Date: 7/29/2015

To: All Faculty, Researchers, and Staff

From: David Berkowitz

Subject: Discontinuance of Insurance Payment by the University

Dear Faculty, Researchers and Staff

Recently, because of IRS guidance issued under the Affordable Care Act (ACA), the Office of Counsel has advised us to discontinue paying for health insurance for our GRAs and GTAs. Continuation of this practice may subject the University to substantial penalties. Therefore, effective immediately the University will no longer offer to pay for health insurance for GRAs or GTAs.

The offer letters to GRAs and GTAs cannot include an insurance option under which the University would pay for health insurance. Please rewrite all letters for fall 2015, spring 2016 and summer 2016 excluding any reference to such an insurance option being offered by the University (my office will supply the letter template).

If students have already signed and returned their fall letters, a revised letter will need to be issued or the student will have to acknowledge on their signed letter that the insurance option is not being offered. Please use the following language. “I acknowledge that the University of Alabama in Huntsville will not pay, directly or indirectly, for the insurance required of me as a graduate student.”

Funds previously used to purchase insurance will be redistributed to GTA stipends through the School of Graduate Studies, and a one-time increase in each stipend will be paid to GTAs in August. The increase may be used by the GTA to purchase health insurance, but students will NOT be required to use the stipend increase for this purpose. GAs will continue to be eligible to purchase student health insurance offered to UAH students by United Healthcare, if they wish.

GAs should be reminded that University policy requires all graduate students to have health insurance. Moreover, under the ACA individuals who are not covered by a health insurance policy may face IRS penalties.

This issue is just now being recognized by the higher education community. Efforts are being made to seek further guidance from the IRS and even a change in its position. Absent that, the University will follow this same procedure for the Spring Semester and Summer Semester.

It is important that you follow the guidance given in this letter because the penalties that the IRS can impose on violators are quite substantial and will be borne by any unit in violation.