

COMMITTEE MEMORANDUM

TO: Human Resources Committee Members, Board of Regents

FROM: Marcia R. Brunson

DATE: April 20, 2005 *ASN*

SUBJ: Mandatory Student Health Insurance at the University of Iowa

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Recommended Action:

Give preliminary consideration to the University of Iowa proposal for mandatory student health insurance.

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Executive Summary:

MANDATORY STUDENT HEALTH INSURANCE	The University of Iowa is proposing to require health insurance coverage for all students enrolled at the University. Currently, international students and health science students are required to enroll in the university student health plans or provide proof of equivalent coverage elsewhere. The effective date of instituting the program would be dependent upon the University's ability to implement the required administrative processes.
NOTIFICATION OF STUDENT GOVERNMENT	Since this proposal represents a mandatory fee that may be waived by proof of insurance coverage, it is recommended that the process utilized when increasing tuition and fees would apply to this situation. Thus, in accordance with <u>Iowa Code</u> §262.9(18) the presiding officer of the student government organization at the University of Iowa will be notified of this proposal. Therefore, committee action and subsequent recommendation to the full Board on this proposal would take place at the September meeting.
UNINSURED STUDENTS	Based on national statistics, the University believes that it is reasonable to assume that there are between 3,000 to 4,000 students without health insurance coverage enrolled at the University.

Currently, approximately 27% of the students at the University are enrolled in the various student health insurance programs offered by the University.

RATIONALE FOR  
MANDATORY  
STUDENT HEALTH  
INSURANCE

The following are reasons provided by the University that support requiring student health insurance.

- Young adults access medical care regularly when it is available, and have a growing need for routine and preventive health care.
- The trend among employer-sponsored health plans around the country is to limit the rapidly rising costs of health insurance by either lowering the age that dependents can continue to be covered by their parent's health plan, not subsidizing the costs of insurance for dependents, or adopting managed care networks that do not provide adequate benefits when students attend college away from home.
- Failure to have adequate health insurance may cause students to defer care for medical problems until they have advanced to a more serious and potentially more costly problem to treat. If the problem is a communicable disease, this also presents a public health risk to the entire campus population.
- Student Health Services provides for the basic medical needs of students. However, without adequate health insurance, referral of students to community medical providers for more severe and acute problems may become increasingly difficult.
- Uninsured students present a student retention risk because of unexpected health care expenses.

POTENTIAL  
ADVANTAGES

The University lists the following potential advantages to the mandatory student health insurance program:

- Students will be covered for financial catastrophe as a result of illness or accident.
- Larger pool of insurance participants which would provide potential for lower costs and better coverage.
- Coverage for student athletes for non-athletic related accidents or illnesses.
- Costs can be included in student financial aid, scholarship programs.

POTENTIAL  
DISADVANTAGES

The following potential disadvantages were provided by the University

- Increased costs for students.
- Increased administrative procedures to monitor.

RELATIONSHIP TO MANDATORY STUDENT HEALTH FEE Students would continue to pay the mandatory student health fee. This fee allows the students to use the Student Health Service (SHS) for routine health care and is separate from health insurance coverage. Currently, the mandatory health services fee is \$166. It is proposed to increase this fee to \$172 at the beginning of the 2005-06 academic year.

SUPPORT BY STUDENT GROUP On February 25, 2004, the Student Health Advisory Committee composed of faculty, staff and students (majority of members are students appointed by University of Iowa Student Government) affirmed support of the proposal (Attachment A).

RECOMMENDED BY AMERICAN COLLEGE HEALTH ASSOCIATION The American College Health Association has recommended that all universities and colleges require that students demonstrate adequate health insurance coverage or adequate financial resources to pay for expected and unexpected medical expenses as a condition of enrollment.

REQUIRED BY MOST PRIVATE COLLEGES AND UNIVERSITIES Many other institutions of higher education also recognize the importance of students having access to the full healthcare system. Most private colleges and universities already require health insurance, and there is a recent trend among public institutions to move in a similar direction.

TREND FOR PUBLIC UNIVERSITIES TO MANDATE COVERAGE Most recently, health insurance was required by Regents mandate for the entire University of California system. In addition, a number of other major public universities, including Minnesota, Illinois, Washington, New York, Connecticut, Virginia, New Jersey, and Colorado, have implemented waiver systems.

PEER INSTITUTIONS According to information from peer institutions, four of the ten universities (University of Minnesota, University of Illinois, Ohio State University and University of California, LA) currently require all students to have health insurance coverage. They also have a mandatory health service fee. According to the University, the University of Wisconsin and the University of Michigan are in the process of mandating health insurance coverage for students. Attachment B details requirements at each of the peer institutions.

CURRENT STUDENT HEALTH COSTS The 2004-05 undergraduate insurance monthly rates for the University of Iowa Student Health Insurance Plan (SHIP) are as follows:

Single	\$70.00
Student and Spouse	\$214.00
Student and Child	\$292.00
Family	\$265.00

CONSULTATION WITH ISU AND UNI Both UNI and ISU agree that health insurance coverage for students is a concern. ISU is currently evaluating and studying alternatives to address this concern.

