

**The Affordable Care Act:
Issues and Answers for Higher Education**

**Joint Annual Meeting
Western Academic Leadership Forum and
Western Alliance of Community College Academic Leaders**

**Steven M. Bloom
April 20, 2016**

Overview

- Student Health Insurance Plans (SHIPs)
- ACA, Employer Mandate, and Student Employment
- ACA and Graduate Student SHIP Coverage

Student Health Insurance Plans (SHIPs) – Overview

- Under HHS regs, SHIPs defined as a type of Individual health insurance coverage, subject to ACA's individual insurance reforms.
- Not sold on individual market. Other than self-funded schools, plans provided by a school through a health insurance company.
- Only available to enrolled students (and their partners and dependents).
- SHIPs will be considered minimum essential coverage (MEC) for individual mandate if they meet regulatory requirements e.g. no annual or lifetime limits.
- SHIPs can be rated and priced based on risk pool at individual institution and/or within multiple risk pools at a school (e.g. undergrad v. grad students). But not health-status related factors e.g. sex, age.
- In 2017, SHIPS will only be required to satisfy Actuarial Value Metal Level of at least Bronze (60%).
- Must provide specified essential health benefits, preventative care, broad prescription drug coverage, and in general, contraceptive coverage.

ACA, Employer Mandate, and Student Employment

- **Employer Mandate**
 - Larger employees (100 +) and smaller employees (50-99)
 - Definition of Full Time Employee – 30 or more hours
 - **Adjuncts**
 - Treasury Formula = 1×1.25 e.g. 9 credits
- **Student Workers**
 - Work Study and FLSA Activity Based Approach
 - Undergrads and Graduate Students
 - Hours tracking and potential alternative proposals
 - Formula, Effort reporting model, On call ratio

ACA and Graduate Student SHIP Subsidies

- Graduate Student SHIP subsidies
 - Often provided as part of graduate package or related to activity e.g. teaching, research, graduate assistant
- IRS Notice 2013 – To prevent end run around employer mandate.
- 2015 – Became aware could interfere with Grad Student SHIP subsidies.
- Major Penalties - \$100 day per individual
- IRS guidance – February 5, 2016 -
 - Delayed enforcement through 2016-17 academic year
 - Afterward full compliance – what does that mean?
 - Issues:
 - Plus-Up Grad Student Stipend?
 - Funded as allowable expense on federal grant?

HEALTH WEALTH CAREER

JOINT ANNUAL MEETING OF THE FORUM AND ALLIANCE

STUDENT HEALTH MARKETPLACE TRENDS

May 20, 2016

Elizabeth Marks, CEBS

Principal

Los Angeles

WHY OFFER STUDENT HEALTH?

- Align with peer institutions
- Coordinate with campus health and counseling center
- Retain students
- Offer rates competitive with public exchange or employer-sponsored coverage
- Required for international students
- Cover under financial aid
- Simplify health insurance for students

