



**Joint Informational Hearing: Health Insurance Coverage and Access to Care
for College Students
Wednesday, March 14, 2018
John L. Burton Hearing Room 4203**

This joint informational hearing will review health insurance coverage and access to care for college students who live away from home while attending school. Existing health coverage arrangements for college students who obtain coverage as dependents through their parents' commercial health plan or through Medi-Cal managed care may not work well for college students who attend school away from home. Medi-Cal requires mandatory enrollment in county-based or regional managed care plans for most individuals. Students with dependent coverage are likely to be on their parents' employer-sponsored policy based on their home residence. For students attending college away from home, these arrangements provide access to emergency services, but may not provide coverage for primary care, on-going specialist care, and other non-emergency services. Universities often offer student health coverage, and some college and universities require students to have insurance coverage, but some student health centers do not take insurance.

The purpose of this hearing is to examine the following:

- California college and university policies requiring health coverage, and mandatory student health-related fees;
- Whether employer-based dependent health coverage provides access to care for college students away from home;
- The extent to which student health centers accept health insurance (including Medi-Cal);
- Medi-Cal policy on eligibility and coverage when college students attend college away from home;
- What other states have done to provide health coverage to college students; and,
- Other alternative arrangements for providing college students with access to health care services while at school.

How Californians Obtain Health Coverage

The United States health care system is a tax-subsidized employer-based system, augmented by state and federal programs for low-income individuals (Medi-Cal), seniors (Medicare), and federal premium and cost-sharing subsidies for low-to-moderate income individuals buying individual coverage through exchanges (the exchange in California is Covered California). Similar to the rest of the country, most (45.5%) of California's residents and individuals ages 18-25 (43.2%) receive employer-based coverage (either as workers or dependents), which is subsidized by the state and federal tax code.¹ Public programs are the other major health coverage source, followed by the individual insurance market, as shown in the table below:

Source of Coverage	CA % All Ages	CA Population	CA % Ages 18-25	CA Pop. Ages 18-25
Employer-based coverage	45.5%	16,150,000	43.2%	1,871,000
Individual coverage	6.5%	2,314,000	8.2%	358,000
Medi-Cal	29%	11,014,000	32%	1,3888,000
Medi-Cal and Medicare (duals)	4.6%	1,641,000	0.3%	14,000
Medicare & Others	9.2%	3,274,000	-	-
Medicare only	1.7%	617,000	-	-
Uninsured	7.4%	2,848,0000	13%	565,000
Other public	1.5%	516,000	3.2%	140,000
Total		35,525,000		4,336,000

The federal Affordable Care Act (ACA) signed into law by President Obama in 2010 made a number of changes to expand health insurance coverage to young adults and to reform health insurance markets. The ACA extended expanded Medi-Cal to most low-income individuals under age 65 with incomes below 138% of the federal poverty level (FPL, at or below \$22,412 for a family of two in 2017). In addition, the ACA offered premium subsidies for individuals ineligible for Medicaid with incomes below 400% of the FPL (at or below \$80,640 for a family of three in 2017), and cost-sharing subsidies for individuals with incomes below 250% of the FPL (at or below \$50,400 for a family of three in 2017) who purchase coverage through exchanges authorized by the ACA. In addition, the ACA extended dependent coverage up to age 26 beginning September 2010. Finally, beginning in 2014, the ACA contained a tax penalty for individuals who do not maintain minimum essential health coverage.

