

# THE ACA MARKETPLACES AFFECT ON STUDENT HEALTH INSURANCE PLANS

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The government-run online insurance marketplaces (marketplaces), also referred to as the exchanges, opened on October 1<sup>st</sup> and are scheduled to remain open for new applications through March 31, 2014. It is important to discuss how the availability of marketplace insurance plans could affect school-sponsored Student Health Plans (SHPs). Although students are generally a healthy population, it is important they have low out-of-pocket costs and easy access to care. The following insurance market trends are of concern: high-deductibles, high-levels of co-insurance, and limited provider networks, e.g. Health Maintenance Organizations (HMOs) or Exclusive Provider Organizations (EPOs). In addition to offering superior benefits, SHPs must remain affordable to compete with other options and benefit students at a time in their lives when they need affordability.

This paper will provide an overview of the insurance plans offered on the marketplaces including a detailed description of the premium tax credits available to students, Medicaid expansion, employer-sponsored plan trends, specific guidance regarding international students, and the value of SHPs.

## GOVERNMENT-RUN ONLINE INSURANCE MARKETPLACES

Government-run online insurance marketplaces are designed to fulfill a need in the individual and small-business insurance market. The concept is that the online marketplaces will drive competition, make it easy for consumers to compare insurance plans, and provide competitive premiums. States are either running their own marketplaces, working in partnership with the federal government, or deferring the responsibility to the federal government. The federal government is managing the marketplaces for 36 states in 2014.<sup>1</sup>

There are 4 tiers of coverage offered on the marketplaces. The 4 tiers are bronze, silver, gold, and platinum. Similar to the actual metals they indicate the value of the programs offered in each tier. Bronze plans are required to offer 60% actuarial value; silver, 70%; gold, 80%; and platinum 90%. According to the American Academy of Actuaries, “under the ACA, a health insurance’s actuarial value indicates the average share of medical spending that is paid by the plan, as opposed to being paid out of pocket by the consumer.”<sup>2</sup> The actuarial value is determined using the plan’s cost-sharing features. Plans offered in one tier may have different deductibles, coinsurance, copays, and out-of-pocket limits. Actuarial value does not take into account the plan’s network, quality of the providers in the network, or quality of the insurance company.

In addition to the metal plans, catastrophic plans will be offered to young adults under the age of 30 or individuals who are experiencing a hardship. These plans are the least comprehensive, less than 60% actuarial value, but provide preventative care with no cost-sharing and three primary care physician office visits per year. Other benefits will not be provided until after the individual has paid the deductible, which is expected to be the highest out-of-pocket maximum allowed by the ACA for 2014, \$6,350. For example, all catastrophic plans on the Massachusetts Marketplace include a deductible of

<sup>1</sup> Kaiser Family Foundation. <http://kff.org/health-reform/state-indicator/health-insurance-exchanges/#map> (accessed October 22, 2013)

<sup>2</sup> The American Academy of Actuaries provided this definition to the National Association of Insurance Commissioners on April, 1 2013. [http://www.actuary.org/files/Actuarial\\_value\\_basics\\_for\\_NAIC\\_040113.pdf](http://www.actuary.org/files/Actuarial_value_basics_for_NAIC_040113.pdf) (accessed October 22, 2013)

\$6,350, and premiums range from \$127.14 to \$261.12 per month.<sup>3</sup> All offer the same benefits and distinguish themselves with their provider networks.

## ELIGIBILITY FOR MARKETPLACE INSURANCE SUBSIDIES

Students who are lawfully present and meet applicable state residency requirements may be eligible for marketplace insurance subsidies if they do not have access to an employer-sponsored plan or a government-sponsored plan (e.g. Medicaid or Medicare). Eligibility will be based on family size, household income, and how taxes are filed.

Students who may be claimed as a dependent by another taxpayer will not qualify for subsidies.<sup>4</sup> For tax filing purposes a qualifying dependent child must be under age 19 or under age 24 if a full-time student, and cannot provide more than half of their own support.<sup>5</sup> Students may be eligible for subsidies if their income or their family's income is between 100% and 400% Federal Poverty Level (FPL), in states that did not expand Medicaid; and between 133% and 400% FPL in states that did expand Medicaid. The table below lists the 2013 calendar year FPLs for individuals and families:<sup>6</sup>

Persons in family/household	Federal Poverty Level		
	100%	133%	400%
1	\$11,490	\$15,282	\$45,960
2	\$15,510	\$20,628	\$62,040
3	\$19,530	\$25,975	\$78,120
4	\$23,550	\$31,322	\$94,200

Below is a list of the 25 states that have decided to expand Medicaid, as of September 30, 2013. There is no deadline for a state to decide, so this information may change; in fact Ohio just indicated that it will join Medicaid expansion. To check for updates view Kaiser Family Foundation's webpage that tracks Medicaid expansion at <http://kff.org/health-reform/state-indicator/state-decisions-for-creating-health-insurance-exchanges-and-expanding-medicaid/>.

