REPORT OF THE COUNCIL ON MEDICAL SERVICE

CMS Report 4 - A-07

Subject: Health Insurance Coverage for College Students

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At the 2006 Annual Meeting, the House of Delegates adopted Recommendations 1 and 2 of Council on Science and Public Health (CSAPH) Report 8, which ask that "the American Medical Association Council on Medical Service evaluate health insurance coverage of full-time undergraduate and graduate students," and "that our AMA recommend that any such insurance coverage should have full parity for mental health and substance abuse treatment." The Board of Trustees referred Recommendations 1 and 2 of CSAPH Report 8 (A-06) to the Council of Medical Service for study and report back to the House at the 2007 Annual Meeting.

In response to the narrow scope of Recommendations 1 and 2 of CSAPH Report 8, this report addresses college students, and acknowledges that the health insurance coverage difficulties of college students overlaps in many ways with those of the general population of young adults. This report highlights the current health insurance status of college students; provides data on the mental health and substance abuse needs of the young adult population; summarizes recent college-focused reforms and state legislation; describes emerging private health insurance policies for young adults; and provides an overview of AMA advocacy for the uninsured. The Council is optimistic that many of the recent efforts described in this report will expand health insurance coverage among young adults.

DATA ON UNINSURED YOUNG ADULTS/COLLEGE STUDENTS

For purposes of data collection and reporting, young adulthood typically ranges from 18 to 29 years of age. However, it is important to note that depending on the source used, there is a variation in the classification of "college aged" young adults. For example, some sources use ages 18 to 24, while others use ages 19 to 23.

In young adulthood, it can be difficult to obtain health insurance for several reasons. For those in Medicaid and SCHIP, eligibility for low-income children extends through age 18 and ends at age 19. Medicaid coverage for childless adults is limited to those who are disabled, elderly, or pregnant. In private coverage, at age 19, most young adults are removed from their parents' health plans unless they are full-time students. Dependent coverage for full-time students typically ends between ages 23 to 25 under most private health insurance plans.

Young Adults

Young adults of college age (18 to 24) are the most likely age group to be uninsured. According to the US Census Bureau, young adults make up nearly one-fifth of the country's total uninsured population. In 2005, there were 27.9 million young adults aged 18 to 24. Of those, 8.2 million (29.3%) were uninsured. By comparison, the national average of uninsured adults is much lower at about 17.5%.

The Current Population Surveys show that the percentage of uninsured young adults of college age varies significantly within the ages of 18 to 24. For example, the survey found that from age 18 to 20 years, 10% of young adults of college age are uninsured. The proportion of the uninsured rises to 18% for 22 year olds, and to 38% for 23 to 24 year olds.

College Students

In the US, there are roughly 7.9 million full-time students and 1.4 million part-time students aged 18 to 24. From 1996 to 2000, the Survey of Income and Program Participation (SIPP) tracked health insurance coverage of college students and found that 23% were uninsured at any time, while 13% were uninsured for six or more months. Some college students clearly face gaps in insurance coverage as they transition to college and through their college years. Many studies have shown that a lack of health coverage, for even short periods of time, results in decreased access to care, and a reduced likelihood of receiving timely preventive care and treatment services. Overall, the young adult population is overrepresented among the uninsured, and as a group they are more likely than the general population to experience gaps in their medical care.

HEALTH STATUS OF YOUNG ADULTS OF COLLEGE AGE

Although young adults tend to be healthier than other populations, the young adult population is known to make poorer choices than older adults regarding alcohol, sexual activity, drugs, and sleep. Accordingly, young adulthood is known to be a high-risk period (e.g., unintended pregnancy, sexually transmitted diseases, and substance abuse) increasing the importance of health insurance coverage. Young adults under the age of 25 are at a higher risk of contracting sexually transmitted diseases (STDs) due to a combination of behavioral, cultural, and biological factors. The most common STDs among young adults are the human papillomavirus (HPV), trichomonisis, and chlamydia. According to the Kaiser Family Foundation, nearly 29% of 20 to 29 year olds are infected with HPV, and one-third of all HIV diagnoses are among young adults.

