

## **RESOLUTION: ADJUNCT HEALTH INSURANCE**

Whereas:

- The PSC-CUNY Welfare Fund has provided a basic health insurance benefit to eligible adjuncts since February 1, 1986;
- The health insurance benefit provided to eligible adjuncts by the PSC-CUNY Welfare Fund has been approximately equivalent to the health insurance benefit available to employees of the City of New York who work half-time or more (with the exception of family coverage and benefits upon retirement);
- Since FY 2003, the negotiated employer contribution by CUNY to the PSC-CUNY Welfare Fund for the adjunct health insurance benefit has remained unchanged, regardless of the number of eligible adjuncts or the cost of the insurance premium per individual;
- The number of eligible adjuncts has increased from a monthly average of 1,067 in the first quarter of Fiscal Year 2003 to 1,721 in the first month of FY 2012; and the annualized premium per person has increased from \$3,264 to \$8,118 during the same period;
- For FY 2012 the annualized contribution provided by CUNY for adjunct health insurance, \$2,829,525, covers 20% of the annualized aggregate premium cost of adjunct health insurance;
- The result of the rise in both the number of adjuncts and the premium is that during this period the annualized aggregate cost of the adjunct health insurance provided by the PSC-CUNY Welfare Fund increased by 400%;
- Both the number of eligible adjuncts and the cost of the adjunct health insurance benefit provided by the PSC-CUNY Welfare Fund are projected to continue to increase.

Whereas:

- The PSC-CUNY Welfare Fund maintains all funds in a single account, and does not segment its funds by class of benefit or category of member on whose behalf contributions are made by CUNY;
- Since FY2003, the funds expended by PSC-CUNY Welfare Fund to provide the adjunct health insurance benefit have exceeded the funds provided by CUNY for the benefit;
- The PSC-CUNY Welfare Fund has a growing operating deficit that is almost completely attributable to the difference between the funds received from CUNY for adjunct health insurance and the funds needed to provide this benefit;

- The PSC-CUNY Welfare Fund uses its accumulated financial reserve to cover operating deficits;
- Based on the trends in health insurance costs and the employment of adjuncts by CUNY, the Fund administration projects that the Fund's operating deficit will continue to increase, and that the rate of increase will accelerate;
- The operating deficit of the PSC-CUNY Welfare Fund had grown to an estimated \$9 million for FY 2011 and is projected to reach \$12.5 million by FY 2012;
- As of July 25, 2011, the PSC-CUNY Welfare Fund has sufficient reserves to cover only one more full year of the Fund's projected operating deficit;
- Since 2001, the PSC-CUNY Welfare Fund has renegotiated contracts with providers for greater service and efficiency, and restructured benefits for full-time employees and retirees who are members of the Fund to achieve such cost-savings as are reasonably possible while fulfilling the obligation of the Trustees to provide necessary benefits;
- In 2005, the PSC-CUNY Welfare Fund Trustees restructured the adjunct health insurance benefit to reduce costs, a restructuring that forced participating adjuncts to change plans, and to pay increased deductibles and co-payments; and in 2008 the Fund discontinued health insurance coverage for all adjunct participants who were also eligible for health insurance as doctoral students under NYSHIP, following an agreement between the Professional Staff Congress and the City University of New York that secured health insurance coverage for doctoral students.

Whereas:

- The PSC-CUNY Welfare Fund has been cited in the New York City Comptroller's audit of city welfare funds for its low ratio of administrative costs to total income;
- The PSC-CUNY Welfare Fund Trustees have a fiduciary responsibility to maintain the solvency of the PSC-CUNY Welfare Fund while fulfilling their obligation to provide necessary benefits; the operating deficit caused by the relation of the employer contribution to the cost of providing adjunct health insurance can no longer be covered by withdrawing money from the reserves or by making changes in benefits;

Therefore be it:

- **RESOLVED:** that the PSC-CUNY Welfare Fund Trustees call on the Professional Staff Congress and the City University of New York to make every effort to secure permanent funding that will enable the PSC-CUNY Welfare Fund to continue to provide a health insurance benefit to eligible adjuncts that is approximately equivalent to that provided by New York City for employees who work half-time or more; or to secure an alternate source to provide an equivalent benefit;

- RESOLVED: that if resources to provide such benefit are not secured by August 31, 2012, the PSC-CUNY Welfare Fund Trustees will discontinue the current PSC-CUNY Welfare Fund-provided adjunct health insurance benefit as of August 31, 2012, and the benefit will be reduced to a level commensurate with available funding;
- RESOLVED: that in the event an alternative source of an adjunct health insurance benefit is agreed upon by the Professional Staff Congress and the City University of New York, the PSC-CUNY Welfare Fund will cease providing an adjunct health insurance benefit;
- RESOLVED: that the PSC-CUNY Welfare Fund Trustees authorize the Fund Executive Committee to continue to seek efficiencies in all benefits provided by the Fund;
- RESOLVED: that the PSC-CUNY Welfare Fund Trustees request that the Professional Staff Congress and the City University of New York permit the PSC-CUNY Welfare Fund to be the first organization to make this resolution public or to announce its substance.

*Passed by the PSC-CUNY Welfare Fund Board of Trustees  
July 25, 2011*