



## Overview of Health Care Options for Students Transitioning to College

Fall 2010, Candice Cloos, M.A.

Health care is essential for college students because it fosters independence and provides security for families. It enables students to take preventative health measures, perform better academically, and achieve educational objectives. Health risks in a collegiate environment include athletic injuries, accidents, and contagious illnesses, such as the flu, meningitis, and mononucleosis (mono). Further, many students with special needs rely on health insurance to provide assistance such as prescription drug benefits and mental health services (Government Accountability Office (GAO), 2008).

Roughly seven million, or 80% of college students aged 18 - 23 have health insurance. Of these:

- 67% are covered by employer-sponsored plans
- 7% are covered by private plans (i.e. individual market plans or college health plans)
- 6% are covered by public programs (i.e. Medicaid).

About 20%, or 1.7 million college students do not have health insurance (GAO, 2008).

Several groups of college students including part-time, older, and minority students, are less likely to be insured than other students. About 31% of part-time students do not have access to health care, which may be attributed to the challenges they face in qualifying under many plans. Older students face similar issues and as a result 25% of 22 year olds and 35% of 23 year olds do not have insurance. Finally, 26% of Asian students, 29% of African-American students, and 38% of Hispanic students do not have health coverage (GAO, 2008).

There are six major health insurance options families can explore:

- Employer-Sponsored Plans
- College Health Plans
- Individual Market Plans
- COBRA
- Medicaid
- SCHIP

The benefits, drawbacks, and recommendations for each are addressed in the subsequent sections.

## **Employer-Sponsored Plans**

As mentioned, almost two-thirds of college students select employer-sponsored plans. Employers typically subsidize a portion of the employee's premiums for health insurance; premiums are calculated based on the risk of the entire group, not individuals. About 87% of college students who use employer-sponsored plans receive coverage through another person's policy, typically a parent (GAO, 2008).

Employer-sponsored plans are extremely popular because they tend to offer good coverage at reasonable rates. However, due to the current economic state, many employer-sponsored plans are cutting benefits to reduce spending. Areas such as prescription drugs or mental health services are frequently targeted. Another way to save money is to lower the cut off age of dependents. The average cut off age for dependents is usually 18 for non-students and 22 for students, but your plan may incur changes. Please refer to the section on Legislation for implications from the Health Care Reform Act (GAO, 2008; Murray & Montgomery, 2010).

Also, some insurance companies only accept full-time students as dependents. Full-time students usually must take a minimum of 12 credits in college. This mandate can result in a loss of coverage if the student needs to take a leave of absence or lighten a course load to part-time. Another potential drawback may occur if the student attends a college outside of network coverage (GAO, 2008; Murray & Montgomery, 2010).

*Recommendations:* Families should recheck their employer-sponsored plan's benefits, as well as the age and credit requirements for student dependents. It is also necessary to verify coverage if the student will be attending a school away from home (Murray & Montgomery, 2010).

## **College Health Plans**

The type of college a student attends will likely influence whether it offers a health plan. About 57% of all colleges offer their own health policies:

- 71% of four year private colleges
- 82% of four year public colleges
- 29% of two year colleges

There is great variation between states and colleges, but typically, larger schools with more than 5,000 students and health centers have better plans. The provisions vary widely, especially in terms of preventative care and prescription drug coverage. The premiums range from \$30 to \$2400 and depend on the types of benefits offered (GAO, 2008).

Some colleges require health insurance and those that do usually have better plans because more students select the school insurance, thus increasing the benefits. To help maintain affordable premiums and sustainable plans, colleges often limit access to health plans for part-time students. It is not uncommon for a student who is elderly or has a preexisting condition to enroll in a class merely to reap the benefits of the school's health plan. Therefore, many schools limit coverage to full-time, degree seeking students. About 30% of colleges offer health services for all part-time students, 61% for some part-time students, and 8% for none of the part-time students (GAO, 2008).

*Recommendations:* First, look to see if the college offers a plan and how many credits a student needs to take in order to enroll. It is important to determine the plan's coverage; plans usually offer the same categories of services but differ in terms of how they pay for them. Depending on the need of the student, having a health center that offers immediate care on campus may be valuable. However, receiving care under a new doctor may pose challenges for some students (GAO, 2008).

## **Individual Market Plans**

Individual market plans are sold by insurance companies to individuals who do not receive coverage from any other group. These plans are usually allowed to review the health status of each person applying for insurance. Applicants can be rejected based on factors such as health status, age, and gender. This point is very important if the student has special needs that are considered a pre-existing condition. Please refer to section on Legislation for implications from the Health Care Reform Act (Konrad, 2009; GAO, 2008).

Individual market plans are usually expensive and individuals pay the full price of the health care premium. However, one of the benefits of selecting this option is the ability to tailor a plan to an individual's specific needs (Konrad, 2009).

