

Proposal for fee increase mechanisms in the AMS/GSS Extended Health & Dental Plan

AMS/GSS Extended Health & Dental Plan

A - Introduction & Facts

In 2015, the AMS/GSS Extended Health and Dental Plan covered 37,697 students, collecting over \$8.3 million in fees related to the plan. The plan covers an extensive array of health needs, from prescription coverage, specialist visits to vision services, dental services, and even massage therapies.

The AMS/GSS Extended Health & Dental Plan is of immense benefit to students both undergraduate and graduate, with over \$7.1 million in claims made annually.

Our current fee structure, which ties the annual increase of the AMS/GSS Extended Health Plan fee to the Health and Personal Spending component of the British Columbia's Consumer Price Index (BCCPI) has created many challenges. Health spending patterns differ greatly amongst age groups and students versus non-student population. This means that the overall changes in health expenditure and prices in British Columbia does not accurately reflect the changes in health spending pattern of students in BC, and more specifically students at UBC.

After research, the AMS/GSS Extended Health & Dental Committee was made aware of the fact that there is no credible metric that is collected by an external or governmental agencies that accurately reflects the increases in health prices for university students. On the other hand, we received many student feedback on how the plan coverage can be increased (at a cost of increase in the fee), especially surrounding coverage of professional consultations (physiotherapy ...etc...)

In recent years, due to the nature of the health component of BCCPI, the Committee has seen the margin between premium collected and the cost of the plan shrink. In fact, the current margin for 2015-2016 sits at \$1.74 per student, or 0.7% of the Health & Dental fee paid by students annually. The small difference means that the Committee is limited in its capability to introduce changes to the Health & Dental plan that effectively incorporate student feedbacks on the plan.

On the other hand, claims per capita between 2013/2014 and 2014/2015 has increased by 11.9%. Although the cost per students, thanks to negotiations is only increasing by 0.79% between 2014/2015 and 2015/2016. Given that the Health and Personal Spending Component of the BCCPI this year is 0.7% currently, the financial sustainability of the plan is therefore also in question.

Taking out the trend component of the fee increase, such a small margin also means that any anomaly in any given year (due to an unusually high level of spending on vision due to a new vision clinic opening in the Nest for example) threatens the financial stability of the plan. Although the emergency reserve for such financial anomaly is fully funded, such reserve will be depleted quickly without a systemic proposal to address fee increases.

At the same time, we take into account that any substantial increase in student fee is likely to cause students anxiety, especially when the information regarding why the fee is increasing or how the increased fee will be spent is not transparent. Increasing the fee plan therefore may

have unintended consequences of increasing the proportion of students seeking mental health services, defeating the purpose of the plan to improve student health.

B - Proposal

We are proposing this structure of increase due to two major reasons. First, we want to set an accountable fee structure. No major change in plan coverage (or fee, defined as an annual increase in excess of 5%) can happen without the approval of the general membership of the society. Secondly, we want to give AMS and the GSS some level of flexibility in modifying plan coverage to make sure areas covered by the plan accurately reflects student needs. This means that any increase between the CPI and 5% can be made on the recommendation of the AMS/GSS Health & Dental Committee provided it is approved with 2/3 majority by both the AMS and GSS Council.

In addition, a minimum and default fee increases must be proposed to avoid potential political gridlock preventing the growth of the plan. The current model of increase (indexing the rate to CPI) should be retained as the minimum and default increases.

Finally, we refer only to the CPI to allow flexibility for AMS and GSS to interpret the correct CPI to use. Currently, the AMS chooses the Health & Personal Spending portion of the BCCPI as the CPI that AMS/GSS Health & Dental plan increases by.

Explicitly, we propose the following fee structure:

1. At minimum, the plan fee will increase by 0% or by CPI of the previous year, whichever is higher.
2. Any increase in excess of this percentage and up to 5% annually will have to be approved by a special resolution in both the AMS and the GSS Council, provided such recommendation came from the AMS/GSS Health & Dental Plan Committee.
3. If in any given year, the CPI increases by more than 5%, the CPI shall be the rate at which the AMS/GSS Extended Health & Dental Plan fee will increase by.
4. The recommendation made by the AMS/GSS Health & Dental Plan Committee regarding fee increases will reflect the financial status of the plan as well as any coverage changes in the plan.

C - Referendum/General Meeting Question

Do you support the following modification to the fee structure of the AMS/GSS Health & Dental extended health plan?

1. At minimum, the AMS/GSS Extended Health & Dental Plan fee will increase by the higher of:
 - a) 0%
 - b) increase of the Consumer Price Index of the previous year
2. An increase in excess of this minimum percentage and up to 5% annually may be made if approved by a special resolutions of both AMS Council and the GSS Council, provided that a recommendation for such an increase is made by the AMS/GSS Health & Dental Plan Committee.

3. The recommendation made by the AMS/GSS Health & Dental Plan Committee regarding fee increases will reflect the financial status of the plan as well as any coverage changes in the plan.

Note: currently, the increase of the plan is indexed to the Health and Personal Spending component of the BCCPI which has been consistently below the BCCPI and sometimes even negative. This proposal will not be accepted until voted upon and approved by both society's members.