States that Expanded Medicaid as of September 30, 2013				
Arizona	Delaware	Kentucky	Nevada	Oregon
Arkansas	DC	Maryland	New Jersey	Rhode Island
California	Hawaii	Massachusetts	New Mexico	Vermont
Colorado	Illinois	Michigan	New York	Washington
Connecticut	Iowa	Minnesota	North Dakota	West Virginia

<sup>3</sup> Plans and premiums for marketplace plan effective January 1, 2014 can be viewed through [www.mahealthconnector.org](http://www.mahealthconnector.org) (accessed October 22, 2012), applied without taking income into account, as an individual, under the age of 49, no tobacco

<sup>4</sup> IRS.gov. Internal Revenue Bulletin: 2012-24, June 11, 2012 states the following under supplemental information, eligibility for premium tax credit, applicable tax payer: "Commentators requested that the final regulations allow an individual who may be claimed as a dependent by another taxpayer to qualify as an applicable taxpayer for a taxable year if, for the taxable year, another taxpayer does not claim the individual as a dependent. The final regulations do not adopt this comment because it is inconsistent with section 36B(c)(1)(D), which provides that a premium tax credit is not allowed to any individual for whom a deduction under section 151 is 'allowable to another taxpayer' for the taxable year." [http://www.irs.gov/irb/2012-24\\_IRB/ar05.html#d0e309](http://www.irs.gov/irb/2012-24_IRB/ar05.html#d0e309) (accessed October 22, 2013)

<sup>5</sup> IRS.gov. [http://www.irs.gov/publications/p501/ar02.html#en\\_US\\_2012\\_publink1000220868](http://www.irs.gov/publications/p501/ar02.html#en_US_2012_publink1000220868) (accessed October 22, 2013)

<sup>6</sup> Aspe.hhs.gov. <http://aspe.hhs.gov/poverty/13poverty.cfm> (accessed October 22, 2013)

## PREMIUM TAX CREDITS

Premium tax credits are calculated by identifying the second-lowest silver plan in the marketplace during the application process, and then calculating what the family or individual's expected premium contribution is. Premium contribution is based on a percentage of income. It is determined on a sliding scale; consequently, as income increases greater contribution is expected from the individual. The below chart identifies the monthly contribution an individual is expected to pay for the second-lowest silver plan, and that monthly contribution is used to calculate the monthly premium tax credit that is applicable towards other plans in the marketplace.

Individual Monthly Premium Tax Credits by Income*					
% FPL	Annual Income	Contribution (% of income)	Monthly Contribution	2 <sup>nd</sup> Lowest Silver Monthly Premium**	Monthly Tax Credit
100-133	\$11,490 - 15,282	2%	\$19 – \$25	\$264.13	\$245.13 – \$239.13
133-150	\$15,282 - \$17,235	3% – 4%	\$38 – \$57	\$264.13	\$226.13 – \$207.13
150-200	\$17,235 - \$22,980	4% – 6.3%	\$57 – \$121	\$264.13	\$207.13 – \$143.13
200-250	\$22,980 - \$28,725	6.3% - 8.1%	\$121 - \$193	\$264.13	\$143.13 – \$71.13
250-300	\$28,725 - \$34,470	8.1% - 9.5%	\$193 – \$272	\$264.13	\$71.13 – \$0
300-350	\$34,470 - \$40,215	9.5%	\$272 – \$318	\$264.13	\$0
350-400	\$40,215 - \$45,960	9.5%	\$318 – \$364	\$264.13	\$0

\* Based on 2013 income levels. 2014 income levels will be slightly higher. A similar chart is used in the Center on Budget and Policy Priorities FAQs about Premium Tax Credits.<sup>7</sup>

\*\* According to the New Jersey marketplace in October, 2013, subject to change if premiums change.