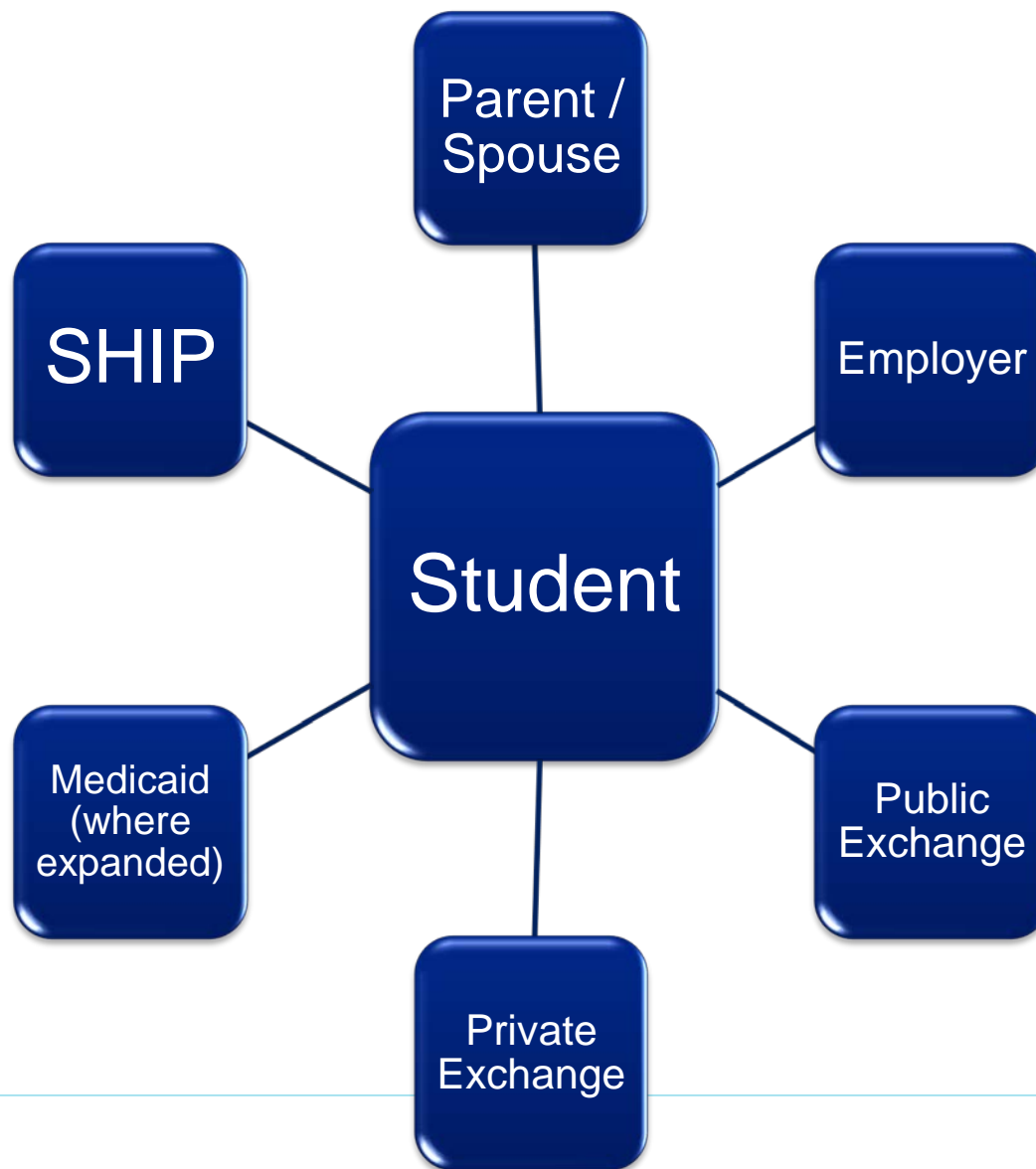
CHALLENGES IN OFFERING COVERAGE

- Student health marketplace consolidation and underwriting guidelines
- Need for tight waiver enrollment
- Increasing costs – Typical annual premium range \$2,000 - \$3,000
- Internal resources to manage plan

