

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Higher Education Committee

BILL: CS/SB 2256

INTRODUCER: Higher Education Committee and Senator Oelrich

SUBJECT: Student Access to Health Insurance

DATE: March 26, 2009 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	Matthews	HE	Fav/CS
2.			BI	
3.			HI	
4.			WPSC	
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill would require state universities that have student health centers that employ at least one full-time physician to bill a student's private health insurance for services received at the university health center. Each university student health center would have to be an in-network provider for certain health insurance companies. A student would be responsible for resolving outstanding balances owed to a student health center.

In order to qualify as university-sponsored insurance, an insurance company or managed care organization would have to comply with loss ratios so that at least 75 percent of the premiums paid by students would be spent toward medical services.

The Board of Governors (BOG) would have to review student access to health care services and the extent to which universities carry out the provisions of this bill and report to Legislative leaders in 2013.

This bill creates s. 1006.72, Florida Statutes.

II. Present Situation:

According to the BOG, there is a wide variation in health care services available to state university students that range from student health centers with comprehensive and extended services at the large universities to small clinics at certain institutions that are staffed by nurses, nurse practitioners, and part-time physicians. Students enrolled in state universities are assessed a health fee that supports a student health center or clinic and enables the facility to provide primary and minor urgent health care to students. The student health fee also supports some counseling services available to students. Health care services vary according to the size and complexity of the center and the needs of the institution's student population.

The health fee averages \$7.13 per credit hour (2008-09) with a range from \$4.58 (New College) to \$9.89 (University of Florida). Two universities have a block health fee per semester: Florida A & M University (\$59) and Florida International University (\$67.20). State universities offer student-oriented insurance policies, often with reduced premiums according to the size of the enrollment. Some institutions charge a discounted fee for specific procedures, testing, laboratory work, pharmaceuticals, or other needs that extend beyond basic care. International students must maintain adequate health insurance coverage while enrolled in a state university.¹ According to the BOG, it is not known how many state university students carry private health insurance.

Florida State University operates a mandatory student health insurance program. Students who have enrolled at FSU since fall 2007 are required to either purchase the student health insurance plan or verify existing coverage via an online waiver program.

A variety of health insurance billing systems and procedures exist among the state universities that range from institutions with no billing system to universities with full service systems that include electronic billing and processing.

III. Effect of Proposed Changes:

State Universities with Student Health Centers Employing at Least One Full-Time Physician

This bill would require state universities that have student health centers that employ at least one full-time physician to bill a student's private health insurance for services and prescriptions. Each university student health center would have to be an in-network provider for five of the ten largest health insurance companies or managed care organizations providing coverage in Florida. According to the Office of Insurance Regulation (OIR), the bill should clarify the criteria by which the "ten largest" is determined – i.e., by nationwide premium volume, by state-wide premium volume, or by premium volume within the marketplace (large group, small group, health maintenance organizations (HMOs), individual health insurance premium volume). The clarification should also provide a reference to the most recent calendar year for which the premium volume has been reported. In a dynamic market place, the "ten largest" could be one set of insurers/HMOs in a given year, and may add or drop companies by the time the next year's premium volume is reported. Finally, some insurers and, more specifically, HMOs operate in geographic territories. For example, an HMO located in one or two densely populated

¹ BOG Regulation 6.009, Admission of International Students to State University System Institutions.

metropolitan areas could be required to enter into a contract with a University Health Center in an area in which the HMO is not authorized to provide service and thus has no other providers in that area.

Mandatory Health Insurance Coverage

The bill authorizes certain universities to offer student health insurance coverage and to require students who do not provide proof of acceptable health insurance coverage to purchase the university-sponsored or other acceptable insurance as a condition of enrollment. In order to require mandatory health insurance coverage, the university must comply with the following:

- Competitively bid the university-sponsored health insurance;
- Establish policies that indicate acceptable alternative insurance policies;
- Bill a student's private or university-sponsored health insurance for services or goods rendered;
- Ensure that the student health center is considered an in-network provider with at least 5 of the 10 largest health insurance companies or managed care plans providing coverage in the state;
- Ensure that the university-sponsored insurance and acceptable alternative insurance policies are considered credible coverage as defined in s. 627.6561(5)(a), F.S.; and
- Accept the student health fee as a prepaid copayment, deductible, or payment for noncovered services, as allowed.

Florida State University is the only state university that currently mandates health insurance coverage for non-international students.

University-Sponsored Insurance

The bill provides eligibility requirements for an insurance company or managed care organization that wishes to be considered a university-sponsored insurance provider for student health care services. In order to qualify as university-sponsored insurance, an insurance company or managed care organization would have to comply with loss ratios so that at least 75 percent of the premiums paid by students would be spent toward medical services. According to OIR, as the student health insurance plan is developed, an actuary under contract to the plan for cost/benefit development would be professionally capable of creating those conditions that would produce a 75 percent ratio of expense to claims loss.

Student Obligations

A student would be responsible for resolving outstanding balances owed to a student health center. This requirement would hold a student responsible for the actions or inactions of his or her health insurer or HMO. It should be noted that pursuant to s. 627.613, F.S., a health insurer has up to 45 days after receipt of a claim to make payment to the provider. If, however, any portion of the claim is contested, or additional information is requested, the health insurer has an additional 60 days to pay the claim. Under this statute, the insurer must pay or deny any claim no later than 120 days after receiving the claim. The student is not party to the provider/insurer contract for purposes of reimbursement pursuant to law governing insurers/HMOs within the Insurance Code.

Implementation Issues

According to the BOG, the significant differences in size, complexity, and technological sophistication among the state universities would require institutions to individually respond to a mandate to put in place a business system to seek reimbursement from students' insurance providers. For most institutions, a significant investment in resources would be required.

The bill would take effect July 1, 2009, and implementation of the provisions would be delayed until July 1, 2010. During the year between the effective date of the law and the required implementation, planning would need to occur to identify costs and funding sources, as well as the personnel and training needs associated with contracting, billing, processing, and reporting, including information technology requirements.

Other Potential Implications:

This bill could significantly increase the administrative cost to universities that provide health care to students and it is not clear if reimbursement from private insurers for health services rendered would offset that cost. Additionally, there remains a concern that students would continue to pay twice for the same level of service. The student, or student's parent, would pay for the private health insurance coverage and simultaneously pay for a student health fee.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Insurers who elect to participate in the competitive bidding process for the university-sponsored student health insurance could incur costs for filing forms for compliance and they would have to meet the requirement that at least 75 percent of the premiums students pay from any insurance purchased must be spent on medical services.

C. Government Sector Impact:

State University System

Universities would need to employ and train staff in order to comply with a mandate to implement a billing system that would capture reimbursement costs owed by private health insurance companies to student health centers. State universities have indicated to the BOG that the fiscal impact of implementing the requirements outlined in this bill relating to billing systems and technology enhancements may exceed \$600,000 for the state university system (SUS). Implementation costs would vary by university. There may be additional costs for space and equipment.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Higher Education on March 25, 2009:

The committee substitute differs from SB 2256 in the following ways:

- The date of implementation is postponed until July 1, 2010;
- A student with an outstanding balance at the health center could register for classes subject to an agreement between the insurer and the university;
- University sponsored insurance and acceptable alternative insurance would not have to provide a standard health benefit plan but instead must provide “credible coverage”;
- Universities would not have to use 10 percent of net revenues to subsidize uninsured students;
- The cost of insurance would not have to be included in the calculation of the cost of attendance in the determination of financial aid awards;
- The OIR would not have to establish a 75 percent loss ratio; and
- Universities would not be required to report to the OIR.

B. Amendments:

None.