*Recommendations:* Families should look into several individual market plans to compare the cost and benefits. For more information visit:

<http://www.healthcare.gov/>

<http://eHealthinsurance.com>

Choosing an individual market plan may be advantageous if families select a high-deductible health plan with a pretax health savings account. This option can provide lower premiums and more control of spending (Konrad, 2009).

## **COBRA**

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) can be another option for college students. COBRA can provide coverage for students who lost their eligibility to receive health insurance as a dependent under their parent's employer-sponsored plan. COBRA only offers coverage for a limited time; students who qualify have the option of purchasing up to 36 months of continuation coverage under the employer-sponsored plan. However, COBRA allows employers to charge 100% of the premium and an additional 2% administration fee, thus making COBRA a costly option (GAO, 2008; Konrad, 2009).

COBRA offers the consistency of health care and students would be able to receive care from their normal providers. Unfortunately, COBRA is only a temporary option that lasts up to three years, which is not enough time for a student to complete a four year degree. COBRA is an important plan to remember if the student needs to drop credit hours to become a part-time student or exceeds the dependent age limit and loses other insurance coverage. Please refer to section on Legislation for implications from the Health Care Reform Act (GAO, 2008; Konrad, 2009).

*Recommendations:* COBRA is a good way to fill the gap between plans. Individuals should contact their current insurance company to find out more information about COBRA (GAO, 2008; Konrad, 2009).

## **Medicaid**

Medicaid is a joint federal-state program that finances health care coverage for selected low-income families, children, pregnant women, and people who are aged or disabled. It is important to note that poverty alone does not qualify individuals for services; a person also has to fit into one of the above categories, thus making it difficult for many to receive coverage. The definition of disability is also a barrier to receiving Medicaid, as it is defined as a medically determinable physical or mental impairment that can be expected to cause death or last more than 12 months (Social Security Administration, (SSA, 2010: GAO 2008).

Medicaid's eligibility and services vary from state to state. Medicaid does not pay people directly, but sends money to health care providers. Depending on the state's laws, you may be asked to pay part of the co-payment for select services (SSA, 2010; GAO, 2008).

*Recommendations:* It is necessary to check with the state Medicaid program to determine eligibility and learn about the program (SSA, 2010). To learn more about Medicaid programs in the 50 states visit:

<http://www.cms.gov/MedicaidGenInfo/>  
<http://64.82.65.67/medicaid/states.html>  
<http://www.statehealthfacts.org/medicaid.jsp>  
<http://www.kff.org/medicaid/>

## **SCHIP**

The State Children's Health Insurance Program (SCHIP) provides health care coverage to low-income children through age 18. These children must be from a family whose income exceeds their state's Medicaid eligibility and is not insured through another source. Specifically, families must be at or below 200% of the federal poverty line to receive coverage. About seven million children are enrolled in SCHIP (SCHIP Information Center, 2010; GAO, 2008).

While SCHIP may be an option for students entering college, it only provides coverage until age 19. Therefore, families must determine another source of health care for the remainder of college. Also, in order to qualify for SCHIP, the children must not be eligible for Medicaid (SCHIP Information Center, 2010; GAO, 2008).

*Recommendations:* It is necessary to check with the state SCHIP program to determine eligibility and learn about the program (SCHIP Information Center, 2010). To learn more about SCHIP visit:

<http://www.insurekidsnow.gov/state/index.html>  
<http://www.kff.org/medicaid/>

## **Legislation**

### *Health Care Reform Act*

Though the specific details of the Health Care Reform Act of March 2010 are not yet decided, two components of this legislation will directly impact families and health insurance. As of September 2010, insurance companies will be prohibited from denying coverage to children based on pre-existing conditions. At the same time, parents will have the option of keeping children on their insurance plans until age 26 (Murray & Montgomery, 2010; Pacer Center, 2010). Two of the nation's largest health insurance companies announced they would start meeting this requirement early; WellPoint Incorporated serves 33 million people and United Healthcare 24 million, so this policy will impact hundreds of thousands of dependents. Families should check with their insurance company to see if it implementing the law prior to September (Rovener, 2010).

The reform act also provides immediate help for those who are uninsured with pre-existing conditions, beginning on July 1, 2010. These individuals will receive immediate access to insurance through a temporary high-risk pool. This set up is only temporary until the exchanges are operating normally in 2014 (Office of Speaker Nancy Pelosi, 2010).

There are other provisions that go in effect in 2014 in addition to not discriminating against adults with pre-existing conditions. There will also be a cap on out-of-pocket expenses for people who have private health plans (Office of Speaker Nancy Pelosi, 2010). There are many changes in the Medicaid program as well; states will be allowed to offer additional services through the 1915 (i) Medicaid Home and Community-Based Services (HCBS) Waivers State Plan Option. The federal share of Medicaid for personal attendants will be increased and centers for Medicare and Medicaid services will be required to collect information on access to primary care services of beneficiaries with disabilities. Further, the US is creating a national long term services insurance program to help select people and their families receive health care without forcing them into poverty to be eligible for Medicare services (Pacer Center, 2010).