The below steps outline the premium tax credit calculation process for an individual in Middlesex County, New Jersey:

1. Find the second-lowest silver plan in the marketplace. Per HealthCare.gov, the second-lowest monthly premium for a silver plan is \$264.13 for an individual under age 49 (AmeriHealth New Jersey's Select Local Value Silver HMO plan).<sup>8</sup>
2. An individual with earnings of \$22,980 is expected to contribute \$121 monthly for the second-lowest silver plan.
3. The applicable monthly premium tax credit for this individual is calculated by subtracting the monthly contribution, \$121, from the second-lowest silver plan premium, \$264.13, for a tax credit of \$143.13.

Premium tax credits are not applicable towards a catastrophic plan, but are applicable towards the purchase of all other marketplace plans. Per HealthCare.gov, in New Jersey, the lowest monthly premiums for bronze, gold, and platinum plans are \$229.50, \$303.32, and \$413.99, respectively. An individual with an applicable premium tax credit of \$143.13 would contribute monthly \$80.37 for the bronze plan, \$160.19 for the gold plan, or \$270.86 for the platinum plan.

Premium tax credits will be more beneficial to the older population and those who live in areas that have high healthcare costs. Marketplace premiums are calculated based on age, geographic area, and

<sup>7</sup> The Center on Budget and Policy Priorities. <http://www.cbpp.org/files/QA-on-Premium-Credits.pdf> (accessed October 22, 2013)

<sup>8</sup> HealthCare.gov's preview of plans and prices can be accessed through <https://www.healthcare.gov/find-premium-estimates/> (accessed October 22, 2013)

tobacco use. A tobacco user will be assessed an additional fee by the insurance company, which could be as high as 50% of the premium, and the user will not be able to apply a credit to that surcharge.

Premium tax credits will only be available for individuals who plan on filing a tax return for 2014. Premium tax credits are available to individuals who have not filed taxes in the past, but the marketplaces will ask for documentation of income. If an individual earns more income than originally reported, then he or she will be responsible for paying the premium tax credit back to the federal government as part of their 2014 tax return, (the amount charged back will be capped at different amounts depending on income level, unless income is over 400% FPL).<sup>9</sup> If the individual earns less than originally reported, then the individual would receive a refund on their tax return for the difference. Failure to file would mean the individual would not qualify for premium tax credits in the future. Married couples who receive premium tax credits will have to file a joint tax return for 2014.

## **COST SHARING SUBSIDIES**

Cost sharing subsidies are available for individuals or families with income up to 250% of the FPL. The subsidies provide lower deductibles, coinsurance, copays, and out-of-pocket maximums. Cost sharing subsidies are only available for silver plans and are applied immediately to the plan design. If eligible it would make sense to select a silver plan, although the cost of a bronze plan may be tempting because the individual's premium contribution will be less. A silver plan with a cost-sharing subsidy could create actuarial value approximating the levels of a gold or platinum plan. The below chart, an adaptation of a Kaiser Family Foundation report, displays the cost sharing value according to income level, highlighted in gray.<sup>10</sup> The decreased out-of-pocket maximums have a significant positive impact on the value of the program.

<b>Actuarial Value Showing the Benefit of Cost-Sharing Subsidies</b>		
<b>Plan</b>	<b>Out-of-Pocket Max.</b>	<b>Actuarial Value</b>
Bronze	\$6,350	60%
Silver	\$6,350	70%
<b>Silver with cost-sharing subsidies (income 200-250% FPL)</b>	<b>\$5,200</b>	<b>73%</b>
Gold	\$6,350	80%
<b>Silver with cost-sharing subsidies (income 150-200% FPL)</b>	<b>\$2,250</b>	<b>87%</b>
Platinum	\$6,350	90%
<b>Silver with cost-sharing subsidies (income 100-150% FPL)</b>	<b>\$2,250</b>	<b>94%</b>

Cost-sharing subsidies only apply to in-network services. A Kaiser Health News report discusses how this could be problematic and quotes a senior health policy analyst at Georgetown University's Center on Health Insurance Reforms, Christine Monahan saying, "In the exchanges a lot of insurers are going to narrow networks as a way to keep costs down."<sup>11</sup> Receiving care out-of-network could leave a low-income or middle-income individual with large medical bills.