Whether or not to require all students to have health insurance is under consideration at the University of Northern Iowa. UNI has an immediate concern in that the company that provided insurance for students who opted to purchase it has dropped UNI's plan effective June 30, 2005, because it prefers to insure institutions that have a mandatory health insurance policy. Presently UNI is working with the University of Iowa to provide optional health insurance coverage for students through SUI's Student Health Insurance Plan.

Background:

**IMPACT** The University estimates that if this requirement were adopted it would not have any effect on the cost of education for the vast majority of the University student body. The University believes that over 80% of the students have health insurance coverage.

**PROPOSAL DETAILS** Any student enrolled in at least 5 hours of on-campus classes will be required to participate in the program. The student would be required to check a box as part of the registration process each semester. This action would acknowledge coverage under a health insurance policy either through another party or individually. If the box is left unchecked, the student would be enrolled and billed for the University health insurance plan. Health insurance will be added to students' monthly "U-Bills". Failure to pay premiums will result in the inability to register for the next semester classes or graduate.

The University Benefits Office would monitor this process and select a number of students and verify their coverage.

If a student presents proof of coverage after the start of the semester, the University coverage would be cancelled prospectively. No refunds will be given.

**SHIP PLAN DESIGN** The University Student Health Insurance Plan is an Alliance Select Insurance plan which provides coverage for hospitalization, surgery, maternity, well-baby/well-child care (to age seven), emergency care for accidents or illness, medically necessary physician care and prescription drugs. There is a lifetime maximum benefit of \$250,000 per person covered under this plan. More detail of the plan is provided in Attachment C. Currently, the plan enrollment is 2,144.

**MINIMUM COVERAGE REQUIREMENTS** Health insurance by plans other than the University plan must have the following minimum coverage requirements:

- Insurance company recognized by the State of Iowa or by any other state insurance agency
- A network provider and facility must be available in Johnson or a surrounding county
- Inpatient hospitalization care must be provided
- Physician services must be provided

- Maximum out of pocket cost of \$11,000
- Maximum deductible of \$6,000
- Coverage must include x-rays, labs, and emergency room services

GRADUATE STUDENTS Graduate students in the COGS bargaining unit are provided health insurance coverage as a negotiated benefit and may select from either the Grad Care plan or the SHIP.

STUDENT HEALTH SERVICES The mandatory health services fee paid by students will not be affected by the requirement to have health insurance coverage. The student health fee provides access to staff and services at the Student Health Service (SHS). SHS currently bills insurance companies for services that are not covered by the health fee. SHS bills the student if he/she does not have insurance.

SERVICE PROVIDED SHS SHS provides the following services without additional cost to students

- Primary medical care – unlimited number of office visits
- Psychiatric services
- Health education/promotion programs
- Fitness assessment and consultation
- Stress management consultations
- Some alcohol and other drug assessments
- Tobacco cessation program
- Telephone advice
- Nutrition and weight advice
- Referral to specialists as needed

SERVICES PROVIDED FOR ADDITIONAL COST The following are some of the services provided by SHS for a small additional fee:

- Injections (allergy and immunizations)
- Laboratory services
- Minor surgery
- Physical examinations
- Travel health information

Statement by the University of Iowa Student Health Insurance Advisory Committee

February 25, 2004

After having thoroughly researched and discussed the issue, the members of the Student Health Advisory Committee have decided to endorse mandatory health insurance for all students at the University of Iowa. We realize that the cost of education can be a determining factor in whether a student chooses to attend the University of Iowa, thus, several financial considerations were factored into our decision. We believe that thousands of dollars in health care related bills, as opposed to a small monthly insurance fee, is far more likely to financially prevent a student from continuing his or her education. Furthermore, the cost of mandatory health insurance can be defrayed in part through specific financial aid awards, thus, sparing those students already struggling to afford college an additional expense. Ultimately, we feel mandatory health insurance for all students is a small price to pay for the lasting protection it offers.

University of Iowa Peer Institutions  
Requirement for  
Mandatory Health Insurance and Mandatory Health Service Fee  
October 2004

<b>SUI PEER INSTITUTIONS</b>	<b>REQUIRES STUDENTS TO HAVE HEALTH INSURANCE</b>	<b>ACADEMIC YEAR MANDATORY HEALTH SERVICES FEE</b>
University of Arizona	Only international students	None
University of California, LA	Yes, for all students	Included in registration fees
University of Illinois	Yes, for all students	\$356
Indiana University	Only for international students, medical students and post doctorate fellows	\$176
University of North Carolina	Only for international students	\$312
Ohio State University	Yes, for all students	Included in student fees
University of Texas	Only for international students	\$125
University of Michigan	Only for international students	None
University of Minnesota	Yes, for all students	\$181
University of Wisconsin	Only international students	\$242

## UNIVERSITY OF IOWA STUDENT HEALTH INSURANCE PLAN

The Student Health Insurance Plan (SHIP) is an Alliance Select plan, which provides coverage for hospitalization, surgery, maternity, well-baby/well-child care (to age seven), emergency care for accidents or illness, medically necessary physician care and prescription drugs. There is a lifetime benefit maximum of \$250,000 per person covered under this plan.

