

TO: Department Heads
Administrative Officers
Graduate Administrators

FROM: Robert A. Brown

DATE: July 8, 2004

SUBJECT Plan for Handling Graduate Student Extended Insurance Plan

As you know, on February 25th we announced a plan to change the way we fund the Student Extended Insurance Plan (SEIP) for RAs, TAs and Fellows who are supported through MIT. This plan will go into effect for Academic Year 2005, beginning in the Fall term (September 1, 2004). The goal of this plan is to separate the payment of the SEIP for students funded by MIT as RAs, TAs, and Fellows from the student stipend. I am writing to up-date you on the implementation of this plan.

Eligibility criteria: RAs and TAs whose total support per term (salary and tuition) is 50% or greater of the **total** cost of a student per term at standard Institute rates would fully qualify for the SEIP benefit (at FY05 tuition and the salary rate for master's students in engineering, the threshold is \$11,700 or greater).

RAs: The tuition subsidy for RAs will be 45% effective July 1, 2004 and the Institute funds released by lowering the subsidy will be used to fund the individual rate of SEIP for each RA who meets the eligibility criteria described above. The SEIP for each qualified student will be charged to a department RA/TA medical insurance cost object, which will be funded in the same manner as the Department's RA tuition cost object.

TAs: TAs who qualify for the SEIP benefit under the eligibility criteria above will have their SEIP (individual rate) charged to a department RA/TA medical insurance cost object. Each department will get a budget for their TA insurance money which they will be expected to manage. The budget will be determined by calculating the number of full-time equivalent TAs based on the actual spending in FY04 on the department's TA tuition cost object.

Fellows: We strongly encourage departments to fund the SEIP for Fellows who qualify. We hope that graduate fellowships funded by MIT will also move to a system where the SEIP for a Fellow is funded outside of the student stipend. The

Presidential fellowships will continue to provide funds to cover the SEIP in addition to funding the student stipend.

It is our hope that this new structure for funding medical insurance for a large fraction of our graduate students will help ease some of the financial pressure they face during their studies at MIT.

Please contact Marilyn Smith (smithmt@mit.edu), Janet Fischer (jfischer@mit.edu), or Janet Sahlstrom (janets@mit.edu) if you have any questions.

Xc: Rafael Bras
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Frequently Asked Questions:

Students:

- (1) When will the Institute start paying for the student extended health insurance plan (SEIP)?

Starting in the Fall 2004, RAs and TAs who meet the eligibility criteria described below will have their SEIP paid for by their department.

- (2.) How do I know if I qualify to have my SEIP paid by my department?

RA's and TA's whose total support per term (salary and tuition) is 50% or greater of the total cost of a student per term at standard Institute rates would fully qualify for the SEIP benefit for the term.

Calculation:

The cost of a graduate student for a term:

FY 05 Tuition	15,300	
Stipend/Salary	<u>8,145</u>	(4.5 months @ \$1810, lowest rate –
		Master's students in Eng)
TOTAL	23,445	

50% = \$11,722

To determine eligibility for the benefit, add up both components (tuition + salary) of all awards and appointments for that term, and if this number equals or exceeds \$11,700, then you are eligible. Payment of SEIP will not be pro-rated for partial appointments (it's all or nothing).

If you are appointed as a Fellow, you should check with your departmental graduate administrator to see if the SEIP will be covered.

- (3.) If I get additional appointments in mid-term so that my total support is then 50% or greater, do I qualify to have the full amount of the SEIP paid for the term?

Yes

(4) What will students have to do to have their SEIP paid?

Nothing. If you meet the eligibility criteria described above, your SEIP will be automatically paid by your department when your graduate award/appointment is processed (unless you waive the insurance). You should see the SEIP benefit included in the email “Notification of Award / Appointment,” and the credit will be applied to your student account.

If you are not certain whether you are eligible for this benefit, please contact your departmental graduate administrator.

(5.) I have the family plan for SEIP. Will the Institute pay the full amount? If not, how do I pay the balance?

The Institute is funding the individual rate of SEIP for RAs and TAs who meet the eligibility criteria. A credit for the amount of the individual coverage will show on your student bill, with the balance due. You will continue to be able to pay the balance in monthly installments.

(6.) Will the SEIP benefit be considered taxable income?

No.

(7.) What happens if I already have medical insurance and I do not waive the MIT insurance?

In this instance you will have dual coverage, and MIT will be the secondary provider. You may be required to report on the fact that you have more than one insurance carrier.

Please keep in mind that taking the MIT insurance benefit when you do not really need it may deprive others from receiving the benefit.

(8) Can this credit for SEIP be applied to outside (non-MIT medical) insurance?

No, with one exception. Students in the MIT-Wood Hole Oceanographic Institute (WHOI) joint program may have the individual rate of SEIP paid if

they elect WHOI insurance (and if they meet the eligibility criteria described above).

(9.) How is the medical insurance billed?

Medical insurance is billed per term through Student Financial Services. For the coming Fall term, bills will be sent out July 10, 2004, and will be payable August 1.

