

## Colleges Say New Health Law May Imperil Student Policies

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Colleges and universities say some rules in the new health law could keep them from offering low-cost, limited benefit student insurance policies – and they’re seeking federal authority to continue offering them.

But their request drew immediate fire from critics who say student health plans should be held to the same standards as other insurance.

Among other things, the colleges want clarification that they won’t have to offer the policies to non-students.

Without a number of changes, it may be impossible “to continue to offer student health plans,” says an [Aug. 12 letter](#) sent to Health and Human Services Secretary Kathleen Sebelius from the American Council on Education and signed by 12 other trade associations representing colleges.

Additionally, the colleges say some provisions of the law do not apply to their policies, including those that require insurers to spend at least 80 percent of their revenue on medical care and bar them from setting annual coverage caps.

Many of the provisions at issue don’t go into effect until 2014, but the colleges say they need clarity soon because they are negotiating long-term contracts with insurers now.

HHS spokeswoman Jessica Santillo said the secretary has received the letter and “looks forward to sending a response.” Santillo added that the health overhaul law allows many young adults to stay on a parent’s policy until age 26.

The request comes amid [continued scrutiny](#) of student health plans – including an ongoing investigation by New York Attorney General Andrew Cuomo, [who said](#) in April that some of the plans leave students “at risk while providing massive profits for insurance companies.”

His investigation found that policies offered to New York students were inexpensive, ranging from as little as \$100 a school year to more than \$2,500. But the benefits also vary widely, with some capping annual coverage at \$25,000 a year or setting per-illness caps as low as \$700.

“Buying these kinds of low-quality products with low premiums enables colleges” to keep down students’ costs. “But the problem is the protection provided students under the plans isn’t sufficient,” says Mark Rukavina of the [Access Project](#), an advocacy group in Boston that has studied student health plans. “If you are a student who needs care, given the caps on benefits, you are in trouble.”

More than half of colleges nationwide offer student insurance plans, according to a March 2008 [study](#) by the Government Accountability Office. While 80 percent of college students were insured, often through their parents’ coverage, only 7 percent bought their own policies or purchased one of the school-based plans, according to the GAO.

Annual caps like those in student health plans are barred by the new health law, starting in 2014. Starting this year, insurers must offer at least \$750,000 in coverage per year, although insurers or employers can apply for a waiver from that restriction.

Colleges say their plans don't fall under the annual cap requirement, because they are considered "limited duration" policies, meaning they expire after a certain number of months, generally the school year.

They also say such limited duration policies do not have to meet rules requiring insurers to spend an average of at least 80 percent of revenue on direct medical care, rather than administrative costs or profits, or issue rebates to policyholders.

Law professor Bryan Liang disagrees. "That sounds like wishful thinking on their part," says Liang, a critic of student health plans who is executive director of the Institute of Health Law Studies at California Western School of Law in San Diego. Even if the plans are considered limited duration policies, he says, such policies are regulated by states, which can set similar spending rules.

Many student plans would flunk the spending test. A recent report by Massachusetts state officials, for example, found that spending on medical care among the 13 insurers offering student plans in the state ranged from 46 percent to 89 percent, with the average at 69 percent.

Requiring them to meet even some of the new rules could drive up premiums, colleges say. Premiums could increase, for example, if regulators determine that student health plans are considered "individual" policies, rather than group plans that often get a better rate, says Steven Bloom, assistant director of federal relations at the American Council on Education.

Additionally, the colleges fear they would be required to offer the plans to anyone who applies for one, even if they are not a student, Bloom says.

Liang, the law professor, doubts that colleges would be forced to offer insurance to anyone who walks into a campus health center.

"That's like saying I, as a non-IBM employee, could go to IBM and say you need to give me insurance," says Liang, who sent a letter Aug. 17 to Sebelius in response to the education council's request.

He does not think school plans should be offered any special protection in the regulations now being developed to implement the health reform law.

The school based policies "financially benefit the school and their insurance company partners over the student ... are poor in coverage and may violate consumer protection law and public policy," his letter says.

In a letter sent to Sebelius today, a grassroots group made up of college health directors, doctors and others involved with student insurance said she should require poor-quality plans to improve their benefits.

Jim Mitchell, spokesman for the Lookout Mountain Group, says its members agree with some of the education council's requests, including its concern that colleges not be required to offer coverage to non-students. But the group disagrees with the council's position that student health plans are exempt from some rules that go into effect this year, including the restriction on annual limits.

"Student insurance plans can't be the only insurance unaffected by these health reform laws," says Mitchell, who is also director of the Student Health Service at Montana State University.