The effect of these coverage changes has led to a significant increase in the number of Californians who are covered by health insurance, including for college-age individuals. The uninsured rate for young adults ages 19 to 25 declined from 27% in 2009 to 13% in early 2016.²

Types of Health Insurance Arrangements

The two principle types of health coverage in California are health maintenance organization (HMO) and Preferred Provider Organization (PPO) coverage. An HMO is a kind of health insurance that has a list of contracting health care providers, such as physicians, medical groups, hospitals, pharmacies, and labs. An individual enrolled in an HMO must receive all of their health care from the network of providers on this list (with the exception of emergency services and coverage while an enrollee is anywhere outside the service area of the plan, which includes coverage for urgently needed services to prevent serious deterioration of an enrollee's health resulting from unforeseen illness or injury for which treatment cannot be delayed until the enrollee returns to the plan's service area³). Enrollees of HMOs must typically choose a primary care physician. To receive care, enrollees typically make co-payments (a flat dollar amount, such as \$20) when they receive services, and some HMOs have deductibles. The Department of Managed Health Care (DMHC) oversees most HMOs in California.

The other predominant type of insurance arrangement is a PPO. Individuals enrolled in a PPO typically receive most of their health care from a contracted network of physicians, hospitals and other providers. A PPO enrollee will also typically have to pay a yearly deductible before the PPO starts to pay some or all of the enrollee's bills. After the deductible amount is reached, the individual typically pays a co-insurance amount, or percentage of the bill (e.g., patient pays 20%, PPO pays 80%), when the individual receives a covered service from a preferred (contracted) provider. However, an individual with a PPO can choose to go out-of-network for some care and

pay a higher percentage of the cost (e.g., individual pays 40%, PPO pays 60%). Increasingly, there are exclusive provider organizations (known as EPOs) which are similar to PPOs except they do not have an out-of-network option. PPOs offered by a health plan or health insurer are regulated by either the California Department of Insurance or DMHC. Individuals enrolled in PPO coverage through employer-based coverage receive their coverage either through a state-regulated health plan or health insurer, or through a self-insured employer. A self-insured employer offering a PPO typically contracts with an insurer to administer the PPO health care provider network and pay claims, but the employer (rather than the insurer) is responsible for funding the health care claims costs. Self-insured arrangements are regulated by the federal Department of Labor.

Both HMOs and PPOs typically serve a “service area,” which is a geographical area designated by the plan within which health care services are provided.⁴ Service areas can vary by the type of market (large group, small group or individual market) and the type of product purchased by the individual or employer. HMOs must cover emergency care and urgently needed out-of-network services, including when an individual travels outside of his or her plan's service area. However, if an individual moves out of a service area during the middle of the year, they will be out-of-network for primary care, specialist care, and other non-urgent services. College students, who often move multiple times throughout the course of a year, may be out-of-network for non-emergency services when they are attending school. Frequent moving can be a particular problem for students with a serious chronic condition that requires on-going specialty care.

College Students in California

According to data from the Legislative Analyst’s Office, there are approximately 3.9 million college students in California, of whom nearly 3.6 million are California residents, as shown in the chart below:

Higher Education Enrollment in California
Headcount Enrollment, In Thousands

Number of college students in California, undergraduate vs. graduate			
	Undergraduate	Graduate	Total
Public	3,040	110	3,150
Private	520	230	750
Total	3,560	340	3,900
Resident vs. nonresident			
	CA Resident	Nonresident	Total
Undergraduate			
Public	2,880	160	3,040
Private	430	90	520
Total	3,310	250	3,560
Graduate			
Public	80	30	110
Private	170	60	230
Total	250	90	340
All Students			
Public	2,960	190	3,150
Private	600	150	750
Total	3,560	340	3,900

Health Coverage Arrangements for College Students

College students in California and nationally obtain health insurance in one of four ways:

- 1) As dependents upon their parents' health plan policy (typically employer-based or individually purchased family coverage);
- 2) Through Medicaid (Medicaid is known as Medi-Cal in California);
- 3) Through student health plans offered by the university or college the student attends; or,
- 4) By purchasing coverage through the individual market (either directly from a health plan or health insurer or through Covered California, the state's health benefit exchange).

