

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 885 State University Student Health Insurance
SPONSOR(S): State Universities & Private Colleges Policy Committee; Flores and others
TIED BILLS: **IDEN./SIM. BILLS:**

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	State Universities & Private Colleges Policy Committee	11 Y, 0 N, As CS	Thomas	Tilton
1)	Full Appropriations Council on General Government & Health Care		Delaney	Leznoff
2)				
3)				
4)				
5)				

SUMMARY ANALYSIS

CS/HB 885 creates the Student Health Insurance Protection Act and provides legislative intent.

Beginning July 1, 2010, state universities that charge a health fee, charge fees for services provided in the university health center, and have at least one full-time physician must bill a student's private health insurer. Students must resolve any outstanding balance owed to the university health center, subject to the health insurer or managed care agreement between the university and health insurance companies or managed care organizations.

The bill establishes conditions that a state university must meet if the university elects to require students to provide proof of insurance as a condition of enrollment.

The bill establishes criteria an insurance company must meet to be eligible to be considered a university-sponsored insurance provider for student health care services.

The bill requires annual reporting by each state university of all revenue generated by insurance billing; expenses associated with insurance billing; and information on plans offered as university-sponsored health insurance. The bill requires the Board of Governors to review and report to the Legislature on student access to health care services.

The fiscal impact is indeterminate. Also, there is likely to be an additional administrative burden placed upon universities. See FISCAL COMMENTS.

The effective date of this act is July 1, 2009.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

University Health Centers

Currently, each state university is authorized to charge a health fee to support the university health center on each campus and enable the facility to provide primary and minor urgent health care to students.¹ The health fee averages \$7.13 per credit hour with a range from \$4.58 to \$9.89 per credit hour. Two universities have a block health fee per semester: Florida A&M University (\$59) and Florida International University (\$67.20).² In addition to services covered by the health fee, some institutions charge a discounted fee for specific procedures, testing, laboratory work, pharmaceuticals, or other needs that extend beyond basic care.

There is a wide variation in health care services available to state university students ranging from university 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. Health care services vary according to the size and complexity of the center and the needs of the institution's student population.

A variety of health insurance billing systems and procedures exist among the state universities ranging from institutions with no billing system to universities with full service systems that include electronic billing and processing.³

University Student Insurance Coverage

Some state universities offer student insurance policies, often with reduced premiums according to the size of the enrollment. Eight of the eleven state universities offer student insurance policies ranging from \$795 - \$1796 for the 2008-09 academic year.⁴

Florida State University operates a mandatory student health insurance program. Full-time students enrolled since Fall 2007 are required to either purchase the student health insurance plan or verify existing coverage via an online waiver program. The cost of the mandatory student health insurance during the 2008-09 academic year was \$1404.⁵

¹ Section 1009.24(9), F.S.; E-mail correspondence with the Board of Governors staff (December 16, 2008).

² Board of Governors, Public Colleges and Universities of Florida, Tuition and Required Fees, Fall 2008-09, (March 12, 2009).

³ Board of Governors analysis of HB 885 (March 13, 2009).

⁴ Senate Higher Education meeting agenda materials (March 12, 2009).

⁵ *Id.*

International students must maintain adequate health insurance coverage while enrolled in a state university.⁶

Effect of Proposed Changes

CS/HB 885 creates the Student Health Insurance Protection Act. The intent of the Student Health Insurance Protection Act is for state universities to:

- assist students by billing the private insurer for services received at the university health center.
- recognize private health insurance as an alternative to mandatory university health insurance coverage.
- maximize the revenues of state universities by collecting funds from private health insurers to subsidize the operation of the university health center and reduce health fees or fees for health services.

Beginning July 1, 2010, state universities that charge a health fee, charge fees for services provided in the university health center, and have at least one full-time physician must bill a student's private health insurer for services, prescriptions, or other items provided by university health center for which the student is charged.