### *State Insurance Requirements*

Many states require select students to have health insurance, including Massachusetts and New Jersey. Massachusetts passed a law in 1989 requiring all students who are enrolled at least 3/4 of full time status to have health coverage. In 1991, New Jersey began mandating all full-time students attending college have insurance (Health and Human Services, 2010; State of New Jersey Department of Banking and Insurance, 2010).

In 2006, Maryland enacted a law requiring part-time students with documented disabilities to have health insurance. Maryland defines part-time students as enrolling in at least seven credits per semester. This law impacts students in accredited institutions of higher education (Michie's Legal Resources, 2010).

Families should be aware of what the laws are in their respective states. To learn information about your state visit:

[http://www.naic.org/state\\_web\\_map.htm](http://www.naic.org/state_web_map.htm)

## *Leave of Absence*

Previously if an injury of illness forced a student to take a leave of absence from college or to lighten his or her course load, some insurance policies would no longer provide coverage as a full-time student. However, in October of 2009, Michelle's Law (PL 100-381) was passed to ensure students who go on medical leave would have health insurance coverage for up to one year (Gov Track US, 2008). Unfortunately, some insurance companies take advantage of families not knowing this law and still encourage them to purchase additional coverage (Konrad, 2009). For more information about Michelle's Law visit:

<http://www.michelleslaw.com/>

[https://www.cms.gov/HealthInsReformforConsume/Downloads/Michelles\\_Law.pdf](https://www.cms.gov/HealthInsReformforConsume/Downloads/Michelles_Law.pdf)

## **Additional Online Resources**

Find Insurance Options

<http://finder.healthcare.gov/>

Tips for Rechecking Insurance Benefits, Verifying Coverage, Identifying Loopholes, and Choosing Policies

[http://www.nytimes.com/2009/05/02/health/02patient.html?\\_r=1](http://www.nytimes.com/2009/05/02/health/02patient.html?_r=1)

Disability Starter Kit

[http://www.ssa.gov/disability/disability\\_starter\\_kits\\_child\\_factsheet.htm](http://www.ssa.gov/disability/disability_starter_kits_child_factsheet.htm)

American College Health Association

<http://www.acha.org/>

## References

- Government Accountability Office (GAO) (2008). Health Insurance: Most college students are covered through employer-sponsored plans and some colleges and states are taking steps to increase coverage. Retrieved from <http://www.gao.gov/new.items/d08389.pdf>
- Gov Track US. (2008). H.R. 2851: Michelle's Law. Retrieved from <http://www.govtrack.us/congress/bill.xpd?bill=h110-2851>
- Health and Human Services. (2010). Student Health Insurance. Retrieved from <http://www.mass.gov>
- Konrad, W. (2009, May). A maze of options on health insurance for college students. *The New York Times*. Retrieved from <http://www.nytimes.com/2009/05/02/health/02patient.html>
- Michie's Legal Resources. (2010). Maryland Code. Retrieved from <http://www.michie.com/maryland/lpext.dll/?fn=document-frame.htm&f=templates&2.0#>
- Murray, S. & Montgomery, L. (2010, March). House passes health-care reform bill without republican votes. *The Washington Post*. Retrieved from [http://www.washingtonpost.com/wp-dyn/content/article/2010/03/21/AR2010032100943\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2010/03/21/AR2010032100943_pf.html)
- Office of the Speaker Nancy Pelosi. (2010). Affordable health care for America: Key provisions that take effect immediately. Retrieved from [http://docs.house.gov/energycommerce/IMMEDIATE\\_PROVISIONS.pdf](http://docs.house.gov/energycommerce/IMMEDIATE_PROVISIONS.pdf)
- Pacer Center. (2010). Access to healthcare 2010. Retrieved from <http://www.pacer.org/tatra/pdf/healthcareact2010.pdf>
- Rovener, J. (2010, April). Sebelius: Insurers to meet health requirement early. *National Public Radio*. Retrieved from <http://www.npr.org/templates/story/story.php?storyId=126126323>
- SCHIP Information Center. (2010). What is SCHIP? Retrieved from <http://www.schip-info.org/>
- Social Security Administration (SSA). (2010). Medicaid information. Retrieved from <http://www.ssa.gov/disabilityresearch/wi/medicaid.htm>
- State of New Jersey Department of Banking and Insurance. (2010). Health insurance programs. Retrieved from [http://www.state.nj.us/dobi/division\\_insurance/ihcseh/index.html](http://www.state.nj.us/dobi/division_insurance/ihcseh/index.html)