<sup>9</sup> The Center on Budget and Policy Priorities included the caps in their report. Individuals under 200% fpl, capped at \$300, 200% - 300%, capped at \$750, 300%-400%, \$1,250, over 400% full amount. Full table can be accessed in the CBPP's QA, <http://www.cbpp.org/files/QA-on-Premium-Credits.pdf> (accessed October 22, 2013)

<sup>10</sup> Kaiser Family Foundation. <http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8177.pdf> (accessed October 22, 2013)

<sup>11</sup> KaiserHealthNews.org. <http://www.kaiserhealthnews.org/features/insuring-your-health/2013/070913-michelle-andrews-on-cost-sharing-subsidies.aspx> (accessed October 22, 2013)

## MEDICAID

The expansion of Medicaid could be complicated for students. Domestic students will be eligible if they meet the income eligibility terms and permanently reside in the state. Medicaid is essentially free care with very low out-of-pocket costs. However, a Medicaid program may not be appropriate for a college student if the student attends college out of state or possibly in a different county, and while traveling. Medicaid programs are typically managed care programs that include a small network of local providers, and may only provide for emergency care outside of the local area, creating a barrier to care. Consequently, this type of insurance program may not meet a school's health insurance coverage requirement.

International students are not eligible for Medicaid. Generally, there is a five year waiting period for lawfully present immigrants to be eligible for a Medicaid program.

## EMPLOYER-SPONSORED PLANS MAY BECOME LESS DESIRABLE FOR STUDENTS

Changes to employer-sponsored health insurance plans could make SHPs more attractive to students and parents. The ACA requires employer-sponsored plans to allow dependent children access to their parent's plan up to age 26.<sup>12</sup> The Commonwealth Fund reported, "An estimated 7.8 million of the 15 million young adults who were enrolled in a parent's health plan last year likely would not have been eligible for this coverage without the health reform law's dependent coverage provision."<sup>13</sup> The proposed regulations on the ACA's employer mandate provisions state large employer-sponsored plans will not be required to offer coverage to spouses, and employers will not be required to make dependent premium contributions.<sup>14</sup>

Employer-sponsored plans may change their family rate to a spouse and child rate. A Kaiser Health News report, "College Health Options: Exploring the Options" published in July of 2012 states "it isn't a new phenomenon, but these 'unitized premiums' are becoming more common, according to Craig Rosenberg, a national practice leader for benefits manager Aon Hewitt."<sup>15</sup> The report also indicates that insurers are no longer providing a family deductible, and instead providing a separate deductible for each family member. These changes will increase a family's out-of-pocket costs. The increasing premium and cost sharing of employer-sponsored plans may make SHPs a more valuable option. An expected trend is for employers to lower or eliminate their premium contribution for dependents. If employers offer coverage, but opt not to contribute, then the employee's dependents will still not be eligible for subsidies through the marketplaces unless the premium to purchase a plan is deemed unaffordable, over 9.5% income.

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<sup>12</sup> The proposed regulations define "dependents" for purposes of ACA's employer penalty to include only an employee's child (that is, son, daughter, stepchild, adopted child or child placed for foster care) under the age of 26. Gpo.gov, <http://www.gpo.gov/fdsys/pkg/FR-2013-01-02/pdf/2012-31269.pdf> (accessed October 22, 2013)

<sup>13</sup> Commonwealthfund.org. <http://www.commonwealthfund.org/News/News-Releases/2013/Aug/New-Survey-of-Young-Adults.aspx> (accessed October 22, 2013)

<sup>14</sup> <http://www.gpo.gov/fdsys/pkg/FR-2013-01-02/pdf/2012-31269.pdf> (accessed October 22, 2013)

<sup>15</sup> KaiserHealthNews.org. <http://www.kaiserhealthnews.org/Stories/2012/June/19/student-health-plans.aspx> (accessed October 22, 2013)

## INTERNATIONAL STUDENTS

According to HealthCare.gov international students are eligible for marketplace plans.<sup>16</sup> Per Jenny Rejeske, a Health Policy Analyst at the National Immigration Law Center, generally, all individuals with non-immigrant status are lawfully present in the U.S., including F-visa and J-visa holders, and “states are not allowed to pick and choose which categories of lawfully present individuals it wants to cover in the exchanges.” The hang-up for international students seeking subsidized plans on the marketplaces will be meeting residency standards. Rejeske advised,

“In general, since declaring state residency could affect an individual’s non-immigrant status, including their ability to renew the visa or come back on a visitor/student visa, or ability to adjust status in the future – we advise non-immigrants who have declared to Department of Homeland Security (DHS) that they have residency elsewhere (most non-immigrants) to consult with an immigration attorney before declaring state residency for purposes of obtaining health insurance in the exchanges (marketplaces).”

The state marketplaces will require a student to have intent to reside, and the student will have to attest that he or she intends to be in the state indefinitely. It is important to note that declaring “intent to reside” may be a direct violation of the student’s non-resident visa status.