These institutions must also ensure that the university health center is considered an in-network provider with at least five of the 10 largest health insurance companies or managed care plans providing coverage in the state. The Office of Insurance Regulation (OIR) provided the following comments regarding this requirement:⁷

- At present, insurance and HMO laws do not mandate that an insurer/HMO include specific, named providers with which to contract. It is unclear if a statute in Chapter 1006 can be enforced by a university without a corresponding requirement made of insurers and HMOs to include a University Health Center amongst its contract providers.
- The term "insurer" needs to be clarified if the intent is to include HMOs. Clarification is also needed as to the criteria by which "ten largest" is determined – i.e., by nationwide premium volume, by state-wide premium volume, by premium volume within market place (large group, small group, HMOs, individual health insurance premium volume?). The clarification should also reference a further qualifier – i.e., by reference to most recent calendar year for which premium volume has been reported. The market place is dynamic. The "ten largest" may be one set of insurers/HMOs in 2006 and may add or drop companies by the time the next year's premium volume is reported.
- Finally the mandate to contract needs refinement to recognize that some insurers and most specifically HMOs operate in geographic territories. As written, for example, an HMO located in one or two densely populated metropolitan areas could be required to enter 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.
- This requirement may not meet the needs of specific campuses and their student population.
- The task of procuring contracts with health insurance companies is tedious and costly. Contract negotiation expertise would be needed and system-wide negotiation should be considered.⁸

The bill requires a student to resolve any outstanding balance owed to the university health center, subject to health insurer or managed care agreements between the university and health insurance company or managed care plan. The OIR indicates that this language holds a student responsible for the actions or inactions of his or her health insurer or HMO. Section 627.613, F.S., provides a health insurer 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

⁶ Board of Governors Regulation 6.009 - *Admission of International Students to State University System institutions.*

⁷ Office of Insurance Regulation Analysis of HB 885 (March 13, 2009).

⁸ *Id.*

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.⁹

Beginning July 1, 2010, any state university that elects to require students to provide proof of health insurance coverage as a nonacademic condition of enrollment must:

- Competitively bid any university-sponsored health insurance.
- Establish policies that outline acceptable alternative insurance policies.
- Bill a student's private or university-sponsored health insurer for services, prescriptions, or other items provided by the university health center for which the student is charged.
- Prevent double billing by accepting the student health fee as a prepaid copayment, deductible, or payment for noncovered services, subject to provisions in any managed care agreement that expressly prohibits prepayments.

State universities requiring students to provide proof of health insurance coverage as a nonacademic condition must ensure that the university health center is considered an in-network provider with at least five of the 10 largest health insurance companies or managed care plans providing coverage in the state.

State universities requiring students to provide proof of health insurance coverage as a nonacademic condition must use at least 10 percent of all net revenues generated through insurance collections to provide subsidies for uninsured students to purchase university-sponsored insurance or an alternative insurance policy. According to the BOG, the vast majority of revenues collected would be used to subsidize the operation of the university health center and establish health fee priorities in the provision of health care services including psychiatry, counseling, education, prevention, intervention, and student leadership development.¹⁰

The bill provides that a domestic student's health insurance policy is considered as acceptable alternative insurance if:

- The policy meets the level of services in the standard health benefit plan as described in s. 627.6699(12)(b)4.;
- The policy provides, at a minimum, coverage from the beginning of a semester, 24 hours a day, until the beginning of the next semester; and
- The university health center is included in the network of providers covered by the policy or there are network providers covered by the policy in reasonable geographic proximity to the university campus where the student is enrolled.

The bill requires that proof of health insurance coverage be provided in the manner and by the date prescribed by the university or the university may require the student to purchase the university-sponsored health insurance or acceptable alternate insurance.

The bill requires that to be eligible to be considered a university-sponsored insurance provider for student health care services, the insurance company or managed care plan must:

- Fulfill the requirements to serve as an insurance carrier, including an entity that provides health benefit plans in this state, an authorized insurer, a health maintenance organization, or any other person providing a health benefit plan that is subject to insurance regulation in this state.
- The insurance company or managed care plan must comply with a 75 percent loss ratio so that at least 75 percent of the premiums students pay for any insurance purchased through the university must be spend on medical services.

The bill requires each state university to report annually:

- All revenue generated through private, university-sponsored, and acceptable alternative student health insurance billing;
- Expenses associated with insurance billing from the previous fiscal year; and

⁹ Office of Insurance Regulation Analysis of HB 885 (March 13, 2009).