There is no state-produced data on college students' specific coverage arrangements. Prior to the enactment of the ACA, a 2008 Government Accountability Office (GAO) report found that 67% of students were covered through employer-sponsored plans, 7% were covered through other private health insurance plans (such as student health insurance plans), 6% were covered by public programs, and 20% were uninsured.⁵

Colleges and universities often require students to have health insurance coverage as a condition of enrollment. A 2014 national survey by the American College Health Association found that 48.7% of colleges (37% of public and 62.4% of private universities) require health insurance for full-time students. Eighteen percent of private universities and 15% of public universities expect adoption of an insurance requirement in the future. In California, the University of California (UC), the University of Southern California (USC), Stanford, and the Claremont Colleges among others require that students enroll in the college or university's student health plan unless the student shows proof of other health coverage. For example, to opt out of UC's Student Health Insurance Program (SHIP) at UC Berkeley, a student must show coverage in a plan that provides unrestricted access to an in-network primary care provider, in-network hospital and full, non-emergency medical and behavioral health care within 50 miles of campus or the student's place of residence while attending school.⁶ California State University (CSU) and California's Community Colleges do not have a similar health insurance mandate (except for international students and students at CSU Maritime).

Dependent Coverage

Before the ACA, health plans and issuers could remove adult children from their parents' coverage because of their age, whether or not they were a student or where they lived. The ACA requires plans and issuers that offer dependent child coverage to make the coverage available until the dependent reaches the age of 26.⁷ Both married and unmarried children qualify for this coverage.

According to data from the Kaiser Family Foundation (KFF), among firms offering health benefits, virtually all large firms and 92% of small firms offering health benefits offer coverage to non-spouse dependents of their eligible workers, such as children.⁸

Medi-Cal Coverage

The Medi-Cal program is projected to cover 13.5 million Californians each month in 2018-19, at a cost of \$101.5 billion in total funds (\$20 billion General Fund [GF]). Medi-Cal covers children and teens up to age 18 with family incomes at or below 266% of the FPL⁹ (at or below \$54,318 for a family of 3 in 2017), and covers adults age 18-64 with incomes up to 138% of the FPL. Medi-Cal enrollment in January 2018 of individuals age 18-25 was 1.6 million individuals.

DHCS administers Medi-Cal through two types of delivery systems: managed care and fee-for-service (FFS). DHCS contracts with over 20 Medi-Cal managed care plans across California and 56 county specialty mental health plans.¹⁰ Medi-Cal managed care plans typically serve a region or county, and some plans serve multiple counties. Approximately 81% of the 13.5 million Medi-Cal beneficiaries receive care through a Medi-Cal managed care plan,¹¹ a significant shift from December 2011, when only approximately 45% of beneficiaries were enrolled in Medi-Cal managed care. In California, there are six primary models of managed care. In 22 counties, there is one choice of plan, and in the remaining counties, there are at least two plan choices. Most of Medi-Cal enrollment is in public plans (known as county organized health systems or local initiatives) that have county or regional specific service area.

Medi-Cal Policy for College Students

DHCS indicates Medi-Cal managed care plans must cover emergency services and coverage for urgently needed services to prevent serious deterioration of an enrollee's health resulting from unforeseen illness or injury for which treatment cannot be delayed until the enrollee returns to the plan's service area out-of-network when a college student moves to a new county to attend college. If a Medi-Cal beneficiary is attending college in a different county, he or she does not need to apply for Medi-Cal in that county, as long as the individual is under 21 years of age, is only temporarily out of the home, and is still claimed as a tax dependent in the household.

DHCS advises students who temporarily move away from home to attend college to notify his/her local county social services office (which determine Medi-Cal eligibility) to provide the student's new address in the new county. The county will update the case records with the new address and county code in the state's database. If the student's Medi-Cal managed care plan does not operate in the new county, the student will have to change his or her health plan to the available options in the new county. DHCS contracts with a vendor which administers the Medi-Cal managed care plan selection process, which is known as Health Care Options (HCO) in those counties with a choice of plan. Alternatively, a student can choose not to change his or her Medi-Cal managed care plan when he or she temporarily moves to attend college in a new county. The student will only be able to access emergency room services in the new county. DHCS policy on switching Medi-Cal eligibility based on change of residence through the county, and switching Medi-Cal managed care plan coverage through the HCO process requires the student to know where his or her college, housing and living arrangements well in advance, and would require switching multiple times in colleges with a quarter system.