In addition, injury-related visits to emergency rooms are more common among young adults than any other age group. The Advisory Board Company in Washington, DC, reported that uncompensated hospital care attributed to uninsured college students totaled more than $100 million (making up less than 1% of total uncompensated care) in 2004. Unexpected events and circumstances, such as injuries and other medical conditions, can greatly escalate the medical expenses of uninsured young adults.

MENTAL HEALTH AND SUBSTANCE ABUSE

Mental health experts have found that young adults can be heavily reliant upon behavioral health services, outpatient services, and prescription drugs. Colleges have grown increasingly concerned about adequate student access to mental health resources on college campuses. As students move away from home and are presented with an entirely new environment, they face additional stresses, including financial strain, new social challenges and competition to perform well in college. Many mental health experts believe that these pressures have increased the number of cases of anxiety and depression in students. However, some colleges have found that their resources have been insufficient to keep up with demand. For example, the University of Pittsburgh found that students on psychiatric medication rose from 9% in 1994 to 24% in 2005. Similarly, counselors at the University of Missouri Kansas City discovered that student cases of depression doubled from 1993 to 2006.

In April 2007, a US Senate hearing convened to discuss Senate action on the adequacy of mental health resources on college campuses. Testimony reflected growing concerns regarding the lack of mental health resources at college counseling centers, and alarming statistics on the number of students that face suicide and depression. In 2006, the American College Health Association's National College Assessment, which covers nearly 95,000 students at 117 campuses, found that 9% of students had seriously considered suicide in the previous year, and 1% had attempted suicide. The study also found that 94% of students reported feeling overwhelmed by all they had to do, and nearly 50% felt so depressed it was difficult to function.

About 36 states have enacted some type of mental parity law that pertains to both children and adults. Five states mandate coverage of all mental health and substance abuse disorders, while the majority of states with mental health parity coverage have comprehensive laws that contain specific exemptions that apply to only select groups (e.g., severe mental illness, government employees) and/or do not cover substance abuse treatment.

COLLEGE HEALTH INSURANCE COVERAGE PROGRAMS

According to a 2004 report by the Commonwealth Fund, about 25% of public colleges and 90% of private universities require students to have health insurance. The report also found that 46% of full-time students were covered by their parents' employer-sponsored plans, 20% had individual coverage such as college health plans, 7% had own-employer coverage, and 20% were uninsured.

Models for Health Insurance Coverage

In order to ensure that college students have access to adequate health care coverage, colleges usually follow one of these four models:

- Voluntary - Students have the option of purchasing the institution's health insurance plan, but are not required to show any proof of insurance to the institution.

- Soft Waiver - Students are required to purchase the institution's plan or have health insurance coverage comparable to the institution's plan. Students who claim to have comparable coverage can waive the college plan, and are not required to provide evidence of comparable coverage.

- Hard Waiver - Students are required to purchase the institution's plan or have health insurance coverage comparable to the institution's plan. Students who claim to have comparable coverage must provide evidence of this coverage.

- Mandatory - All students are required to purchase the institution's student health insurance plan regardless of whether they have outside insurance coverage. There is no ability to waive the institution's plan.

Washington University in St. Louis implemented a mandatory health insurance policy in 1999, with the goals of eliminating risk selection in order to reduce premiums; eliminating the university's administrative burden in implementing waiver programs; and reducing several of the complexities of dealing with multiple plan designs. Initially, the university faced some opposition from students and parents. However, after the first 18 months, Washington University found that

students were not delaying medical tests due to costs as they had done previously. Washington University also reported being in a better position to negotiate for hospital and subspecialty services, since the new program allowed for easier billing and a reduction in the number of uninsured students. Over time, Washington University found it easier to improve benefit design and limits, by covering students in travel abroad programs and allowing students that drop out of school or graduate to remain covered for up to 12 months. The program has so far proved beneficial to both the college and to the students, who have become more educated about health insurance and health care costs.

