



# THE FACES OF COLLEGE HEALTH PLANS

A Young Invincibles analysis of college health plans and their impact on young adults.

[www.YoungInvincibles.org](http://www.YoungInvincibles.org)

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## INTRODUCTION

Each Fall, millions of students enroll in college health plans. For many, there are few other options to stay covered. Even if they are eligible to stay on a parent's plan, it might make more sense to join a provider network closer to their campus. Some campus health centers only accept payment from the college health plan. And many young adults are ineligible for dependent coverage due to age, and are generally ineligible for Medicaid if they are childless.

College health plans vary widely in coverage quality and cost. Historically, federal and state laws have been silent or inconsistent college health plans and have not required these plans to provide any baseline of coverage or benefits. As a result, these plans are often poor quality. For example, an ongoing investigation by the New York Attorney General has revealed that many college plans fail to meet basic medical loss ratio standards or cover needed benefits, and many place restrictive annual benefit caps that put students at risk when they do get sick or injured. Students at some schools are even required to purchase student plans even when eligible for Medicaid or a parent's plan. At times, college plans exclude coverage altogether for pre-existing conditions.

Students deserve the same basic consumer protections and rights as all Americans in the health care system. Health care reform, if properly implemented, should bring much-needed improvements to these plans. It will require the "bad actors" in the insurance industry to end their discriminatory and harmful practices: eliminating unfair benefit caps, banning discrimination of preexisting conditions, and requiring college plans to maintain a medical loss ratio that gives students and families fair value for their money. In other words, student should get the same basic protections as any individual plan under the Affordable Care Act.

On the following pages, you will meet some young adults from around the country who put a face on college health plans and make plain the need for reform. With several million young adults covered by these plans, college health insurance is a significant part of the insurance picture for young adults. As the following pages make clear, improving college health plans can make a significant impact on the health and finances of the 4.5 million young adults who depend on these plans for their health care needs.

It is time to bring college health plans into the fold. Health care reform created a baseline of coverage to make sure that all Americans receive the care they need when they need it. The millions of young adults on college health plans should not be left out of these protections. Because no one, not even the college student, is invincible without quality, affordable health care.

Sincerely,

*Young Invincibles*

# An Overview of College Health Plans

## *Room for Improvement*

Estimates show that as many as 4.5 million young adults are enrolled in student health plans. These plans are a significant part of the health care picture for young Americans, yet they are far from ideal. Of the various coverage issues found with college plans, the discrimination facing students with preexisting conditions is perhaps the most troublesome. College health plans often require students with preexisting conditions to face waiting periods. They may not cover the condition at all.

Young Invincibles conducted a case study of nine randomly selected student health plans from all over the country, including public and private, large and small, colleges and universities. Of those nine, eight plans had some version of a waiting period or exclusion for pre-existing conditions (see Table 1 below). This is by no means a comprehensive survey, but does show the prevalence of such discrimination.

Also common are the limitations on how much a plan will cover. For instance, most college plans have an annual maximum of how much the insurance carrier will pay out, regardless of how sick or injured a student gets. Other plans also have maximums on how much they will pay out for certain benefits. While few students hit that maximum, those that do are often battling serious illnesses or injury, and face the prospect of either a lifetime in debt, or serious health consequences from under-treated conditions.

### **College Health Plans Routinely:**

- Discriminate based on pre-existing conditions
- Impose lifetime and annual benefit caps
- Have extremely low medical loss ratios

Applying the protections of the Patient Protection and Affordable Care Act (“PPACA”) to these plans would prevent these types of practices. No longer would college health plans be able to discriminate based on pre-existing conditions or continue the practice of providing extremely low annual, lifetime and per-benefit maximums.

