The Impact of the Affordable Care Act on Student Health & Insurance

APLU Annual Meeting
November 3, 2014
Presenters

• Renee Romano, University of Illinois
• Diane Plumly, The Ohio State University
• Brian Rose, Binghamton University
• Bob Palinkas, University of Illinois
• Jake Baggott, The University of Alabama at Birmingham
Disclaimer

APLU advises that you consult your own institution’s legal counsel, risk management office, health insurance plan administrator, or other appropriate institutional officials in determining the insurance plan design and details for your institution's college students.
“Nothing in this title (or an amendment made by this title) shall be construed to prohibit an institution of higher education (as such term is defined for purposes of the Higher Education Act of 1965) from offering a student health insurance plan, to the extent that such requirement is otherwise permitted under applicable Federal, State or local law.”
### Student Health Insurance Plan

- A type of Individual Health Insurance coverage
- Coverage provided through a written contract between an institution of higher education and a health insurance issuer.
- ACA does not apply to self-funded plans which are regulated at the state level.

ACA does not set any minimum threshold for determining student status, leaving such eligibility decisions to each Institution and the issuer.
Student Health Insurance Plans (including self-funded) must provide coverage of these services to qualify as meeting the Individual Mandate:

### Essential Health Benefits

<table>
<thead>
<tr>
<th>Service</th>
<th>Covered Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambulatory/Office Visits</td>
<td>Mental Health &amp; Substance Abuse</td>
</tr>
<tr>
<td>Emergency</td>
<td>Maternity &amp; Newborn</td>
</tr>
<tr>
<td>Hospitalization</td>
<td>Prescription Drugs</td>
</tr>
<tr>
<td>Laboratory/Imaging</td>
<td>Wellness &amp; Prevention</td>
</tr>
<tr>
<td>Rehabilitative Services</td>
<td>Pediatric Vision</td>
</tr>
<tr>
<td>Chronic Disease Mgt.</td>
<td>Pediatric Dental</td>
</tr>
<tr>
<td>Supplies &amp; Equipment</td>
<td></td>
</tr>
</tbody>
</table>

Additional limitations and required benefits will vary by state, based on a specific benchmark plan.
Health fees are not considered a form of cost-sharing requirements under the Public Health Service (PHS) Act section 2713. In other words, they are permissible.

• 100% coverage for certain preventive benefits.
  -Annual physicals
  -Annual women’s exam’s
  -Select Immunizations
  -Select Screening Tests
  -Contraceptive drugs and devices

• Cost-sharing for these benefits is prohibited.
ACA prohibits certain plan design features that were commonly used to control claims/loss exposure.

Additionally, insurer profits and retention costs are capped.

General Provisions

- No pre-existing condition exclusions
- No annual dollar limits
- No annual maximum
- No lifetime maximum
- The ratio of claims to premium cannot be less than 80%, else premium is rebated to the policy holder
General Provisions

• Rates charged by an issuer offering student health insurance coverage may be based on a school-specific group community rating.
• Cannot have different rates based on age or smoking status.

The exemption from community rating results in lower premium costs.
AV represents the average share of cost the insurance plan will pay.

Bronze: 57.5% - 62.5%
Silver: 67.5% - 72.5%
Gold: 77.5% - 82.5%
Platinum: 87.5% – 92.5%
Taxes and Fees

• Health Insurer Fee
  – Ongoing, beginning in 2014

• Transitional Reinsurance Program Contribution
  – Temporary, 2014-2016

• Patient-Centered Outcomes Research Institute
  – Temporary, 2012-2019

Projected impact on 2014-2015 premium rates
3%- 6%
63% of ACHA surveyed schools experienced no or less than 3% change in enrollment following the age 26 rule.

ACHA Student Health Insurance & Benefit Plans 2014 Survey

Other Factors

Age 26 Rule
Individual Mandate /Penalty
Medicaid Expansion
Health Insurance Marketplace
Employer Plans
More than 90.4% of schools had monthly premium cost of less than $200.

Average annual premium cost for 4yr public schools: $1,732.

ACHA Student Health Insurance & Benefit Plans 2014 Survey
Comprehensive Plan

Enrollment: 13,600
- Undergrad 53%
- Graduate 39%
- Professional 8%
- Domestic 56.9%
- International 43.1%