Student Health Insurance Plans

Many colleges and universities sponsor student health plans to provide their students access to health coverage, usually in coordination with existing student health clinics or university medical centers. Colleges and universities contract with a health plan or health insurer or self-insure. Some institutions sponsor a student health plan, but do not require students to enroll in the plan, or the college limits enrollment to only certain students (for example, international students). Fully insured student health insurance plans are regulated under the Department of Insurance as "blanket insurance,"¹² a line of insurance regulated under the Insurance Code that includes volunteer organizations and sports camps. In addition, student health insurance plans are required by federal ACA regulations to meet certain provisions of the ACA but these provisions are only applied to student health insurance plans offered by insurers and not self-funded arrangements.¹³ Students required to have insurance by their university are often "opted in" to the university student health plan, with an option to opt out conditioned on alternative health coverage providing access to services in the college area.

Student Health Centers

Universities and community colleges often provide health services on campus through student health centers. For example, CSU requires student health centers to be established and maintained to facilitate the retention of students and to enhance the academic performance of students through accessible and high quality medical care, public health prevention programs, and educational programs and services. CSU requires the student health center to provide a core set of basic health care services, such as primary outpatient care, family planning, public health prevention, and health education. Student health centers can offer additional services. Services provided by student health centers vary by campus. Student health centers can be either supported by general revenue, be fee-supported or both, and student health center fees can be mandatory. At CSU, the average student health center fee is \$272 for 2017-18, with a range of \$680 (CSU Maritime) to \$90 (CSU Long Beach). CSU permits each campus president or designee to establish campus-based procedures for waiving mandatory student health services fees in exceptional circumstances, but CSU indicates fee waivers are rare. Student health centers do not typically take insurance (with some exceptions¹⁴) and may also charge co-payments for services.

Medicaid Premium Assistance

Under Medicaid premium assistance programs, states have the option to use Medicaid funds to purchase group health coverage (e.g., employer-sponsored insurance) or non-group coverage (e.g., exchange plans or student health insurance plans).¹⁵ States may require some individuals to enroll in premium assistance for group health coverage, but not individual coverage.¹⁶

Under any approach to premium assistance, states must continue to provide all Medicaid benefits covered in their traditional state plans to beneficiaries. If a service is not covered by the group or individual plan, the state must provide wraparound coverage. Wraparound coverage means the state provides or arranges for provision of Medicaid services that are not provided by the student health insurance plan (such as long-term services and supports). In addition, premiums and cost-sharing (e.g., co-payments and deductibles) for individuals enrolled in premium assistance may not exceed what is allowed under the state's Medicaid program (Medi-Cal generally does not charge premiums and has little to no cost-sharing). If the health plan cost-sharing exceeds the state's Medicaid plan requirements, states must cover the additional cost-sharing.

States may implement Medicaid premium assistance programs in the individual market if the total cost of purchasing premium assistance coverage, including administrative expenditures, the costs of paying all excess cost-sharing charges, and the costs of providing wraparound benefits must be comparable to the cost of providing coverage under Medicaid.¹⁷

As of 2016, 37 states (including California) offer Medicaid premium assistance. California's premium assistance program, known as the Health Insurance Premium Payment program¹⁸ (HIPP), is limited. HIPP has projected average monthly enrollment of 200 individuals and projected premium payment expenditures of \$1.5 million (\$726,000 GF) in 2017-18.¹⁹ Individuals must have full-scope coverage through FFS Medi-Cal, and individuals enrolled in a Medi-Cal managed care plan, dual eligibles and individuals with restricted scope coverage are not HIPP-eligible, and cost effectiveness must be reviewed annually.²⁰ Massachusetts, Minnesota, and New York have premium assistance programs that use Medicaid funds to purchase student health insurance. Total enrollment in premium assistance nationwide is not

routinely reported, but a 2009 survey of 39 state premium assistance programs found that fewer than 200,000 people were enrolled.²¹