## A Short Survey of College Health Plans

(A random selection of public and private, large and small schools)

COLLEGE/UNIVERSITY	DISCRIMINATE BASED ON PRE-EXISTING CONDITIONS	HAVE LIFETIME LIMIT AND/OR ANNUAL LIMIT
Arizona State University	✓	✓
Macon State College	✓	✓
Northwest Iowa Community College	✓	✓
New England College	✓	✓
NC State University	✓	✓
Ohio State University		✓
Drexel University	✓	✓
Texas Christian University	✓	✓
University of Vermont	✓	✓

## The Faces of College Health Plans

*The following pages contain five stories of college students and the coverage challenges they have faced. They illustrate the deficiencies and inconsistencies in the college insurance system.*

### COPING WITH CHRONIC ILLNESSES ON COLLEGE HEALTH PLANS

Many college health plans do not provide sufficient coverage for chronic conditions. This is a big problem for the 15 percent of young adults who suffer from chronic conditions, such as diabetes or asthma. Consistent treatment for chronic conditions is necessary to keep those conditions under control and prevent serious long-term health problems for individuals.



#### **Sara S., San Diego State University**

Sara, 22 years old, has had Type I Diabetes for 12 years; every day is a challenge to keep her blood sugar in control. In November of 2008, Sara found out due to working a part-time job that she would be removed from the government run health care plan that she was on. Just 20 years old, she did not realize how difficult finding health care would be. Without insurance, in any given month Sara would have to pay \$500 for her insulin, \$156 for her insulin pump supplies and \$200 for 200 test strips.

When Sara found out about the cancellation of her health insurance she tried to purchase insurance from her college campus, San Diego State University. However, after speaking with the school social worker, she found out that the plan would not work for her. It would only cover a maximum of \$500 a year for over-the-counter prescriptions, nowhere near enough to meet her needs. Looking to the private market has also not been an option. Although she works part-time while in school to help pay the rent, she does not earn nearly enough to pay the premium of a private market plan. As a result, Sara has stayed uninsured, scraping together various ways to maintain her health.

## INADEQUATE COVERAGE FOR LIFE-THREATENING CONDITIONS

Health insurance is supposed to cover us when we get truly sick, to ensure that we can afford the life-protecting treatment we need. Sadly, many college health plans do not provide adequate coverage when students get truly sick. College health plans limit care in a variety of ways. Many have lifetime or annual caps on coverage or caps on treatment for a particular condition. These caps can, for example, stop payment of claims after \$50,000- well below the amount needed should a student have a major, life-threatening illness. College health plans may also just limit coverage for a particularly essential treatment, such as chemotherapy. Students caught in such a dire position are often left with few good options.



### **Paula V., Berkeley, University of California at Berkeley**

Paula, a senior at the University of California at Berkeley, has an insurance plan through her college that has limitations – limitations that ultimately put her thousands of dollars in debt.

Last year, Paula was a normal 21 year-old, excited for her junior year of college. The only thing in was a small pain in her back, but it was the last thing on her mind.

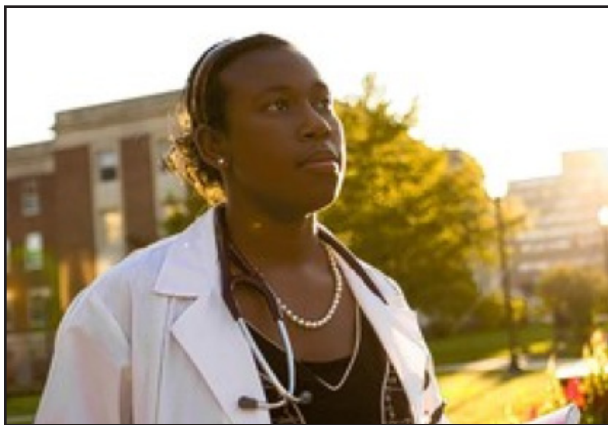
“Two months later I found myself in a doctor’s office, with my world falling apart around me,” Paula said. Doctors discovered that she had a rare form of cancer called Ewing’s Sarcoma.