If a student is able to prove he or she intends to live in the state indefinitely by updating their residency status, then as a lawfully present alien the student may be eligible for a subsidized plan, if income is between 0% and 400% FPL. The final regulation on health insurance premium tax credits states that lawfully present aliens not eligible for Medicaid may be eligible for a subsidized plan if their income is under 100% FPL.<sup>17</sup> The student will need to file a 2014 tax return in 2015 if eligible.

It’s worth noting that The National Immigration Law Center’s website includes information about a law the Senate recently passed excluding F-visa holders from the ACA. However, per Rejeske, it could take time for it to move forward as the House would have to pass it, and then a conference bill would have to be passed by the House and Senate, and finally signed by the President.

### INDIVIDUAL MANDATE

International students will be exempt from the individual mandate if they file a non-resident tax return. NAFSA’s article *The Affordable Care Act and Nonimmigrant Students and Scholars* confirmed,

“The categories of individuals exempt from the requirement to maintain minimum essential coverage or pay the shared responsibility payment are listed in IRS regulations, at 26 CFR § 1.5000A-3 [as amended by 78 Fed. Reg. 53646 (August 30, 2013)]. Paragraph (c) of the section defines ‘exempt citizens’ to include individuals who are not U.S. citizens or U.S. nationals and are either: a non-resident alien for tax purposes for the taxable year that includes the months being counted; or an individual who is not lawfully present for any day in the month.”<sup>18</sup>

The student’s tax status will determine whether he or she is subject to the individual mandate. Information regarding tax filing can be found on the IRS’s website. Generally, international students on

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<sup>16</sup> Healthcare.gov. <https://www.healthcare.gov/immigration-status-and-the-marketplace/> (accessed on October 22, 2013)

<sup>17</sup> Regulation.gov. Federal Register Number 2012-12421 <http://www.regulations.gov/#!documentDetail;D=IRS-2011-0024-0205> (accessed on October 13, 2013)

<sup>18</sup> NAFSA.org. [http://www.nafsa.org/Find\\_Resources/Supporting\\_International\\_Students\\_And\\_Scholars/ISS\\_Issues/The\\_Affordable\\_Care\\_Act\\_And\\_Nonimmigrant\\_Students\\_and\\_Scholars/](http://www.nafsa.org/Find_Resources/Supporting_International_Students_And_Scholars/ISS_Issues/The_Affordable_Care_Act_And_Nonimmigrant_Students_and_Scholars/) (accessed on October 22, 2013)

an F or J visa are exempt from the substantial presence test, and automatically qualify for the non-resident tax form.<sup>19</sup>

## **RECOMMENDATION**

International students arrive in the US with little knowledge of our healthcare system, many only having experience with nationalized healthcare, and they may try to find the least expensive health insurance option. Short-term limited duration plans available to international students do not provide comparable coverage to a SHP or another plan regulated by the ACA. The short-term limited duration plans tend to offer minimal benefits and offer a short period of coverage as well as other exclusions; for example, 13 week benefit periods, pre-existing condition exclusions, preventative exclusions, and limits on essential health benefits.

SHPs can be beneficial to international students. It is recommended college and universities require all international students to accept the SHP or prove they have local coverage comparable to the SHP including evacuation and repatriation benefits.

## **STUDENT HEALTH INSURANCE PLANS ARE VALUABLE**

SHPs provide minimum essential coverage. Individual plans, including SHPs, effective January 1, 2014 or later, need to provide an unlimited lifetime maximum, no limits on essential health benefits<sup>20</sup>, preventative care with no cost sharing, and no exclusions for pre-existing conditions. The major factors to consider when comparing health insurance plans will be plan deductibles, copays, co-insurance levels, out-of-pocket maximums, and provider networks.

SHPs provide valuable coverage at an affordable premium compared to many other health insurance options. Students are a young healthy group compared to the general public and the final regulations granted SHPs an exemption from the single, community rating requirement, which creates an underwriting advantage for SHPs. SHPs may need to be identified as bronze, silver, gold or platinum with actuarial equivalent benefits, however this is still undetermined.

