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Findings and Recommendations
for
Student Health Insurance/Benefit Programs (SHIBPs)
under the
Patient Protection and Affordable Care Act (PPACA)

This document was developed following the Lookout Mountain Group's (LMG) meeting at Northeastern University on Sunday, April 11, 2010. Reference materials for these findings and recommendations may be found in the LMG position paper, dated June 2, 2009.

Findings

1. The American College Health Association's (www.acha.org) standards for SHIBPs provide guidance for colleges and universities to provide comprehensive coverage and effectively manage their SHIBPs. The LMG estimates that 15 percent of four-year institutions comply with the standards, covering more than 500,000 students. The preliminary results of the investigation of college health programs by the New York State Attorney General, as well as the recent review of SHIBPs by the Massachusetts Division of Health Care Finance and Policy, affirm the need for vigorous promotion of ACHA's standards.

2. The LMG strongly supports requiring all SHIBPs to meet the comprehensive coverage requirements specified for group health insurance plans in the PPACA. We recognize this may result in significant numbers of colleges and universities terminating their SHIBPs and relying on state insurance exchanges for students to purchase individual coverage. Conversely, many colleges and universities will provide SHIBPs that meet the unique health and safety needs of their respective student populations and that provide a much more cost effective insurance than would otherwise be available on the insurance exchanges or from many employer-sponsored health plans.

3. The expansion of parental coverage up to age 26 (there are no tax consequences for employers and employees for coverage through the calendar year in which the dependent turns age 26) will not significantly reduce the need for effective SHIBPs. Well-managed SHIBPs can provide access to local health care providers, first dollar coverage for on-campus services, and nominal copayments for community health care services and prescription medications. Employer-sponsored plans increasingly have high deductibles and often limited access to providers if the students are not attending college in the employer's local area. Even when the employer's plan provides comprehensive coverage, the additional cost for a college-aged dependent may remain disadvantageous compared to the cost effective SHIBPs.

4. Many SHIBPs are engaging in the same best practices for quality of coverage and cost effectiveness seen among large employer-sponsored group health insurance plans. The LMG members providing comprehensive coverage and using self-funding arrangements (often returning more than 90% of plan funding contributions in the form of benefit payments) include the University of Minnesota, Dartmouth College, the University of California at Berkeley, the University of New

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Hampshire, Northeastern University, and the Colorado School of Mines. Both large and small colleges and universities, in all areas of the country, can achieve these highly effective programs.

5. The college health model, providing pre-funded on-campus health and counseling services, with a strong emphasis on health education and wellness programs, is affirmed by the substantial trend for large employers to adopt on-site employee health clinics. The traditional college health model, in assuring students have equitable access to primary health care services, is also consistent with the universal access objectives of the PPACA.

Recommendations

1. SHIBPs endorsed and administered by colleges or universities should be regulated as a form of *group* coverage on the same basis as employer-sponsored health insurance programs under the PPACA. Self-funded programs must be permitted to continue to exist to the extent they are permissible under state laws and regulations. Regulations should be issued to assure self-funded student health plans can issue documents that allow students to prove they have satisfied the new federal mandate for health insurance when submitting federal tax returns.

2. Both fully insured and self-funded SHIBPS must provide benefits that comply with the essential coverage requirements of the PPACA and other required benefits or administrative practices, as specified by regulations issued by the Department of Health and Human Services. The few states that do not presently permit self-funding of student health plans should take action to end these impediments (e.g., adopt enabling legislation and/or licensing procedures for non-ERISA governed group health plans to operate self-funded group health plans).

3. International students should be required to enroll in a college or university SHIBP if the student's home country does not provide coverage equal to the requirements specified by the PPACA. A national coverage option should be provided to international students who enroll at a college or university that does not provide a SHIBP.

4. As stated in the standards endorsed by ACHA, colleges and universities providing SHIBPs should be required to manage their programs solely in the best interest of covered students under a fiduciary responsibility requirement. The LMG accepts that SHIBPs should be governed under the same fiduciary responsibility requirements that are applicable to employers under the Employee Retirement Income Security Act of 1974.

5. Colleges and universities should have the option of requiring students to participate in their SHIBPs regardless of parental coverage that might otherwise be available through age 26. This provision may be essential for the viability of SHIBPs at small colleges and/or necessary because of unique environmental needs of a specific college or university. Ultimately, the lowest cost of providing health insurance for college students would be to have all students covered under a comprehensive health plan provided by the college or university rather than a fractured mix of parental health insurance, SHIBP coverage, Medicaid, and other governmental programs.

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Colleges and universities should also retain existing authority to establish requirements for conditions of enrollment and require payment of mandatory health fees and specify levels of health insurance coverage that are deemed by an individual institution as necessary for public health and safety. For example, a college may choose to require that students enroll in its SHIBP if the students' personal health insurance coverage does not include access to local mental health care providers or other essential medical providers.

6. Nothing in the PPACA should be construed to change or modify the requirements and authorizations for the operation of SHIBPs that presently exist under the Civil Rights Restoration Act of 1989, as this law amended Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.

7. Favorable tax treatment should be provided for employer contributions for the cost of SHIBPs as an alternative to providing coverage for dependents under an employer-sponsored health plan. Vouchers or other compensation to employees for SHIBP costs should be treated as a tax deductible employee benefit expense for the employer and non-taxable income to the employee.

8. Financial assistance programs under the PPACA for young adults that are available to college students should apply toward the purchase of SHIBPs. Students eligible for Medicaid should have the option of enrolling in a SHIBP and receiving a financial voucher for the cost that would have otherwise been incurred for Medicaid enrollment. This provision should be adopted immediately for SHIBPs that provide coverage that meets PPACA requirements for group coverage.

9. Fully insured SHIBPs should be required to meet the 85 percent medical loss ratio requirement specified for fully insured group insurance plans on an individual client basis. Retention expenses should include large claim pooling charges and all other charges that do not reflect a direct reimbursement for a medical expense claim or wellness program service. Enrollment/waiver costs, administrative costs, and other program support expenses should not be included in the retention expense calculation to the extent they are paid by the college or university or entire student population. Costs for medical evacuation and repatriation coverage, nurse line service costs, and other ancillary services should not be included in the retention expense calculation.

10. Flexibility should be provided by the Department of Health and Human Services to approve exclusions and limitations that may be appropriately unique for SHIBPs. For example, excluding expenses incurred from participation in NCAA-sanctioned intercollegiate athletics may be appropriate as this is an expense that could be borne by the college or university or the entire student population.

11. Colleges and universities should have flexibility to continue to purchase accident-only coverage for summer camp participants, intramural sports programs, and other specialty risk needs. This coverage should be regulated as a form of property and casualty insurance and not subject to regulation by the PPACA.

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12. Until pre-existing condition exclusions are removed under PPACA, SHIBPs should be uniformly regulated in all states on the same basis as employer-sponsored group health insurance under the Health Insurance Portability and Accountability Act of 1996.