Policy Questions

- 1) The existing network and service-area based health plan arrangements in Medi-Cal managed care and for students with dependent coverage may not work well for students with on-going chronic care conditions that require specialist care. Does this issue require a legislative solution?
 - a) Are there alternative approaches that will work well for students with on-going care needs who are enrolled in Medi-Cal managed care, such as allowing students to enroll in student health plans using premium assistance, or allowing students to receive services through Medi-Cal fee-for-service (instead of Medi-Cal managed care)?
 - b) Are there alternative approaches for students with employer-based dependent coverage that would allow the student to keep dependent coverage but receive specialist services for a chronic condition while out-of-network attending college?
- 2) Are there ways for private plans and Medi-Cal managed care plans to have reciprocal coverage arrangements with other plans when students attend college outside of a plan service area?
- 3) Does imposing a requirement that a student maintain health insurance coverage that is accessible in the area of the college create an obligation on student health centers to accept different types of health insurance arrangements, including Medi-Cal?

¹ California Health Interview Survey, 2016.

² California Health Interview Survey, 2016.

³ Health and Safety Code Sections 1345(b)(6) and (b)(h) and 1367(i).

⁴ Health and Safety Code Section 1345(k).

⁵ Government Accountability Office “Health Insurance – Most College Students Are Covered through Employer-Sponsored Plans, and Some Colleges and States Are Taking Steps to Increase Coverage,” March 2008.

⁶ UC Berkeley SHIP Waiver FAQs, accessed at: <https://uhs.berkeley.edu/insurance/waiving-ship/ship-waiver-faqs>

⁷ Section 2704 of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (Public Laws 111-148 & 111-152).

⁸ Employer Health Benefits, by The Kaiser Family Foundation and Health Research & Educational Trust 2017 Summary of Findings.

⁹ Welfare and Institutions Code Section 14005.26.

¹⁰ Title 9, Section 1810.100 of the California Code of Regulations.

¹¹ Department of Health Care Services November 2017 Medi-Cal Estimate, “Estimated Average Monthly Eligibles November 2017 Estimate.”

¹² Insurance Code section 10270.2. “Blanket insurance” is defined as the form of insurance providing coverage for specified circumstances and insuring by description all or nearly all persons within a class of persons defined in a policy issued to a master policyholder, and not by specifically naming the persons covered, by certificate or otherwise. A statement of the coverage provided may be given, or required by the policy to be given, to eligible persons.

¹³The Center for Consumer Information & Insurance Oversight, Student Health Insurance and the ACA <https://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/student-health-plans03162012a.html>

¹⁴ CSU indicates approximately half of their student health centers accept Family PACT.

¹⁵ Sections 1906 and 1906A of the federal Social Security Act and Title 42 of the Code of Federal Regulations Section 435.1015(a)(4).

¹⁶ Sections 1906(a)(1) and 1906A(a) of the federal Social Security Act and Title 42 of the Code of Federal Regulations, Section 435.1015.

¹⁷Title 42 of the Code of Federal Regulations, Section 435.1015(a)(4).

¹⁸ Welfare and Institutions Code Section 14124.91/California Code of Regulations, Title 22, Section 50778.

¹⁹ Medi-Cal November 2017 Estimate, Policy Change 188.

²⁰ State Plan Amendment, Attachment 4.22-C. State Methodology for Determining Cost-Effectiveness of Individual and Group Health Plans at: http://www.dhcs.ca.gov/formsandpubs/laws/Documents/StatePlan_Attachment_4.22-C.pdf

²¹ Government Accountability Office “Medicaid and CHIP: Enrollment, Benefits, Expenditures, and Other Characteristics of State Premium Assistance Programs,” January 2010.