Cost of Attendance

Since the majority of these college-based models require some form of health insurance, many universities are investigating ways to help students afford adequate health insurance coverage by broadening the school's definition of cost of attendance (COA). The cost of attendance is determined by the school using guidelines established by federal regulations known as the Cost of Education or Student Budget. In general, COA covers tuition, room and board, transportation, books, and miscellaneous expenses. In some states, COA includes the cost of a college health care plan. Because COA expenses qualify for financial assistance from scholarships, work studies, federal aid, and student loans. Students may find health insurance coverage more affordable if health care coverage is included as a component of COA.

STATE LEGISLATION TO COVER YOUNG ADULTS/COLLEGE STUDENTS

As the number of uninsured college students rises, state legislatures are looking for ways to fulfill students' health care needs, including the need for mental health. About half of the states have created proposals and nearly 17 bills have passed on the definition of "dependent" in an attempt to reduce the number of uninsured young adults. Many of these state legislative proposals extend eligibility for dependents under private coverage regardless of student status. Massachusetts, California, and New Jersey have passed legislation that requires all college students to have health insurance before enrolling in college.

The National Conference of State Legislatures tracks state legislative actions on the age of dependency. Notable measures include the following:

- Colorado: A child is considered a dependent until age 25 as long as they are unmarried, financially dependent, or share the same permanent address as their policyholder (e.g., insured parent).

- Massachusetts: Dependents are allowed to stay on their parents' coverage for two years after they are no longer claimed on their parents' tax returns, or until age 25, whichever occurs first.

- Michigan: Dependents may be covered while they are enrolled in school (either full or part time), and are required to continue to be covered as a dependent for up to 12 months if they take a leave of absence from school due to injury or illness. If the student ages out of the policy in the 12 month period, the insurance is terminated.

- New Jersey: A dependent may be covered up to the age of 30 as long as they have no dependents of their own.

- Rhode Island: A dependent may be covered up to age 25 as long as they are financially dependent.

- South Dakota: Students have dependent status until age 24. If an individual is not enrolled in an educational institution, the maximum age of dependency is age 19.

- Utah: Coverage for unmarried dependents is required until age 26, regardless of whether or not the dependent is enrolled in an educational institution.

- Vermont: If insurance companies cover dependents after the age of 18, coverage is required to continue even if they take a medically necessary leave of absence from school for up to 24 months.

States have extended dependent benefits to young adults by student status and age, as well as for specific populations who take a leave of absence from school due to an illness or injury. These state legislative changes to extend eligibility for dependents under private coverage regardless of student status, appear to be accepted by health insurance companies since age extensions could potentially increase insurers' profits and also keep young, healthy adults in their insurance pools.

HEALTH INSURANCE COMPANIES TARGETING YOUNG ADULTS

In 2004, Blue Cross Blue Shield introduced Tonik Health, a health insurance product targeted toward young adults aged 19 to 34. Tonik Health is available in California, Colorado, Nevada, Connecticut, New Hampshire, and Georgia. Tonik Health is partnered with Sound Health, which is administered by UniCare in Texas and Illinois. Since the introduction of these health plans, Tonik Health reports that approximately 78% of current Tonik enrollees were previously uninsured.