INCREASED INTEREST IN SELF-FUNDING

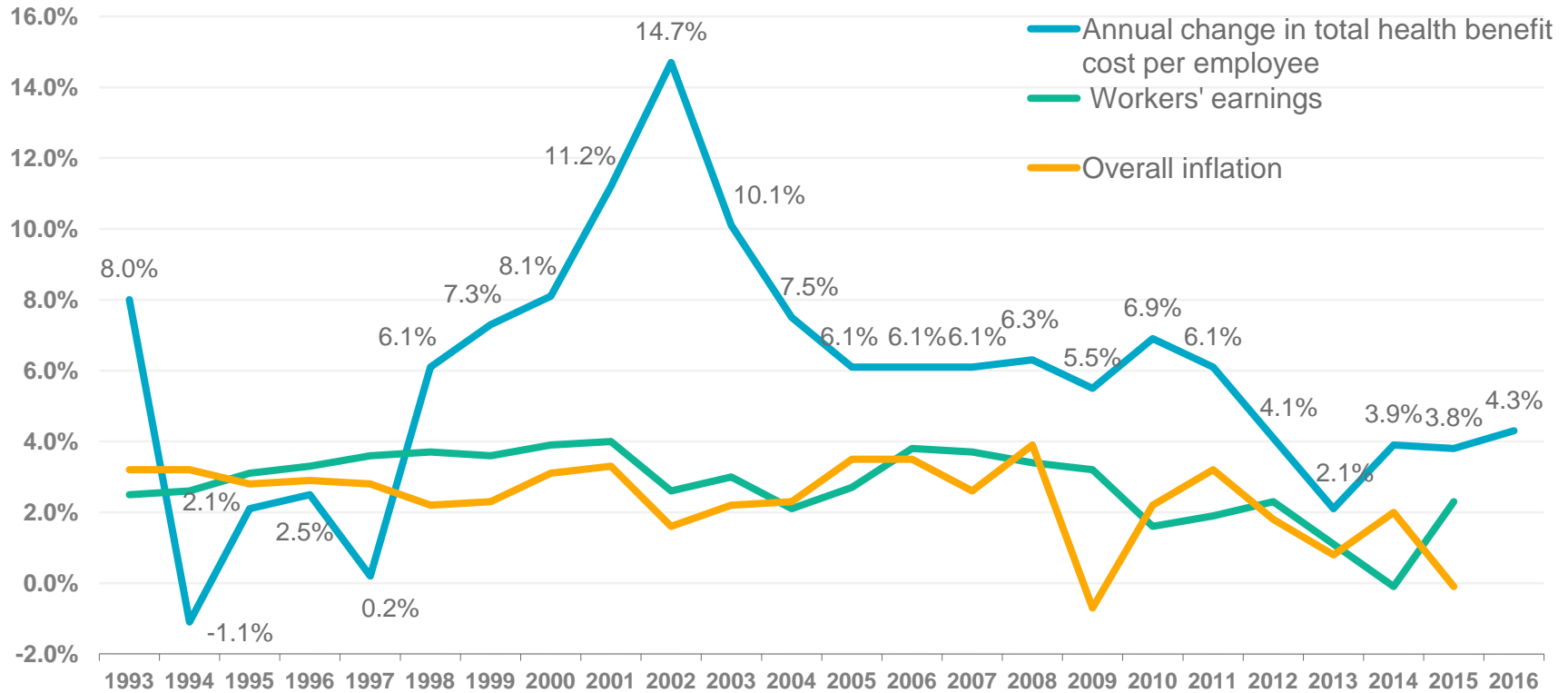
- Under federal rules neither individual market coverage or employer sponsored group coverage
- Potential advantages
 - Lower expenses
 - Plan design flexibility
- Potential concerns
 - Financial risk to university
 - State legislative barriers
 - Additional administrative burden
- Currently about 20 universities nationally have self-funded plans

COVERAGE OPTIONS FOR STUDENTS



WHAT'S HAPPENING IN EMPLOYER-SPONSORED PLANS

Change in total health benefit cost per employee compared to CPI, workers' earnings



