Updated 03/12/2013

In the Spotlight: the Affordable Care Act and Student Health Plans

Whether shopping for food, clothing, or even health insurance, students on tight budgets usually make purchases based on affordability and access ($5 late night pizza, anyone?). Because of this, student health plans have to be efficiently-run and low-cost to make the cut. Traditionally, student health insurance plans have covered a defined set of services in a narrow network (although BCBSNC student plans offer our full PPO network) with very low annual or lifetime limits, which result in premiums much lower than those in other markets. There were several changes to Student Health Plans in the Affordable Care Act (ACA) that resulted in new requirements and benefits. Subsequently, there were some concerns that complying with the new law would result in higher costs affecting more than a million students covered by these plans.

What is in the law?

In the almost three years since ACA has passed, countless regulations, guidance, and rules have been issued to direct implementation of the law. The rules impacting student plans have been two-fold – a final regulation on student health insurance plans was released in Spring of 2012 and a market reform final rule impacting student plans was released in Winter of 2013. Because student plans are so unique, several related provisions were individually addressed.

Key elements of the law include:

Element	What the law says
Annual Limit	A transition period was established to phase out annual limits on essential health benefits. For policy years beginning on or after September 23, 2012 and before January 1, 2014 minimum annual limit is $500,000; for policies issued on or after January 1, 2014, the annual limits prohibition applies.
School-Specific Community Rating	The final rule on market reforms allows student health insurance plans to not be subject to the single risk pool requirements of the ACA. This allows student plans to be rated based on the community rating of the school, ideally allowing student rates to be lower than that of the broader individual market. The federal government has said they will monitor this policy.
MLR	Effective January 1, 2013, MLR calculations for student health insurance are counted as individual coverage and must therefore comply with an 80% loss ratio, but will be aggregated nationally by plan (instead of by state). Rebates must be paid directly to students, not the university.
Grandfathering	Policies in which an individual student is newly enrolled after March 23, 2010 is non-grandfathered.
Preventive	Student health coverage is required to provide preventive services with no cost-sharing. Generally applicable student administrative health fees are not considered cost-sharing.[i]

An independent licensee of the Blue Cross and Blue Shield Association. U7181a, 6/12

Provider Choice	Student health insurance coverage may designate the student health center as its in-network providers for purposes of provider choice, so long as the student health center meets certain capacity and range of service requirements.

In addition to the key elements listed above, there are several notification requirements regarding student health insurance coverage. Students will need to be alerted that not all parts of ACA apply to their coverage (namely, the phasing out of annual limits on essential health benefits in 2012 and 2013). Insurers will have to notify students that they may be eligible for health coverage on their parents' employer or individual plans if they are under the age of 26. The Department of Health and Human Services (HHS) provided some model language to satisfy these requirements, which sunset in 2014. Student coverage requirements are explicitly extended to students enrolled in an institution of higher learning and their dependents.

Long Term Impacts

In North Carolina, there are about 570,000 students of higher education[1] at any given time, thanks to a huge public university system and countless private institutions. Of those students, about 65,000 are enrolled in a BCBSNC student health insurance plan.[2] The lifting of annual limits for student health insurance may have an effect on premium affordability for many of these students. Coupled with subsidies for many low- and moderate-income individuals and the ability to stay on their parents' plan until age 26, student insurance may change dramatically from how it looks today. If the price of student plans increases enough, shopping for a policy on a (future) Health Insurance Exchange with access to subsidies may become a less expensive option for students.

BCBSNC Views

Blue Cross and Blue Shield of North Carolina (BCBSNC) has been engaged in the student health insurance market in North Carolina for 25 years. We understand that affordability and access are keys for students who purchase these plans. We have teamed up with several universities to offer Student Blue, the BCBSNC student insurance product and currently cover many students in North Carolina.

For More Information

HealthCare.gov Student Health Plans: http://www.healthcare.gov/news/factsheets/2012/03/student-health-plans03162012a.html
Health Reform GPS on Student Health Plans: http://www.healthreformgps.org/resources/cms-releases-final-rule-on-student-health-insurance-coverage/
Student Blue: http://www.bcbsnc.com/content/student/index.htm?cmpid=ban210a5n

This information has been prepared by Blue Cross and Blue Shield of North Carolina to assist our customers in understanding Health Care Reform. This publication is for information purposes only. It is not legal or tax advice. Please consult with your attorney or tax advisor for further advice. As regulations and other interpretive guidance are published, this information may change. We will continue to work with our customers going forward to provide updates and further assistance. U#7259aaa

[i] Some non-profit colleges or universities with religious objections to covering contraceptive will be subject to a one-year safe harbor, delaying enforcement of the contraceptive provision until August 1, 2013. There are several requirements to be eligible for the safe harbor, the most relevant being that the plan is non-grandfathered and that they were not covering contraceptives as of February 10, 2012 onward consistent with applicable state law. The entity also must be organized and operate as a non-profit entity. There is not a final rule on preventive services as of publication.

[1] According to the National Center for Education Statistics data from 2011.
[2] According to internal BCBSNC data.