The fall term bill is for five months, September 1 through January 31. The Spring term bill is for seven months, and includes the summer, February 1 through August 31.

If you qualify for the SEIP benefit, it will be automatically paid when your graduate award/appointment is processed for that term. Students electing family coverage will be billed for the difference between the family rate and the individual rate.

(10.) What about students who register late?

Effective September 2004, Medical will not accept late waivers for those who register late.

(11.) What happens to the insurance when a student finishes a thesis early, and the graduate award or appointment is terminated before the end of the term?

The insurance charge (and benefit, if eligible) continues unless the student takes action to end the insurance. Medical must receive documentation from the student to end the insurance. We find that most students want to maintain their insurance as they transition.

For Administrators:

(1.) I have students who have more than one appointment type (i.e., partial RA and partial Fellow) and whose total support exceeds the threshold. How is their SEIP benefit funded?

A determination must be made which award or appointment type pays the greater share of the total graduate aid offered for that term. The award or appointment type paying the greater share should fund the SEIP by the appropriate mechanism.

The one exception is for students having two equal appointments (for example, 50% RA and 50% TA). The SEIP benefit should be split equally between the two appointments.

Following are some examples of split appointments processed in the Fall based on recent Brio Reports.

Type Appt.	Tuition	Stipend	Source of SEIP Payment
Fellowship	10,049	7,448	Fellowship
RA (30.7%)	4,651	3,132	
total:	14,700	10,580	
Fellowship	4,851	2,940	
RA (67%)	9,849	5,970	RA/TA insurance account
total:	14,700	8,910	
RA (54.5%)	8,011	4,856	RA/TA insurance account
TA (45.5%)	6,689	4,054	
total:	14,700	9,450	
Fellowship	7,991	7,488	Fellowship or department
RA	5,296	3,208	
total:	13,287	10,696	
Fellowship	10,500		Fellowship or department
TA		2,500	
total:	10,500	2,500	

(2.) Can the health insurance be pro-rated for partial appointments?

No, except in the 50% RA/50% TA case described above.

(3) What cost object do I use for RA and TA SEIP payments?

The Budget Office has created new RA/TA extended medical insurance cost objects for each department with an RA tuition cost object. The new cost object for SEIP is in the same numbering sequence as that of the departmental RA tuition cost objects, except with a 5 at the end. For example, Architecture's RA tuition cost object is 1703200. Their new RA/TA extended medical insurance cost object is 1703205.

(4) Do I need to distinguish between RA SEIP vs TA SEIP payment?

Yes. The SEIP payment for RAs will be funded in the same manner as your RA tuition cost object. You will be given a budget for your TA SEIP payments, which you are expected to manage.

Three new GL accounts for student extended health insurance premiums have been created:

422312 TA extended medical insurance
422313 RA extended medical insurance
422314 Fellows extended medical insurance

These GLs are not subject to fund fee, but are part of the MTDC base, and are subject to allocation.

(5.) If I anticipate funds remaining in the TA insurance cost object, can I use them for insurance for Fellows?

No, these funds can only be used to cover TA SEIP. The funds may be carried forward at the end of the fiscal year with the limitation that they may only be used to cover TA insurance.

(6.) Who covers the SEIP for students in my department who receive Fellowship or TA funding from our School Dean or from the Dean for Graduate Students?

We hope that by decoupling the SEIP from the salary/stipend that the source of funds for the fellowship or TA also will allocate funds to cover the SEIP, given that the recommended minimum salary/stipend has not increased for

FY05. If that is not the case, we recommend that the department cover the SEIP benefit.

(7.) How do I know if a student in my department has waived medical insurance coverage?

There will be a waiver flag in Web Grad Aid (the new web-based data entry tool for processing graduate student awards and appointments in MITSIS). You will be able to see if a student has waived the insurance at the point of data entry.

In addition, the Medical Department will provide each department with a listing of students in your department who have received an insurance award and subsequently waived the medical coverage. The report will be provided in October for the Fall term (the deadline for submitting the Fall term waiver is September 30th) and in March for the Spring term (the Spring term waiver deadline is February 28).

(8.) How many students usually waive the medical insurance?

Roughly 20% waive the insurance, and 70% to 80% of all graduate students elect the MIT health insurance. For academic year 2003-04, about 4,400 graduate students elected the MIT insurance.

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(10.) What happens to the insurance when a student finishes a thesis early, and the graduate award or appointment is terminated before the end of the term?

The insurance charge (and benefit, if eligible) continues unless the student takes action to end the insurance. Medical must receive documentation from the student to end the insurance. We find that most students want to maintain their insurance as they transition.

(11.) Can the SEIP charges be used for cost sharing?

Yes, but when used for cost sharing, these charges are subject to F&A. The department will have to absorb the F&A when the insurance charge is moved to a cost sharing WBS element.

(12.) What about cost sharing for split appointments?

For split appointments, where the insurance for an RA is used for cost sharing, the insurance amount must be equivalent to the level of the RA appointment. For example, where there is a 33% Fellowship combined with a 67% RA, only 67% of the insurance cost may be applied to cost sharing.