

Report: Higher profits for student insurers

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This article is the first in a two-part series examining student health insurance. This article focuses on a report revealing discrepancies between insurance programs for Massachusetts students and those offered to non-students. The second article, to appear in tomorrow's Daily, will look at health insurance at Tufts.

State health care officials earlier this month issued a report revealing that health insurance providers are reaping more profits from students than from the average client.

A state-wide student group with Tufts roots, taking it upon itself to reform Massachusetts' health care system, sees the report as evidence supporting its belief that students are not getting enough bang for their buck in medical care.

The Student Health Program Baseline Report, released by the Massachusetts Division of Health Care Finance and Policy, found that in the three academic years between fall 2005 and spring 2008, the average medical expense ratio for all student health insurance plans — or the percentage of premiums going toward medical care — was 69 percent. This paled in comparison with an average medical expense ratio of 88 percent for private insurance in 2008.

This leaves a greater proportion of premiums on student health plans going toward administrative costs and company profits.

The Student Health Organizing Coalition (SHOC), which Aaron Marden (LA '09) started at Tufts in 2008 to work on improving student health insurance in Massachusetts, is collaborating with legislators to reform student insurance programs in the wake of the report's findings.

"The report showed us that we could be getting a lot more coverage for what we're paying," said senior Elisabeth Rodman, SHOC organizer. "We're paying a lot more toward profits and administrative costs than the general public."

Specifically, 20 percent of the premiums in student health insurance plans went to administrative expenses and 10 percent to profits, compared with 10 percent and 2 percent, respectively, in other insurance plans, according to this month's baseline report.

Massachusetts established the Student Health Program (SHP) in 1989, when the state mandated that all students enrolled in institutes of higher education must have health

insurance plans. The law additionally requires that all universities provide a health insurance program for students.

Massachusetts passed a health care reform law in 2006 that made health insurance obligatory for all state residents. The law included minimum coverage requirements for state insurance providers. Student policies within the SHP, however, were given an exemption from the minimum coverage standards.

"The state set out great regulations to protect residents to make sure they had good insurance plans, but categorically excluded students and young adults from these regulations," said SHOC organizer Vivian Haime, a junior.

This month's report is the first set of comprehensive data on the SHP that the state has gathered and released.

"Ratios cited in the report show that at least some of the carriers are devoting just more than half of the premium dollar to pay for medical expenses, and that's woefully below the industry average," Mark Rukavina, the executive director of the Access Project, a nonprofit that seeks to improve health care access, told the Daily.

This low level of medical expenditures can manifest itself in a lack of provisions for programs like preventive or mental health care, according to SHOC members.

"The report showed that there's often a lack of services included," Rodman said. "The major problem is that these limits in health insurance change the way that students seek health care."

The report's findings largely confirmed what people involved with the issue had suspected.

"[The report's] key finding is that students are paying more than they have to for really crappy insurance," Marden said. "This is not surprising; we knew this was happening. The insurance industry in the state is taking advantage of students."

With the release of the report, SHOC is pushing for reform at the state level. State Sen. Richard Moore (D-Uxbridge) filed a bill in January to start the reform process. According to Kimberly Haddad, Moore's senior health policy advisor, the exact details of the reform are still under construction.

Brian St. Hilaire, the senior director of market relations for Aetna Student Health, one of the biggest student health insurance providers in the country and the carrier of Tufts' insurance plan under the SHP, said that the data from the report was a useful resource, but cautioned against jumping to conclusions.

"It's a good compendium of data and an excellent starting point as the commonwealth begins to analyze these programs on a more frequent basis, but it's only data from a three-year period," St. Hilaire told the Daily, referring to the report.

St. Hilaire noted that there are significant differences between student health insurance plans and other private plans, and that these discrepancies can make it difficult to compare figures across the industry.

One of the differences he cited was the high degree of customization involved in formulating student health insurance plans in order to complement the health services available on campus. Aetna Student Health alone writes 200 different programs across the country, according to St. Hilaire.

Another factor is the higher costs involved in administering these plans on campuses. Additionally, the high turnover rate, with crops of students matriculating and graduating every year, makes it difficult for carriers to peg premiums at the right level, according to St. Hilaire.

St. Hilaire indicated that no one had approached Aetna Student Health about the reforms, but that it supports reevaluating the SHP.

"We fully support the state's exploration of how best to serve its students," St. Hilaire said. "I think institutions across Massachusetts are grappling with how to provide as robust an insurance product as we can at an affordable price so as not to increase students' tuitions and fees significantly."