

The Affordable Care Act (ACA) and Student Health Insurance Plans

Frequently Asked Questions

Is my plan affected; how does ACA define “student health insurance coverage”?

Not all health insurance coverage offered to students is included in the definition of “student health insurance coverage.” The final regulations define student health insurance coverage as a type of individual health insurance coverage for ACA purposes if it is provided pursuant to a written agreement between a recognized college or university and a health insurance issuer, and is provided to students enrolled in that institution and their dependents, that meet the following conditions:

- Does not make health insurance coverage available other than in connection with enrollment as a student (or a dependent of a student) in the institution;
- Does not condition eligibility for the health insurance coverage on any health-status – related factor (i.e., health status, physical medical conditions, mental illness, claims experience, receipt of health care, medical history, genetic information, evidence of insurability, and disability) relating to a student (or a dependent of a student); and
- Meets any additional requirements that may be imposed under state law.

How does my student health insurance plan compare to other health insurance policies in the private market?

Because student health insurance is in a separate risk pool, student health insurance plans tend to be more affordable than private market policies. This is because student demographics, typically comprised of young adults, tend to be healthier than the general population. It is important that students review their options by comparing price, benefits, deductibles, limits and exclusions to make the best decision.

Is my student health insurance plan subject to ACA’s guaranteed availability and guaranteed renewability requirements?

No. The final regulations exempt student health insurance plans from the requirements that enrollees be able to renew or continue the coverage at their option. Student health insurance plans are not required to be available for non-students or to enrollees who have ceased to be students.

Can my student health insurance plan include lifetime dollar limits?

No. Student health insurance plans may not establish lifetime limits on the dollar value of “essential health benefits” for any enrollee. This prohibition is effective for policy years beginning on or after July 1, 2012.

Can my student health insurance plan contain annual dollar limits on essential health benefits?

Yes, but there is a specified transition period to 2014 when no annual limits will be allowed. Prior to 2014, policies are not required to cover essential health benefits; but if they are included in a student health insurance plan, the ACA restricts the maximum annual limit a policy may impose.

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For the 2013-2014 year, individual plan maximums are set at \$500,000. That is, students can potentially receive \$500,000 in benefits for during the years as long as reimbursement is for essential benefits.

Annual limits for “essential health benefits” are completely prohibited for policy years beginning on or after January 1, 2014. In addition, student health insurance plans must cover all essential health benefits effective January 1, 2014.

For these purposes, “essential health benefits” include:

- Ambulatory patient services (physician visits);
- Emergency services;
- Hospitalization;
- Maternity and newborn care;
- Material provided by American College Health Association (ACHA)
- Mental health and substance use disorder services, including behavioral health treatment;
- Prescription drugs;
- Rehabilitative and habilitative services and devices;
- Laboratory services;
- Preventive and wellness services and chronic disease management; and
- Pediatric services, including oral and vision care.

Can my student health insurance plan “rescind” coverage?

No – except in very limited cases. Student health insurance plans may not rescind the coverage of an enrollee once such enrollee has coverage, unless the enrollee (or a person seeking coverage on behalf of the enrollee)

- Performs an act, practice, or omission that constitutes fraud, or makes an intentional misrepresentation of material fact
- The student health insurance plan must provide at least 30 days advance written notice to each enrollee who would be affected before coverage may be rescinded. For this purpose, a “rescission” is a cancellation or discontinuance of coverage that has *retroactive* effect.

However, a cancellation or discontinuance is not a “rescission” if:

- the cancellation or discontinuance of coverage has only *prospective* effect; or
- the cancellation or discontinuance of coverage is effective *retroactively* to the extent it is attributable to a failure to timely pay required premiums or contributions towards the cost of coverage

Does my student health insurance plan have to cover contraceptives?

Yes. Effective for policy years beginning on or after August 1, 2012, student health insurance plans must provide (without cost sharing) access to all FDA-approved contraceptive methods, sterilization procedures, patient education and counseling for women with “reproductive capacity” as prescribed by a provider.

Does my student health insurance plan have to extend health coverage to adult dependents?

Yes. If your student health insurance plan offers dependent coverage of children, it must continue to make such coverage available for an adult child until the child turns age 26 years of age.

Can my student health insurance plan impose pre-existing condition exclusion?

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Yes. Current student health insurance plans for the 2013-2014 school year can include a pre-existing limitation. Student health insurance plans may not impose any pre-existing condition exclusions on individuals enrolled in coverage who are under 19 years of age, including applicants for Material provided by American College Health Association (ACHA) enrollment. After 2014-2015 policy year, no pre-existing condition limitation can be applied to a student health plan.

Will my student health insurance plan be subject to the minimum medical loss ratio requirement?

Yes, subject to a transition period not applicable to other individual coverage. The final regulations confirm that the new medical loss ratio (“MLR”) requirement (80% of premiums must be spent on clinical services or activities to improve health care quality) apply to student health insurance plans beginning January 1, 2013. However, insurers are allowed to use “credibility adjustments” for 2013 (but not subsequent years), which will effectively increase the amount of expenses that are allowed before a rebate is owed for 2013. The final regulations also provide that the experience for student coverage is to be reported separately from other individual market coverage and that student coverage will be aggregated on a national basis for purposes of determining the MLR.

Do any special rules or exemptions under the ACA apply to policies for international students?

No. The preamble to the final regulations clarify that all student health insurance must comply with the applicable provisions of the ACA without regard to the citizenship of the student insured. International students with a J-1 visa are also required to carry a minimum level of health insurance coverage by the State Department, and those requirements are not eliminated as a result of the application of ACA to such policies. In the preamble to the final regulations, HHS confirms that the ACA and State Department rules do not conflict. Note that insurance sold to international students attending only one or two semesters will most likely qualify as short-term limited duration insurance coverage exempt from the ACA.

Why is my student health insurance plan exempt from certain ACA requirements?

The United States Department of Health and Human Resources has concluded that under the ACA, it does not have the legal authority to regulate student health insurance plans.