The college plan did not cover her first MRI, PET scan or many blood tests her doctors required. In between chemotherapy, Paula fought with her insurance carrier, which refused to cover the last round of her chemotherapy. Her insurance declared it medically unnecessary,” and Paula now owes about \$80,000, an impossible burden for a working student.

“It’s no secret that as Americans we live in a culture of debt ... I’ve worked since I’ve been old enough in an effort to stay out of this culture, but at the age of 21 I joined this culture due to circumstances beyond my control,” she said.

**NOT GETTING WHAT YOU PAY FOR**  
 Poor value in college health plans

While college plans can be less expensive than other types of individual plans, this cost is often controlled by offering limited benefits or high cost-sharing, while the insurance carriers reap incredibly high profits. A study in Massachusetts – conducted in response to student organizing around the issue of poor coverage – found that student plans had an average medical loss ratio (“MLR”) of 70 percent, with the average public school plan even lower, at 55 percent. Some plans had MLR’s as low as 40 percent, compared to the average MLR in the private market of 88 percent. The higher medical loss ratio requirement found in the health reform law would protect students, and mandate that 80 percent of their premium dollars go to actual medical care.



**Nia H., Howard Medical School,  
 Washington, DC**

Nia, a medical student at Howard studying to be a pediatrician, signed up for Howard’s standard health plan. The plan costs \$476 a year and is mandatory for all students. It has a \$5,000 limit per injury and sickness. When she first enrolled back in 2007, it did not cover radiation and chemotherapy—though the plan now offers more coverage.

Nia went to the emergency room complaining of neck pain last year, and got a CT scan, only to find out after the fact that her insurance would not cover the \$1,600 bill.

“I think it’s kind of ironic that here I am learning how to help people, and I can’t even get care covered,” she said.

**IN BRIEF: MEDICAL LOSS RATIOS OF COLLEGE HEALTH PLANS IN MASSACHUSETTS**

	COMMUNITY COLLEGES	STATE COLLEGES	UMASS SCHOOLS	SELF-FUNDED SCHOOLS	OTHER SCHOOLS	ALL SCHOOLS	2008 PRIVATE INSURANCE
MEDICAL EXPENSE RATIO	77%	56%	71%	75%	64%	69%	88%
ADMINISTRATIVE EXPENSE RATIO	25%	25%	20%	13%	24%	20%	10%
PROFIT MARGIN	-2%	20%	8%	11%	12%	10%	2%
TOTAL EARNED PREMIUM	100%	100%	100%	100%	100%	100%	100%

Source: Massachusetts Department of Health and Human Services, Division of Health Care Finance and Policy, Student Health Program: Academic Years 2005-2006 to 2007-2008 (November 2009).

## BETTER COLLEGE PLANS

However, not all student health plans are the same: their quality varies widely. Some students are satisfied with their college plan, finding them accessible and workable at least for common medical needs. This shows that improvement in quality and service is feasible. Yet, even these “better” plans may have annual benefit caps or may discriminate based on pre-existing conditions.



### **Ryan P, Texas State University – San Marcos**

Ryan is a 25 year-old college student at Texas State University. When he was looking for plans, he found that the insurance offered by his college was exactly like his father’s plan, and cost a reasonable \$1,400 for the year. Ryan gets covered to go see his doctor, pays a \$100 co-pay to go to the emergency room, and a \$20 deductible for check-ups. The plan also covers prescription medication, and was easy to enroll into.

Having moved off of a catastrophic plan over the summer, where he paid \$2,000 in premiums, Ryan is satisfied with his current coverage. However, even this “good” college plan doesn’t cover preexisting conditions and has a \$100,000 annual cap. Luckily, Ryan is healthy and has not had to use his plan or face those limits.

## PRICED OUT OF REACH

Not all students are able to afford a college health plan. College plans are often simply too expensive, regardless of whether they offer adequate coverage. Luckily, there will be numerous provisions that take effect over the next few years that will provide alternate coverage options for students.



