EVERYTHING YOU NEED TO GET STARTED IN MEDICAL BILLING & CODING

UNDERSTANDING HEALTH INSURANCE FOR COLLEGE STUDENTS

Beyond the mandatory coverage laws rolling into effect this season, there are countless reasons that college students should take health insurance seriously. For one, young people are at least as vulnerable to illness, accidents and the consequences of bad decisions (tobacco, drug and alcohol use, sexually transmitted diseases, unexpected pregnancy) as adults are. And when emergency medical expenses do come up, students are rarely in a financial position to cover them.

WHY YOU NEED IT, HOW TO GET IT

Under the Affordable Care Act, children can obtain coverage through their parents’ employer-sponsored or privately purchased insurance plan through the age of 26. Since this provision of the bill came into effect, the rate of uninsurance young adults has dropped from 37% to 27.4%. Even with all of this progress, young people remain the least insured age group in the U.S.

Consider the gamble young adults are taking by going uninsured:

- **Motor Vehicle Accidents**: A 2006 statistic from the Centers for Disease Control (CDC) shows that while young people ages 15-24 represent only 14% of the U.S. population, they account for 30% ($19 billion) of the total costs of motor vehicle injuries among males and 28% ($7 billion) of the total costs of...
motor vehicle injuries among females.

- **Chronic Illness:** According to a study by Pew Research Center, one in five young people, ages 18 to 29 are affected by at least one chronic health condition.

- **Mental Illness:** The National Institutes of Mental Health (NIMH), in a 2006 study, stated that 75% of lifetime cases of mental health conditions begin by age 24. The National Survey on Drug Use and Health took that a step further, stating that young adults (aged 18 to 25) have the highest incidence of mental illness, at 30%, of any population demographic.

What are the consequences for these uninsured young adults? With the cost of medical care so high, they are at great financial risk should an unexpected medical event occur. This could put a college student deep in debt (in addition to student loans) before ever entering the workforce. Significant debt from medical bills can damage a young person’s credit, which in turn can affect their ability to qualify for housing, get student or car loans, or even travel. In the United States, medical debt is the **number one cause of bankruptcies**.

According to an investigative report done by the New York Times in 2013, the average cost for an inpatient day in an American hospital is $4000. The most expensive hospitals charge more than $12,500 per day. Extrapolating such costs, it is easy to see how a major illness or needed surgery would lead to huge medical expenses that few people, let alone those aged 18 to 29, can afford.

## COVERAGE OPTIONS FOR COLLEGE STUDENTS

With the advent of the Affordable Care Act, young people have more options than ever to gain health coverage. We’ve assessed the options every young person should weigh:

### PARENT HEALTH PLANS

One of the first benefits enacted under the Affordable Care Act was the opportunity for young people to stay on a parent’s health plan until their 26th birthday even if they’re married, living away from home, are financially independent, or are eligible for employer-sponsored coverage.

- **Advantages:**
  - Parents responsible for bill
  - Can stay with familiar doctors
  - Access to better coverage

- **Possible Limitations:**
  - Vulnerable to loss of coverage if parent loses job or drops family plan
  - Plan may not fully cover medical services for students living out-of-state
  - Privacy may be compromised when parents receive the explanation of benefits (EOB). If this is a concern, students may be able to take steps to **protect their information**.
How to Apply:
- Parents can obtain coverage for all children under 26 by contacting their providers and providing documentation of their age and current uninsured status.

SCHOOL-SPONSORED STUDENT HEALTH PLANS

Many colleges offer Student Health Insurance Plans (SHIP)—the school pays claims directly instead of hiring an outside insurer—that may or may not provide essential benefits, as determined by the Affordable Care Act. It is important to know that colleges offering self-insured health plans are NOT required to meet the minimum guidelines of the ACA until January 1, 2015, although many have chosen to do so. If the colleges do contract with an outside insurer to provide coverage to students, they ARE required to meet all minimum qualifications of the ACA before that date.

Advantages:
- Use financial aid to pay cost of coverage
- Medical services available campus
- SHIP may offer more comprehensive coverage than parent’s HMO or PPO

Possible Limitations:
- If a college is self-insured, a SHIP might not meet minimum standards of the Affordable Care Act (ACA)
- Cost of a SHIP could be more than the cost of similar coverage in an individual plan purchased through a health insurance exchange
- Government tax credits cannot be applied to college Student Health Insurance Plans
- Coverage may depend upon maintaining full-time student status

How to Apply:
- Sign up for these plans is often automatic with enrollment, unless the student can prove alternate coverage meets ACA standards

INDIVIDUAL COVERAGE THROUGH ACA MARKETPLACE

For uninsured students who have aged-out of their parents’ insurance, or for whom there was no opportunity to be added to parents’ insurance, purchase of an individual policy on the ACA marketplace might be the best answer. Most states have a good number of policies to choose from, and there are at least four price/coverage levels available.

Advantages:
- Coverage not dependant on student status
- Option to choose a plan that fits personal budgets
- Applicants within 100% to 400% of Federal Poverty Level are eligible for Federal tax credits to cover insurance costs

Possible Limitations:
- Costs may be higher than student or parent plans
- Students qualified for parents’ health plan ineligible to sign up through
ACA marketplace

- How to apply:
  - Log into the state marketplace website (where applicable) or the federal government site at HealthCare.gov to sign up

MEDICAID

The ACA intended to expand Medicaid by providing coverage to anyone earning up to 138% of the Federal Poverty Level. However, due to a 2012 Supreme Court ruling that made Medicaid expansion optional, 25 states have opted out of the expansion. See our guide to Medicaid to learn more.

