



**UNIVERSITY SYSTEM
OF GEORGIA**

Understanding Working Spouse Surcharge for 2020 Health Insurance

Since the 1940s, the United States has relied on employer-provided health insurance to finance the care provided for working individuals. While public coverage options for older citizens, persons with disabilities, and those with limited means have been enacted to fill gaps in care, most citizens continue to receive health insurance coverage through their employers (55% in 2018; U.S. Census Report, September 10, 2019). Repeated executive and congressional actions, including the Affordable Care Act enacted in 2010, have reaffirmed this federal policy. For more than 70 years, health benefits have been a significant, untaxed component of an employee's benefits package.

Current federal law requires most employers to offer medical coverage to their full-time employees. As such, many working spouses have access to healthcare coverage, usually an employer-subsidized benefit, through their own place of work. When the University System of Georgia (USG) provides coverage to working spouses who have other available coverage, it creates higher costs for all employees and campuses across the system.

Driven by newer and more expensive medications and the growing burden of chronic disease, costs for the USG health plans increased at a higher rate than previous years, and the trend is expected to continue. This mirrors the experiences of employer plans across the nation. Last year, pharmacy costs rose by nearly 14% and now account for nearly a quarter of our annual healthcare budget. Across all plans, spouses on average consistently use more services, costing about \$100 or more per month, than USG employees. Each year, the USG must respond to rising expenditures and incorporate plan changes which sustain coverage, control costs, and promote improved outcomes.

During 2019, some 33 % of large employers and 38% of all employers imposed a surcharge for spouses who could obtain coverage through their own employer. The average annual spousal surcharge was \$1,200. Increasing numbers of public and private institutions of higher education, such as USC, Penn State, University of Washington, and Wake Forest, apply the working spouse surcharge in their health plans. Another 6 percent of employers, including the University of Virginia, exclude spouses from coverage entirely when similar health coverage is available through the spouse's own employer.

The USG believes that all employers, as has been the long-standing law and practice in the United States, should be equally responsible for paying the medical plan costs of their own employees. When our campuses provide healthcare coverage for working spouses who have access to other, employer-mandated coverage, all parts of the USG - our employees, our students, and Georgia's taxpayers) – are taking on the responsibility of other employers' healthcare costs.

To fund their academic missions, the campuses throughout the USG rely heavily on revenue from tuition and tax dollars. Because your campus pays approximately 70% of the costs of employee and dependent coverage, health care expenses impact our students through their tuition and our citizens through their taxes. We recognize that high quality employee benefits are part of our cost of providing an outstanding education for our students and our state. Subsidizing the workforce of another employer, however, should not be your or our constituents' responsibility.

Health insurance coverage is an important employee benefit, and the USG has aggressively worked to ensure high quality, affordable coverage for all employees. Further, the USG is committed to the coverage of dependent children (up to the age of 26) along with those spouses who need or want our coverage. Employees with working spouses, who have other coverage offered through their employer, may still elect to enroll their spouse in their USG health plan by paying a surcharge of \$100 per month. If you determine that it is in your and your spouse's best interest to remain on our plan, this surcharge is designed to help absorb the cost for healthcare that the USG is incurring instead of your spouse's employer.

The surcharge does not apply to dependent children. You are still able to enroll your dependent children in the USG medical plan regardless of your spouse's status under this provision. Of particular benefit, during the 2020 plan year the "Employee + Child" coverage tier is changing to "Employee + Children." Currently, employees who cover two or more children must enroll in the "Family" coverage tier which may have encouraged employees to continue to cover their working spouse under the plan. In 2020, an employee covering two or more children without a spouse can enroll in the "Employee + Child or Children" tier and pay less than they would today in the "Family" tier.