### **Brittany M., University of Texas at Austin**

Brittany is a full-time undergraduate student on a full academic scholarship at the University of Texas at Austin.

As an infant, Brittany was adopted and subsequently raised by her great-grandparents. Both her mother and my father, over the course of her childhood, suffered from emphysema, diabetes, hypertension, and high cholesterol. She grew up in Kountze, Texas, a town of 2,100, located about 20 miles north of Beaumont. For most of her childhood, her parents would wake her up at five o'clock in the morning once a month, carry her out to the car and take her on a three hour drive to Galveston so they could receive affordable medical care.

Brittany's father died of small cell lymphoma and lung cancer when she was 15 years old. At 16, her mother died of congestive heart failure. As a 17 year-old orphan, Brittany became a victim of the system, spiraling into several thousand dollars in debt after an emergency room visit for a severely sprained ankle. She was hassled by debt collection agencies that the hospital and doctors' groups sent her bills to, and ended up spending all of the benefits from her parents' life insurance policies to pay the \$10,000 that one emergency room visit cost.

When Brittany enrolled in college at UT on a full scholarship, she looked into the school plan. She could not, however, afford the cost, and has gone through college without insurance. When she got sick and had to go to the emergency room, she was left with a \$17,000 bill to pay. Now, instead of leaving college debt-free, she continues to pay down her medical bills.

Had full health care reform been in place, Brittany would have been able to take advantage of Medicaid. Luckily, in 2014, students in Brittany's position will be able to do just that.

# Conclusion and Recommendations

As we seek to improve our health care system under the new health care law, keeping young adults covered as they pursue an education must be a top priority. Inevitably, that means focusing on college plans.

The preceding pages make clear that college plans must be a part of reform, and subjected to the protections put forward in the Affordable Care Act. Ultimately, college students deserve the same basic protections and rights of all Americans in the health care system. Advocates for young adults and policymakers charged with looking at the regulation of college health plans should take on the following key issues:

1. Make sure that student plans receive the consumer protections called for by the new law, by ending such common practices as discrimination based on pre-existing conditions, unfair annual and lifetime benefit caps, and low Medical Loss Ratios. Under the intent of the ACA, college health plans must be allowed to continue to exist and should be regulated as individual insurance plans. The federal government should ensure that the regulatory process quickly provides clarity on this issue.
2. Work locally to ensure that students are aware of plan limitations and alternate options as they become available in the coming years.
3. Work with colleges and universities to guarantee that the plans they bargain for go beyond the baseline provided in the law, providing coverage options for their students that reflect the needs of their young population.
4. Create a Medicaid and subsidy structure in 2014 that provides an accessible alternative for students and seamlessly integrates college health plans into the exchange system. By 2014, college students should have a range of affordable and quality insurance options.

College health plans need to be improved. The new health care law provides a groundwork for increasing the quality of these plans, providing young adults with the basic protections and minimum levels of care they need in order to maintain their health and safeguard their economic well-being if they were to become sick or get injured. With as many as 4.5 million young adults covered under these plans, there is no time to wait.



# About Young Invincibles

Young Invincibles began in the summer of 2009, out of the recognition that young people's voices were not being heard in the debate over health care reform. A few friends wanted to change that. So we put up a one page website, asking young people to share their stories and believe in our generation's capacity to stand up and make itself heard.

In a little more than a year, 'YI' went from a group run out of a law school cafeteria to a national organization, representing the interests of 18 to 34 year-olds and making sure that our perspective is heard wherever decisions about our collective future are being made. We do this through cutting-edge policy research and analysis, sharing the stories of young Americans, campaigns designed to educate, inform and mobilize our generation and advocacy intended to change the status quo.

We still believe in our generation - now more than ever. We know that our generation will define the future we share as a nation. These are difficult times. But this is also our time.

Author: Jennifer Mishory, Deputy Director  
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