An assessment of the least and most expensive plans in each tier available through the Massachusetts Marketplace for a 21 year old, non-tobacco user identifies that the marketplace plans are more expensive and include larger deductibles than the typical 2013-2014 SHP. Refer to Figure 1 at the end of this paper for a display of the Massachusetts Marketplace plans. The most expensive platinum plan is \$636.22 per month for a Blue Cross and Blue Shield Plan. Many of the 2013-2014 SHPs in Massachusetts are underwritten by Blue Cross and Blue Shield and provide better benefits than the most expensive plan offered through the Massachusetts Marketplace. Compared to the platinum plan priced at \$636.22 per month, the premium for one of our 2013-2014 Blue Cross and Blue Shield SHPs in Boston is \$154 per month for a plan design that offers 100% in-network/80% out-of-network coverage.

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<sup>19</sup> IRS.gov. <http://www.irs.gov/taxtopics/tc851.html> (accessed on October 22, 2013)

<sup>20</sup> Essential health benefits must include services within the following 10 categories: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; pediatric dental and vision



## LOW COST SHARING

High deductibles, coinsurance, and copays may act as a barrier to care. This is concerning if cost-sharing prevents a student from getting necessary medical care. For example, if a student is hesitant to follow a practitioner's recommendation for lab work, and it turns out the student has an infectious disease, then that situation could harm campus health. In addition, the student could be faced with much higher medical costs if a student delays receiving proper treatment.

SHPs appeal to student health advocates as they typically provide lower levels of cost sharing than other insurance plans. The marketplace plans offer much higher deductibles and coinsurance compared to the average SHP. Refer to Figure 1 to view the deductibles that are included in some of Massachusetts' marketplace plans. Other state marketplaces have similar levels of cost-sharing due to the ACA's required actuarial values.

## ACCESS TO PROVIDERS

A viable provider network is an important element of a SHP due to the incorporation of national networks that are designed for the transient nature of students. Preferred Provider Organization (PPO) plans provide benefits for services received both in-network and out-of-network. Better benefits are provided for in-network providers as they have special contracted rates with the insurer and many favor university affiliated providers.

The NorthJersey.com article "Cheapest Obamacare Plans Greatly Limit Choices" states that Horizon Blue Cross Blue Shield of New Jersey is including 33 hospitals in New Jersey in their network, but Bergen County and Passaic County will each only have one hospital.<sup>21</sup> Insurance companies think price will be the most important aspect of marketplace plans. In order to offer the most competitive pricing many marketplace plans are incorporating limited provider networks. If a student is attending school out of state and their HMO or EPO is from their home region, then he or she may only have access to emergency care while attending college. The NewJersey.com report states, "Hidden behind the price tags of the least expensive plans are features that could saddle an unsuspecting consumer with the responsibility for 50 percent of a hospital bill, raising doubts about whether the cheapest plans really will be affordable when serious illness strikes."

The New York Times' article "Lower Health Insurance Premiums to Come at Cost of Fewer Choices" discusses the concern that some healthcare providers and advocates have regarding the limited networks that are expected to be popular on the marketplaces.<sup>22</sup> The article states, "Decades of experience with Medicaid ... show that having an insurance card does not guarantee access to specialists or other providers," and The Health Research Institute of PricewaterhouseCoopers found that insurers "passed over major medical centers" when selecting providers in California, Illinois, Indiana, Kentucky, and Tennessee. Another example is Anthem Blue Cross and Blue Shield in New Hampshire excluding 10 of the state's 26 hospitals in its exchange plans. Many large universities are affiliated with teaching

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<sup>21</sup> NewJersey.com. [http://www.northjersey.com/news/Cheapest\\_Obamacare\\_plans\\_greatly\\_limit\\_choices.html](http://www.northjersey.com/news/Cheapest_Obamacare_plans_greatly_limit_choices.html) (accessed on October 22, 2013)

<sup>22</sup> Robert Pear. NYTimes.com. [http://www.nytimes.com/2013/09/23/health/lower-health-insurance-premiums-to-come-at-cost-of-fewer-choices.html?\\_r=2&adxnnl=1&pagewanted=1&adxnnlx=1382544470-DDkguKbgWN8JsCPZuYX4Jg](http://www.nytimes.com/2013/09/23/health/lower-health-insurance-premiums-to-come-at-cost-of-fewer-choices.html?_r=2&adxnnl=1&pagewanted=1&adxnnlx=1382544470-DDkguKbgWN8JsCPZuYX4Jg) (accessed on October 22, 2013)



hospitals, and students who attend those universities should be particularly cautious if applying for a marketplace plan.

## **COORDINATION WITH STUDENT HEALTH CENTERS**

SHPs have the ability to coordinate with campus student health centers. Many student health centers direct bill the SHP and charge students that have alternative insurance, which may have large deductibles and cost sharing. Many of the marketplace plans have narrow provider networks and those networks are unlikely to provide reimbursements for services received at a student health center.

