

Proposal 3-09

“Marriage Penalty and Single Parent Health Care Surcharge”

(Voting Units: Full Senate)

Background

The Husky Care PPO plan proposed by the university requires employee contributions. The proposed rates of these contributions are the following:

\$40/Month Single
\$84/Month 2 Persons
\$108/Month 3 Persons
\$130/Month 4-6 Persons
\$206/Month 7 + Persons

Several faculty members have questioned the Benefits office about the fact that coverage for two persons is greater than twice that for one person and received the following reply: “The accounts nationally have figured that two people are always more expensive than just 2x's single - because 2 people are usually older, or only one in the 2 person family carries the insurance because the one isn't eligible for insurance or happens to be sick or can't work, so the value of two person coverage is 2.1% that of one person. This is very standard thinking in the insurance world and actually works here at Tech as well.” (email reply from Ingrid Cheney to a query from a Humanities faculty member.)

The reasoning for this cost differential may apply in situations where only one person is employed by the university; it fails in the case where both covered persons are employed by University. In the latter case neither person is ineligible for insurance, is sick, or can't work. It also seems unlikely that the average age of single employees is significantly lower than that of the employee pool as whole.

Many couples are in the employ of the university and the 2.1% marriage penalty surcharge is inequitable and will result in significant costs to the faculty and staff.

A second serious problem in the proposed fee schedule relates to single parents. Under the proposed schedule the monthly charge for one dependent child of a couple is \$24/ Month. Single parents would be required to pay \$44/Month to cover one dependent child. A single parent with two dependent children would pay \$68 to cover the children while a couple with two to four dependent children would pay only \$46 for their coverage. This is particularly inequitable as single parents typically have the least financial resources.

There are three possible solutions to this inequitable rate schedule in regard to the marriage penalty:

1. In cases where both covered persons are in the employ of the university, the rate for two person coverage be set at two times that of one person coverage.
2. All employees be allowed to sign up for inclusion in the Husky Care PPO as single persons if they desire.
3. The salaries of two persons covered under the Husky Care PPO be supplemented by the amount of the marriage penalty.

Of these three solutions the first is the least complicated. The benefits office has stated that the second solution will not be allowed. The third solution would require complicated book keeping for an indefinite period of time.

The logical solution for the case of single parents with dependent children is to create a separate rate schedule which does not penalize these parents.

Proposal

The Senate of Michigan Technological University requests that the employee contribution rates for two persons in the Husky Care PPO be set at a rate equal to two times the rate for one person coverage in cases where both covered persons are in the employ of the University. A separate rate schedule should be set for single parents with dependent children such that the costs of covering dependent children are consistent with costs for covering dependent children of couples.

Submitted by Thomas P. Snyder, Senator Biological Sciences

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