

Student Health Insurance Coverage Final Regulations

Summary of Major Provisions

The Department of Health and Human Services (HHS) on March 21 released [final regulations](#) for Student Health Insurance Coverage under the Affordable Care Act (ACA). Under these regulations, which take effect April 20, 2012, student health plans will be considered “individual health insurance coverage” sufficient to satisfy the ACA’s individual mandate if they meet certain conditions. The conditions include:

- Plans would have to be provided by a college or university through a health insurance company. In the final regulations, HHS states that it does not have authority to regulate student health insurance plans (or even apply provisions of the ACA) that are self-funded by the college or university. We believe that regulations to be issued concerning minimum essential coverage and the so-called individual mandate likely will address this issue.
- Plans would limit coverage availability only to enrolled students and their dependents. The rules state that plans have the flexibility to define which dependents would be eligible for coverage.
- Plans would be prohibited from excluding students based on pre-existing conditions or health status in general as well as from dropping coverage if a student gets sick.
- Lifetime dollar limits on essential health benefits will be eliminated. However, the regulation provides a transition period for the removal of annual dollar limits. For policy years beginning on or after July 1, 2012, but before Sept. 23, 2012, annual dollar limits would have to be at least \$100,000. For policy years beginning on or after Sept. 23, 2012, but before Jan. 1, 2014, annual limits would have to be at least \$500,000. For policy years after Jan. 1, 2014, annual limits would be prohibited.
- Plans will be required to provide preventive care without cost-sharing co-payments. Significantly, schools can continue to charge a student health fee to offset the cost of operating student health clinics without violating this no-cost sharing requirement. In addition, the new rules require college-sponsored plans, like those offered by employers, to provide students with contraceptive services as part of preventive care coverage. However, for religiously affiliated institutions that object to these services, the rule provides a temporary one-year delay until Aug. 1, 2013. HHS committed in the rule to work with such institutions to develop alternative ways for providing contraceptive services like those being developed for employer-provided insurance coverage.

Other Major Issues

- Like the draft rules, the final rules implicitly provide that student health plans would be priced and rated based on the student (and dependent) population being insured.
- In an effort to enhance transparency, insurers will be required to notify students enrolled in student health plans whether their plan meets the requirements of the ACA.
- Plans will be permitted to designate providers at the student health center as the in-network providers and allow students to choose from among those providers.
- Finally, the rules also require insurers to maintain a medical loss ratio—a measure of what they cover in benefits as a percentage of what students pay in premiums—of at least 80 percent by 2014.