The goal of Tonik Health and Sound Health is to make it easier for young adults to understand the terminology associated with health insurance and provide easy access to a health insurance product they can understand. These plans cost about $60 to $114 per month; have a user friendly Web site (http://www.tonikhealthplans.com); no waiting period to use coverage after approval; and minimal paperwork. If enrollees are out of state, they continue to have health care coverage under the Travel Access Program. Health plans offered by Tonik Health and Sound Health cover dental benefits, generic drugs, and discounted vision benefits. However, these plans do not cover maternity health benefits, mental health benefits, and brand name drugs, although enrollees have the option to pay a higher deductible to receive coverage for brand name drugs. Sound Health and Tonik Health plans have some limitations, but being targeted at the young adult population, the covered benefits could potentially be sufficient for a portion of this population. A framework differentiating between meaningful coverage options from those that provide little protection is highlighted at this House of Delegates meeting in Council on Medical Service Report 7 (A-07),"Adequacy of Health Insurance Coverage Options."

AMA POLICY AND ADVOCACY

The AMA continues to place a high priority on expanding health insurance coverage for all individuals (Policies H-165.920 and D-165.955[1]). The AMA encourages the health insurance industry, employers, and health plans to make available health insurance coverage to uninsured young adults under their parents' family policies up to age 28 with the following characteristics: be

available regardless of preexisting conditions; student status should not be a requirement for an extension; and if there are higher premiums, extended coverage should be made available as a separate extra-cost rider (Policy H-180.964). With respect to mental health parity, the AMA has long-standing policy supporting parity of coverage, including legislative changes for mental illness, alcoholism, and substance abuse (Policies H-185.974, D-185.994, D-180.998).

On January 18, 2007, the AMA formally announced its participation with 15 other organizations in the coalition activity "Health Coverage Coalition for the Uninsured (HCCU)." The HCCU proposal includes two phases, with the first being coverage for children. The second phase of the HCCU proposal would give states the option to expand Medicaid eligibility to all adults with incomes up to 100% of the federal poverty level (FPL). Individuals and families with incomes between 100% to 300% of FPL would be eligible for refundable and advanceable tax credits to purchase health insurance. College students who are not listed as dependents on their parents' policies most likely have incomes below 300% of FPL.

DISCUSSION

In the US, the young adult population from ages 18 to 24 is the most likely group to be uninsured. Although young adults of college age are typically healthy individuals, young adulthood is known to be a high-risk period, increasing the importance of health insurance coverage. Medicaid and SCHIP eligibility ends for the majority of young adults at age 19, and private insurance companies drop young adults from their parents' policies. In some cases, private health insurance policies allow young adults to be covered as a dependent until age 23 as long as they are full-time students. However, these policies leave many part-time and graduate students with limited health insurance coverage options.

Many universities have taken steps to expand health insurance coverage to college students, by mandating students to sign up for university-sponsored insurance and/or show alternative coverage in order to waive university-sponsored insurance. With these programs in place, colleges report an increase in the stabilization of university costs, and have discovered that their students have become increasingly more educated about health insurance. Regardless of the type of model used, the results have had the positive effect of reducing the number of uninsured college students.

Several states have begun to develop and enact measures to expand health insurance coverage to the uninsured. These state proposals universally take income into consideration, thus addressing the financial constraints experienced by many college students. In addition, a number of states have passed laws increasing the age of dependency. These state legislative changes will most likely reduce the number of uninsured young adults/college students, and expand the coverage options available to students, including part-time, graduate, and older students.

The AMA places a high priority on the uninsured, and supports efforts to cover young adults as dependents under their parents' policies up to age 28. The Council believes that student education on health care access and insurance are pertinent to helping reduce the number of uninsured young adults. By informing students, possibly with a required session at student orientation, schools can educate their students about their potential health insurance options (e.g., individual market, health savings accounts, school-sponsored coverage, and dependent coverage). The Council is encouraged by the level of interest in monitoring the health insurance coverage of college students, particularly with respect to mental health and substance abuse. In addition, the Council believes that the universities can be most effective at improving state efforts to reduce the number of

uninsured young adults. Taken together, the AMA's participation in HCCU and continued advocacy of individually owned health insurance, combined with state reforms and college-focused efforts would appear to address the primary concerns raised in CSAPH Report 8 (A-06).

References for this report are available from the AMA Division of Socioeconomic Policy Development.