## **SPECIAL PREMIUM RATING**

On February 22, 2013, Health and Human Services issued the final regulation on Health Insurance Market Rules.<sup>23</sup> The final rule exempts all student health insurance coverage from the single risk pool requirements creating favorable market conditions for SHPs. This enables SHPs to provide some of the best insurance programs at competitive premium.

## **CONCLUSION**

SHPs that provide minimum essential coverage have become an affordable, excellent health insurance option for students. SHPs have a competitive advantage among other plans in the market as student insurance companies are allowed to underwrite the plans outside the single risk pool, which requires special community rating.

The marketplaces are important to understand as they provide new options to students. Many of the marketplace plans, without subsidies, are expensive and include high cost-sharing and limited provider networks. SHPs will be a better option than Marketplace plans, unless compared to a subsidized plan, and it may be determined the SHP is still the appropriate choice for a college student.

Marketplace plans will affect SHP enrollments due to the possible premium savings from subsidies, even if it means the student could be subject to a \$2,000 deductible and 40% coinsurance. Below is an outline of what we expect:

- Domestic Undergraduate Students
  - Majority expected to be claimed as a dependent on their parents' tax return, but still may opt for SHP due to location and or out-of-pocket costs in parent's coverage.
  - Most Full-time undergraduates are not expected to earn enough money to qualify for subsidies.
  - May be eligible for Medicaid, if home state expanded, but very limited coverage if attending school outside of their resident county or state.
- Domestic Graduate Students
  - May be claimed as dependents on their parents' tax return, but still may opt for SHP due to location and or out-of-pocket costs in parent's plan.
  - Full-time graduate students are not expected to earn enough to qualify for subsidies.

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<sup>23</sup> *FederalRegister.gov*. Patient Protection and Affordable Care Act; Health Insurance Market Rules; Rate Review, <https://federalregister.gov/a/2013-04335>

- May be eligible for Medicaid if home state expanded, but very limited coverage if attending school outside of their resident state, or county.
- Part-time Students
  - May be eligible for subsidies, determined by their dependent status.
  - SHPs may rate a separate program for part-time students. Marketplace awareness will encourage part-timers to shop around and look for a subsidized plan via the marketplaces. (special group rating for various demographics may not be available going forward)
- Graduate Assistants
  - Graduate assistants are sometimes provided with a health insurance stipend from their school resulting in very affordable SHP premiums. If the stipends continue chances are enrollment will not fluctuate much. If the insurance stipend is eliminated many graduate assistants will migrate to marketplace plans.
- International Students
  - International student will look to the college and university for guidance regarding the US healthcare system.
  - Many colleges and universities will require international students to accept the SHP.
  - May be eligible for subsidies, but will have to apply for residency, which could affect their non-immigration status and propel them into a category requiring them to fill out a resident tax form, not an easy process.
  - The vast majority of international students will not be eligible for subsidies.
  - SHPs offer medical evacuation and repatriation coverage meeting J-1 visa requirements.

Offering and mandating comprehensive health insurance for students is a good risk management approach for colleges and universities, and it provides a valuable service to students. SHPs are in a position to provide the best coverage and best premium to the majority of students. Going forward demographics within the plan may change, as some graduates and independent students choose subsidized health insurance options, but students who are covered by an employer-sponsored plan may opt for the SHP. In addition, the SHPs can be tailored to reimburse student health center charges and ensure access to local and national physician/hospital networks.

