-sinking-ship/>.
3. Simpson, Richard. Online interview. 7 Aug. 2013. (Plan administrator at UW-Madison)