The Ohio State University
Student Health Insurance

WilceCare Supplement

Enrollment: 3,773
Cost: $225 per year

$38 Million Annual Premium
Comparison to the Health Insurance Marketplace 2014

<table>
<thead>
<tr>
<th>Comparison Points</th>
<th>Ohio State</th>
<th>Platinum</th>
<th>Gold</th>
<th>Silver</th>
<th>Bronze</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-subsidy Monthly Premium Range</td>
<td>$203</td>
<td>$356-$468</td>
<td>$245-$406</td>
<td>$196-$378</td>
<td>$140-$200</td>
</tr>
<tr>
<td>Deductible (yearly)</td>
<td>SHS: None</td>
<td>$500</td>
<td>$1,000</td>
<td>$2,000</td>
<td>$6,000</td>
</tr>
<tr>
<td></td>
<td>Network: $100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum Individual Out of Pocket Limit</td>
<td>$2,000</td>
<td>$1,750</td>
<td>$5,000</td>
<td>$6,350</td>
<td>$6,000</td>
</tr>
<tr>
<td>Primary Care Visit</td>
<td>$15 copay</td>
<td>$20 copay</td>
<td>$25 copay</td>
<td>20% co-ins</td>
<td>100% after deductible</td>
</tr>
<tr>
<td>Emergency Room</td>
<td>$100 copay</td>
<td>$200 co-pay</td>
<td>20% co-ins</td>
<td>20% co-ins</td>
<td>100% after deductible</td>
</tr>
<tr>
<td>Adult Dental/Vision Exam</td>
<td>$15 Copay</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>
Strategies

• Retain first dollar coverage
• Expand self-funded risk
• Medicaid funding of SHI
• Educate, Educate, Educate
Medicaid

A pre-expansion snapshot

- 18% of SHI-covered students within income guidelines for Medicaid Eligibility
- 3.5% of the OSU Student population self-reported being enrolled in a state subsidized program
- 2.0% may be eligible under the expansion
98% of parents surveyed had input into their student’s health insurance decision.

58% did not take time to compare cost, benefits or geographical network features.

The last thing your student is thinking about is health insurance.

Which is why you should.
What is a “SUNY”
Domestic Student Health Plan Footprint

- 26 of 29 State Operated (4-year) Campuses offered a campus-negotiated health insurance in 2013-2014
- 19,100 students were enrolled
- Range of enrollees 5 to 4,800

Insurance companies represented:
**Community College Sector**

- 30 Community Colleges within the SUNY system
- 14 of the 23 who responded to a survey offer campus-negotiated health insurance plan
- Mandated if there is a residence hall.
- Smaller schools-only offer Accident Insurance or Accident & Sickness
- Range of enrollees 2 to 2,500
OUR GOALS

• Provide students with adequate insurance to support student success
• Provide students with access to affordable insurance (access and equity issues)
• “Systemness” – can we leverage our scale?
• Make Gov. Cuomo and Chancellor Zimpher Happy
• Create something we can talk about at a conference
# Sample of Plan Enrollments and Total Headcount

<table>
<thead>
<tr>
<th>Campus</th>
<th>Type of Institution</th>
<th>Undergrad enrollment as of fall 2013 (head count)</th>
<th>Insurance Company</th>
<th>Insurance enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>University at Albany</td>
<td>University Center</td>
<td>17,316</td>
<td>United Health Care*</td>
<td>1,247</td>
</tr>
<tr>
<td>Alfred State College</td>
<td>Technology College</td>
<td>3,552</td>
<td>Nationwide</td>
<td>18</td>
</tr>
<tr>
<td>Binghamton University</td>
<td>University Center</td>
<td>16,082</td>
<td>United Health Care</td>
<td>2,076</td>
</tr>
<tr>
<td>SUNY Brockport</td>
<td>University College</td>
<td>8,147</td>
<td>AHP as broker and United Health Care</td>
<td>400</td>
</tr>
<tr>
<td>Buffalo State College</td>
<td>University College</td>
<td>11,068</td>
<td>Consolidated Health Plans</td>
<td>700</td>
</tr>
<tr>
<td>University at Buffalo</td>
<td>University Center</td>
<td>29,882</td>
<td>Blue Cross Blue Shield of WNY</td>
<td>4,800</td>
</tr>
<tr>
<td>SUNY Canton</td>
<td>Technology College</td>
<td>3,521</td>
<td>AIG/HFC is agent</td>
<td>752</td>
</tr>
<tr>
<td>SUNY Cobleskill</td>
<td>Technology College</td>
<td>2,470</td>
<td>US Fire Insurance Co</td>
<td>357</td>
</tr>
<tr>
<td>SUNY Cortland</td>
<td>University College</td>
<td>7,110</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>SUNY Delhi</td>
<td>Technology College</td>
<td>3,378</td>
<td>United Health Care</td>
<td>260</td>
</tr>
<tr>
<td>Farmingdale State College</td>
<td>Technology College</td>
<td>8,148</td>
<td>Columbian Mutual</td>
<td>95</td>
</tr>
<tr>
<td>SUNY Fredonia</td>
<td>University College</td>
<td>5,405</td>
<td>United Health Care</td>
<td>15</td>
</tr>
</tbody>
</table>
Some Challenges

- Complexity of the different healthcare markets in state
- Increased premiums
- Lack of portability (limited networks)
- Declining enrollment in campus plans / higher risk enrollees
- Management of enrollment in plan, waiver review, and timely contract review and renewals
- Clarity regarding regional coverage, parent plans, cost, time frame for coverage
Our Current Exploration

- Procured a consultant to assess feasibility of different approaches
- Can we achieve premium savings via consolidated plan?
  - Reviewing experience of other purchasing consortia
  - Overcoming structural issues of marketplace
  - Administration (central, campus, or 3rd party)
  - Gathering claims data to assess feasibility and to support RFP

Cafeteria Plan concept – base plan with optional buy-ups
- Is there any market?