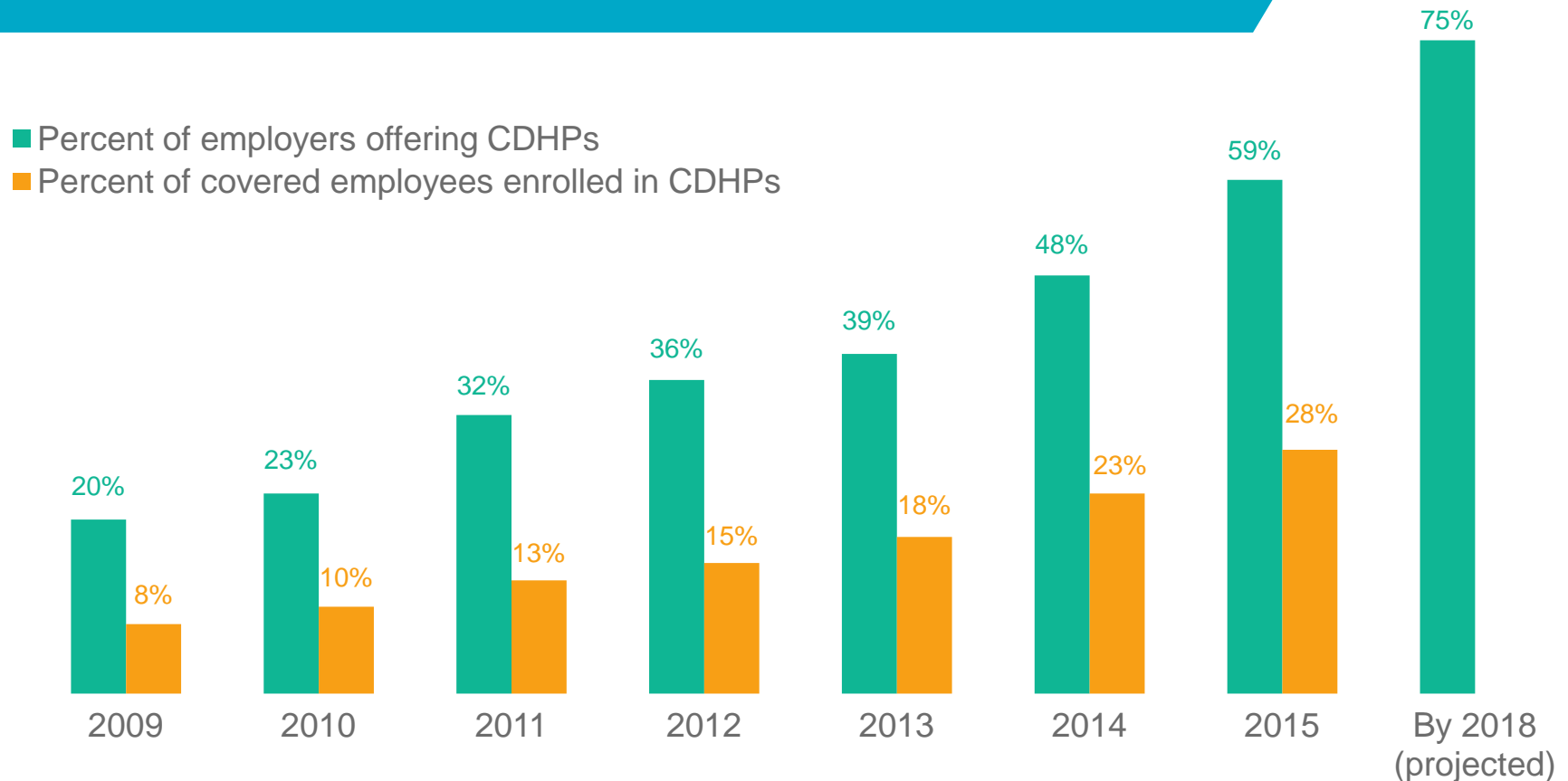
* Projected

Source: Mercer's National Survey of Employer-Sponsored Health Plans; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April) 1993-2015; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey (April to April) 1993-2015.

OVER A FOURTH OF ALL COVERED EMPLOYEES ARE ENROLLED IN A CONSUMER-DIRECTED HEALTH PLAN

FOR COLLEGES AND UNIVERSITIES: 20% AVERAGE ENROLLMENT

By 2018, 75% of large employers expect to offer a CDHP





- Healthcare.gov: Student Health Plans
 - How Obamacare has Improved Students' Health Coverage Options
- Health Insurance and College Students
<http://quotewizard.com/health-insurance/health-insurance-and-college-students>

STUDENT HEALTH HEADLINES

- Press Release: Hodgkins Beckley Consulting's (HBC)
 - Annual Survey Shows Continued High Value for College Student Health Insurance Programs
- Healthcare.gov
 - In school? Student health plans
- Health Insurance for College Students
 - QuoteWizard

MAKE



**TOMORROW,
TODAY**

The Affordable Care Act: Issues and Answers for Higher Education

Daniel J. Howard

Executive Vice President and
Provost

New Mexico State University

NMSU Fall of 2014

- NM State Insurance Board having issues with United Healthcare which provided insurance for our graduate students
- Attorneys brought to our attention that the Student Health Insurance Policy offered by United was considered to be an individual policy, which we could not offer under IRS rules

NMSU Spring of 2015

- Explores other health insurance options including covering students under our employee health plan

Employee Health Plan Problems

- Employee plan is not structured to effectively cover student employees who have frequent gaps in employment
- The employee plan would more than triple the cost to both the GA and NMSU
- By offering the plan, our GAs would become ineligible to obtain the tax credits otherwise available for insurance purchased through the health exchange

Group Plan?

- With such a small eligible group, the costs would be similar to, if not more than, our regular employee plan, and would share many of the other problems mentioned earlier

Solution: Health Exchange Coverage

- Health Exchange Coverage is generally available for purchase by NMSU GAs
- Moreover, some of the plans are less expensive than the coverage offered in the past by NMSU

Solution: Health Exchange Coverage

- Our research showed that the GA's could find affordable plans on the exchange as most would qualify for a subsidy based on GA salaries
- NMSU increased salary levels for graduate assistants by \$700 per academic year
- The increase in salary was not dependent on the purchase of a health insurance plan

Solution: Health Exchange Coverage

- The coverage of the plans on the exchange were more robust than the previous student plan, which was based on a catastrophic model with limitations on coverage and maximums per event
- The previous student plan did not offer any subsidized portion of the premium for dependents, under the exchange all family members would qualify for a subsidy, which reduced overall premium cost

International Students

- Insurance required and paid for in installments
- Cost of \$624 per semester