Figure 1

Markeplace Plans Offered on Massachusetts' Health Connector for the 2014 Calendar Year*								
Plan Level	LOWEST BRONZE	HIGHEST BRONZE	LOWEST SILVER	HIGHEST SILVER	LOWEST GOLD	HIGHEST GOLD	LOWEST PLATINUM	HIGHEST PLATINUM
Actuarial Value	60%	60%	70%	70%	80%	80%	90%	90%
Insurer	Boston Medical Center	BCBS of MA	Boston Medical Center	Harvard Pilgrim	Boston Medical Center	FCHP	Neighborhood Health Plan	BCBS of MA
Plan Name	HealthNet Plan Bronze A	Access Blue Saver II	HealthNet Plan Silver A	Best Buy Copay HMO 2000	HealthNet Plan Gold B	Select Care Ded. 2000 Classic	NHP Prime HMO 500/1000 CY20/30	HMO Blue Premium
Premium	\$167.67/month \$2,012.04/yr	\$327.40/month \$3,928.80/yr	\$212.55/month \$2,550.60/yr	\$382.14/month \$4,585.68/yr	\$261.69/month \$3,140.28/yr	\$486.93/month \$5,843.16/yr	\$329.79/month \$3,957.48/yr	\$636.17/month \$7,637.04/yr
Deductible - individual	\$2,000	\$2,000	\$2,000	\$2,000	\$1,000	\$2,000	\$500	\$0
Deductible - family	\$4,000	\$4,000	\$4,000	\$4,000	\$2,000	\$4,000	\$1,000	\$0
OOP Max - Individual	\$6,350	\$6,350	\$6,350	\$6,350	\$5,000	\$4,000	\$1,500	\$1,500 med. \$500 RX
OOP Max - family	\$12,700	\$12,700	\$12,700	\$12,700	\$10,000	\$8,000	\$3,000	\$3,000 med. \$1,000 RX
PCP Office Visit	ded., then \$50	ded., then \$50	\$30	\$30	\$30	\$25	\$20	\$25
Specialist Office Visit	ded., then \$75	ded., then \$75	\$50	\$50	\$45	\$40	\$35	\$40
Hospital Inpatient	ded., then \$1,000	ded., then \$1,000	ded., then \$1,000	ded., then \$1,000	ded., then \$500	ded., then \$0	ded., then \$0	\$500
Emergency Room Visit	ded., then \$750	ded., then \$750	ded., then \$350	ded., then \$350	ded., then \$150	ded., then \$200	ded., then \$100	\$150
RX (30 day supply)	Tier 1:	ded., then \$30	ded., then \$30	\$20	\$20	\$20	\$5 /\$15 (preferred/other)	\$15
	Tier 2:	ded., then 50%	ded., then 50%	\$40	\$40	\$30	\$50	\$25
	Tier 3:	ded., then 50%	ded., then 50%	\$70	\$70	\$50	\$100	\$45
Co-insurance (for most benefits) ?	Yes	Yes	No	No	No	No	No	No
Dental Coverage	No Dental	No Dental	No Dental	No Dental	No Dental	Pediatric-Only Dental	No Dental	No Dental
Vision Coverage (routine exams)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Provider Network (network name + type)	BMC HealthNet Plan Select - HMO	HMO Blue - HMO	BMC HealthNet Plan Silver - HMO	Harvard Pilgrim Full Network - HMO	BMC HealthNet Plan Select - HMO	FCHP Select Care - HMO	Neighborhood Health Plan Comprehensive - HMO	HMO Blue - HMO
# of physicians in your area	N/A	449 w/i 10 miles 417 w/i 25 miles 421 w/i 50 miles	N/A	N/A	N/A	600 w/i 10 miles 600 w/i 25 miles 599 w/i 50 miles	556 w/i 10 miles 532 w/i 25 miles 522 w/i 50 miles	449 w/i 10 miles 417 w/i 25 miles 421 w/i 50 miles
NCQA Quality Rating	Not yet rated - new insurer	4 out of 4 stars	Not yet rated - new insurer	4 out of 4 stars	Not yet rated - new insurer	4 out of 4 stars	3 out of 4 stars	4 out of 4 stars

\*www.mahealthconnector.org (info. entered: 10/7/13, non-tobacco user, dob 11/1/1992)

**About University Health Plans**

University Health Plans (UHP) is a leading benefit brokerage/consulting firm that specializes in the design, brokerage, and service of college and university student health insurance programs. We assist our clients in securing affordable, quality coverage through highly rated insurance companies that are able to cater to the needs of students. We also offer a number of ancillary programs, such as sports insurance, study abroad coverage, and travel assistance services. Student health insurance is our only line of business, so we devote 100 percent of our energies and resources to ensure cost effective student health insurance with superior customer service. Using a team approach, UHP currently manages the student health insurance programs for over 70 colleges and universities. Our objective is to work in partnership with each institution to explore the financial alternatives, benefit designs, and cost containment strategies best suited to each college or university's needs. UHP discloses our compensation and does not participate in profit sharing or company overrides, making it easy to comply with new healthcare reform regulations.

**About the Author**

*Kristen Devine* is a senior account executive at University Health Plans, Inc. She joined University Health Plans in 2009 after previously working at Arrowstreet Capital as a trade compliance specialist. She graduated from Boston College with a finance degree in 2005, holds a certificate in financial planning from Boston University, and an MBA with a specialization in health care management from the University of Massachusetts Boston. She is responsible for account management, customer service and sales at University Health Plans.