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### How an Individual Uses SHIP

Health care under this plan is provided by various groups of health care practitioners, suppliers, agencies, programs, and facilities called Select Providers who have agreed to join with Blue Cross and Blue Shield of Iowa to offer each student affordable health care. One hundred percent of the hospitals and more than 4,000 physicians in Iowa participate with the Alliance Select plan.

Students may also purchase coverage for their spouse or domestic partner and/or dependent children.

Students are urged to take advantage of The University of Iowa Student Health Service when they need health care. Unlimited office visits for General Medicine Services, Gynecology Services, Surgery, Allergy Treatment, Sexually Transmitted Diseases, Mental Health Services, and the Health Iowa education program are included in a mandatory health service fee which is included in tuition charges if a student is enrolled for five (5) or more semester hours of classes. Students who are enrolled for less than five (5) semester hours may choose to pay the health fee and obtain these same benefits.

Laboratory and X-ray services are available at Student Health Service. Any charges incurred for such services are the responsibility of the student. SHIP may be used to pay for these services up to the payment limits of the plan.

Family members are not eligible to use The University of Iowa Student Health Service. To receive the greatest benefits from SHIP, dependents are advised to use the physicians from the Alliance Select Provider list.

### How Much an Individual Pays for Health Care Services

Insureds are limited to \$500 per covered person per calendar year for:

- office services and outpatient care **not related to** emergency, accident, surgery, or maternity services.
- ambulance services, home infusion therapy, home medical equipment, and prosthetic appliances.

Insureds are limited to \$1,000 per covered person per calendar year for:

- services for surgery, emergency room, ambulatory surgery centers, and diagnostic x-ray and lab as a hospital outpatient.

When using an Alliance Select Provider the insured will pay a \$10 co-payment per covered visit for office services; a \$10 co-payment per covered visit as an outpatient for diagnostic x-ray and lab services at University of Iowa Hospitals and Clinics (UIHC); and a \$50 co-payment for hospital outpatient services for surgery, emergency room, ambulatory surgery centers, and diagnostic x-ray and lab. Whenever an insured is admitted to a Select Provider hospital, the individual will pay a \$300 deductible per covered admission plus 10% coinsurance up to a total of \$1,000 out-of-pocket maximum per admission.

The co-payments for health care services provided by Non-Select Providers are \$30 per covered visit for office services, \$150 per covered visit for hospital outpatient, and a \$600 deductible per covered admission plus 20% coinsurance for hospital inpatient treatment.

### **Out-of-Pocket Maximum (OPM) Expenses for Individuals**

SHIP provides a \$1,000 out-of-pocket maximum per hospital inpatient admission.

The out-of-pocket maximum equals the per-service deductible plus the coinsurance amounts paid during each inpatient hospital stay.

When the amount paid by the insured equals the OPM, the plan pays 100% of the covered charges incurred for that admission.

### **Coverage for Prescription Drugs**

Prescription drugs are covered under a 3-tier plan.

1. Generic drugs \$7 or 25%, whichever is greater
2. Name brand formulary drugs \$15 or 30%, whichever is greater
3. Name brand non-formulary drugs \$25 or 50%, whichever is greater

Formulary drugs are drugs that are on Wellmark's preferred list. The maximum benefit payable is \$500 for single and \$750 for all other contracts.

### **Limitations and Exclusions**

Certain services are limited, excluded, or not considered medically necessary under SHIP. Routine physicals, immunizations (except for children under 7 years of age), dental check ups, and eye exams are not covered. Dental Services are limited to accidental injuries treated within seven days of the injury and limited surgical corrections to the jaw, mouth, and accessory sinus. Injuries to the eye have limited coverage.

### **Alliance Select Care Providers in Iowa**

A list of Select Providers will be provided to each insured Student. Covered individuals may use any provider they choose for physician and other office and outpatient services. However, your financial responsibility is greater if you use Non-Providers. All hospitals in Iowa are Select Providers.

### **Health Care for Individuals Who Are Away from Iowa**

SHIP provides coverage world wide. For covered services received in other states or outside of the USA, the provider category may be Select or Non-Select when determining payment amounts. Choosing a Select provider can be an advantage when receiving treatment.

The insured is responsible for telephoning the Blue Cross and Blue Shield of Iowa toll-free number before being admitted to a hospital for non-emergency care and within 24 hours of emergency and maternity admissions.

### **Medical Evacuation Benefit**

The University of Iowa SHIP will cover medical evacuation services in the event of illness or injury to students if necessary and adequate medical care cannot be provided at the location when the illness or injury occurs.

Medical evacuation expenses to the nearest appropriate medical facility are limited to a lifetime maximum of \$10,000 per person. Pre-certification of medical evacuation services is required.

### **Repatriation Benefit**

A \$7,500 repatriation benefit applies to the insured under SHIP. This must be applied toward those expenses incurred in returning the body to the person's place of residence in his or her home country including, but not limited to, the cost of embalming, the coffin, and transportation of the body.