- Advantages:
  - No premiums for coverage
  - Little to no copay for services
- Disadvantages:
  - Limitations on choice of healthcare providers
  - Not all states offer expanded eligibility for Medicaid
- How to apply:
  - Sign-up is found on state marketplace websites or on HealthCare.gov

COVERAGE OPTIONS FOR RECENT GRADUATES

Graduates may find themselves in insurance limbo following graduation. If they are not going directly into a job that offers health insurance benefits, or if there is a gap in time before they can become eligible to participate, they have to find an alternative source of coverage.

They are no longer students, so if they had a student health insurance plan (SHIP), they face the loss of coverage. However, there are some options for recent graduates to consider, and they must remember that everyone is now required to maintain health insurance or pay a penalty on their taxes:

COBRA FOR STUDENTS

COBRA (Consolidated Omnibus Reconciliation Act) allows graduates to extend the coverage they had under their parents’ plans for an additional 36 months past their 26th birthday.

- Advantages:
  - Continuity of coverage
  - Eliminates coverage gaps that come with applying and transitioning to employer-based coverage
- Possible Limitations:
  - Very expensive coverage
  - Premiums can total 102%
    - 100% paying actual cost of coverage
2% for allowed administrative fees

- How to Apply:
  - To exercise this option, graduates must notify their parents’ insurance companies they would like a COBRA extension within 60 days of turning 26.

**CATASTROPHIC COVERAGE INSURANCE FROM THE MARKETPLACE**

Catastrophic coverage refers to high deductible insurance designed primarily as a protection against very high medical expenses, such as extended hospitalization, surgery or other expensive treatments. Coverage is only available to people under 30 years of age, or someone who can prove they are experiencing a **qualifying hardship**. Plans provide three primary care office visits and a number of preventive services each year, free of charge. Any care needed beyond these services must be paid for, up to the full deductible amount. After that, the insurance should pick up all **essential health benefits** for the remainder of the year.

- Advantages:
  - Least expensive coverage option in the insurance marketplace
  - Suitable for otherwise healthy individuals who want protection in the event of serious illness or injury
  - Inexpensive short term coverage plan, if access to employer plan is anticipated
- Possible Limitations:
  - Premiums ineligible for subsidy
  - At risk for extensive out of pocket health care costs
  - New plan must be purchased when insured turns 30
- How to Apply:
  - Catastrophic plans are purchased on **state marketplace websites** or on **HealthCare.gov**.

**SHORT-TERM INSURANCE**

Short-term insurance generally provides coverage for periods ranging from 30 days to 12 months. Plans are designed to meet the needs of those who are transitioning between a plan no longer available and one not yet available. This type of plan is not considered to meet the minimum requirements of the ACA, so those who choose it may still be subject to penalties. Plans may not cover pre-existing conditions. Coverage is similar to that under catastrophic plans except it doesn’t include any preventive or primary care services.

- Advantages:
  - People often insured within 24 hours of applying
  - Term of coverage is flexible
  - Less expensive than more comprehensive plans
- Disadvantages:
  - Does not meet ACA requirements
• May not cover pre-existing conditions
• Does not include any preventive or primary care
• Re-issued for one additional 12 month term
• No subsidy available for premiums

How to Apply:
• There are a number of sites where short-term insurance may be purchased.

UNDERSTANDING YOUR EMPLOYER-SPONSORED PLAN

Most Americans receive health insurance through employer-sponsored plans. Generally, the cost of these plans is subsidized, at least in part, by the employer. Premiums are typically paid through payroll deduction. Plans often offer the option of employee-only, employee plus one or family coverage, with pricing specific to each choice. Some plans require a waiting period after hiring before permitting sign-up which is limited to 90 days under the ACA. Most plans have an annual “Open Enrollment Period,” where employees can make the decision to participate or not, or to change coverage.

Things to Consider Before Signing Up for Employer-Sponsored Plan

• What is the true cost of coverage?
  • Premium
  • Deductibles, Individual and Family
  • Co-pays
  • Out-of-Pocket Annual Maximums
  • Out-of-Network costs
• Are all members of family covered?
• Are desired doctors and hospitals considered in-network or out-of-network?

When to Look Beyond the Employer-Sponsored Plan

• If your employer does not cover any of the cost of premiums
• If the plan being offered is insufficient to meet your needs
• If dependents are not covered under the plan, you can shop for a policy to cover them separately

OPTIONS FOR THE UNINSURED

Despite the increased number of choices in coverage made available by the ACA, there are still individuals who are unable to afford or receive coverage. Many residents who live within states that opted out of Medicaid expansion fall within a coverage gap, meaning they make too much to qualify for Medicaid, but not enough to qualify for subsidies on the exchange. Uninsured individuals can make use of both free clinics and charity care services. Read more about these options in our guide, “Navigating Healthcare for the Uninsured.”

The implementation of the Affordable Care Act has resulted in drastic changes to health insurance markets. During this period of transition, it is important to be
educated on all possibilities before making a choice. It is also important to know that failure to maintain insurance coverage on a continuous basis will subject nearly everyone to penalties on next year’s tax returns.

### ADDITIONAL RESOURCES

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Wyoming        | Healthcare Marketplace  | 1-800-318-2596

HEALTH INSURANCE GUIDES

UNDERSTANDING HEALTH INSURANCE
UNDERSTANDING THE AFFORDABLE CARE ACT
UNDERSTANDING MEDICAID
UNDERSTANDING HEALTH INSURANCE FOR COLLEGE STUDENTS
NAVIGATING HEALTHCARE FOR THE UNINSURED

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