Providing a secondary plan
- Current Athletics Plan was source of idea
- would any company write it?
- regulatory constraints
This Segment...

- A reflection of the Illinois Experience
  - As an administrator of a student health center
  - As a working physician
Our Campus

• Enrollment around 45,000
• Large student-dedicated health center
  – Most medicines provided free or at minimal cost
  – Provides 90-90% of all ambulatory care needed by average students
  – Supported by a health service fee of $231/semester
• Legacy of mandatory student health insurance

2013-14 McKinley Health Center Facts

• Total Provider Visits .................. 109,570
• Prescriptions Filled .................... 92,706
• Lab Tests Performed ................... 158,983
• Radiology Procedures .................. 8,355
• Flu Vaccinations Administered .......... 12,128
• Healthcare Products Distributed .... 52,977
Our Insurance Environment

- 60% of students purchase the “university” plan
- 40% are on some other plan
- Almost no exceptions
- Regular review of coverage for all students
  - Must meet minimum standards or face automatic charge for University coverage
To Meet Requirements

- Students must demonstrate they have:
  1. At least $500,000 coverage per event per year
  2. Appropriate coverage dates on plan
  3. Deductible no larger than $2000
  4. Adequate care access in our immediate region
  5. Ability to extend coverage
The University Plan

• Indemnity version
• $150 deductible
• 80-20 coverage
• $291/semester (typically need 3 semesters for full year of coverage)
• Meets/exceeds gold level in PPACA
Net Annualized Cost of Health Care

• Health Service Fee: $231 x 3 = $693
  – Covers health center & counseling center
    • Most everything is free, including lab tests, most meds, visits, x-ray
• University Insurance: $291 x 3 = $873
• Net cost for full year: $1566
• Lowest in the Big Ten
To Ensure Students Get the Care They Need:

- Must remove/minimize barriers
- Simple philosophical argument
Same Issue at the 50,000 Foot Level

• Getting sick is expensive without insurance
  – Some students will defer needed care
    • As a result, some will get much sicker
  – Some will need to take time off or quit to pay for medical bills
  – Some will quit if they are too sick
  – Some will give their studies less attention due to the added distraction of debt
  – Those affected most will already be in the lowest socio-economic cohort
This is a University Rank Issue!

• Good insurance means:
  – Faster completion of degree
  – Higher graduate rates
  – Better academic performance
  – Better retention rates
  – Less cohort disparity

• Everything to me!
Why Universities Should Arrange for Good Health Insurance

- Enhanced compliance with national law
- Enables inclusion of cost in financial aid packages
- “Rank” arguments
- Greater enrollment consistency; less disparity
- Student cost less than other platforms due to healthy population
- Fosters a healthy campus
ACA’s impact on Student Health Services

M. Jacob Baggott, MLS, 1SG (Ret.), FACHA
Executive Director, Student Health & Wellness
The University of Alabama at Birmingham
Campus Services – Increasing Expectations

• Medical
• Mental Health
• Counseling
• Comprehensive & Connected Services
• Access
• Student Success
• Investment in Facilities
Funding Models

- Prepaid/Capitated
- Hybrid - Limited Capitated Services & Fee-For-Service
- Fully Fee-For-Service
ACA Considerations

- SHS Administrative Fee
- First Dollar Coverage
  - Increased Deductibles
  - Co-Pays
- Network Limitations
- Cost containment Role of SHS
  - Primary Care Provider
  - Gate Keeper
Billing Considerations
• Preventative Services
• Confidentiality Concerns
• Uninsured Students
• Infrastructure
• Electronic Record Systems

ACHA Student Health Insurance & Benefit Plans 2014 Survey
Billing Considerations

- Preventative Services
- Confidentiality Concerns
- Uninsured Students
- Infrastructure
- Electronic Record Systems

ACHA Student Health Insurance & Benefit Plans 2014 Survey
Billing Considerations
• Preventative Services
• Confidentiality Concerns
• Uninsured Students
• Infrastructure
• Electronic Record Systems
Employer Shared Responsibility Rules

- Student Employees
- Graduate and Research Assistants
- Interns
Questions

The Impact of the Affordable Care Act on Student Health & Insurance

APLU Annual Meeting
November 3, 2014