¹⁰ Board of Governors analysis of HB 885 (March 13, 2009).

- Information on student health insurance and managed care plans offered by the university as university-sponsored student health insurance, including the loss ratios of each.

The bill requires the BOG to review student access to health care services, including the scope and use of services of uninsured students, the means to improve access to health care for students, the use of revenues for billing health insurance carriers, the success of university health centers in becoming in-network providers with major insurance carriers in the state, and proposals to improve the benefits and efficiency of student access to health care services and provide a report to the President of the Senate and the Speaker of the House of Representatives by January 31, 2013.

B. SECTION DIRECTORY:

Section 1. Creating s. 1006.72, F.S., providing a short title and legislative intent; providing requirements for state universities with health centers; authorizing a state university to require student proof of health insurance coverage if certain conditions are met or to require the purchase of university-sponsored or other insurance in certain circumstances; requiring student responsibility for resolving outstanding balances owed a university health center; providing requirements for acceptable alternative insurance; providing requirements for proof of coverage; providing requirements for university-sponsored insurance providers; requiring annual reporting by state universities; requiring the Board of Governors to review and report to the President of the Senate and the Speaker of the House of Representatives on student access to health care services.

Section 2. Provides an effective date of July 1, 2009.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS.

2. Expenditures:

See FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See FISCAL COMMENTS.

2. Expenditures:

See FISCAL COMMENTS.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Insurers who elect to participate in the competitive bidding process for the university-sponsored student health insurance will most likely need to file forms for compliance and rates in order to meet the requirement that at least 75 percent of the premiums students pay for any insurance purchased must be spent on medical services.¹¹

Insurance companies currently providing insurance to families of university students will likely experience increased costs as universities begin billing them for covered services; however, the amount is indeterminate.

¹¹ Office of Insurance Regulation Analysis of HB 885 (March 13, 2009).

The bill places the responsibility on the student for resolving any outstanding balances owed to the university health center by a health insurer or managed care agreement.

Students may experience a decline in health fees if revenues are sufficient; however, the amount is indeterminate and may vary by university as the percentage of students covered by private insurance varies significantly between universities.

D. FISCAL COMMENTS:

The bill requires universities to comply with a mandate to implement a billing system that would capture reimbursement cost owed by private health insurance companies to university health centers within the State University System (SUS). Due to the significant differences in size, complexity, and technological sophistication among the state universities, the fiscal impact of requiring institutions to put in place a business system to seek reimbursement from students' insurance providers will vary by institution. State universities have indicated 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 SUS.¹² In addition, they indicated there would be recurring costs associated with paying for and housing additional staff; however, this too would vary by institution.¹³ State universities have indicated that the task of procuring contracts with five health insurance providers is costly and that specific contract negotiation skills would be required. In addition, they noted that a mandatory requirement may put them at a competitive disadvantage in the negotiation process.¹⁴

Universities may elect to use a private vendor to process claims in lieu of establishing an in-house function. Vendors typically assume most costs associated with developing and implementing the collection process in return for a percentage of future collections and may be in a position to facilitate the process of negotiating with insurance providers. BOG staff and other knowledgeable parties have indicated that this percentage may be as high as 40 percent initially, but will likely decline some degree over time. However, they noted that there still would be costs associated with changing processes and training staff in order to interface with the vendor, but a specific estimate of costs was not provided.

While universities are not required to comply until July 1, 2010, at least some expenses will be incurred in fiscal year 2009-1010 to begin transitioning to the new requirements.

The bill provides Legislative intent that state universities generate revenues from students' private health insurance plans for services rendered at the university health center. It is not known how many students within the SUS carry private health insurance coverage. Therefore, the amount of estimated revenues generated as a result of private health insurance reimbursements is unknown.¹⁵

University health centers are defined as 'auxiliary enterprises' as such, they are not funded by state moneys and any revenues must be used within the health center.¹⁶ While the bill directs the universities to reduce the health fees or fees for services, there is no requirement to do so. To the extent health fees are reduced, savings will be realized by state's Bright Future's program as many university students are receiving a full or partial scholarship, which both cover health fees. Due to the uncertainties regarding revenues and any ultimate impact on health fee reductions, savings to the state is indeterminate.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

¹² Office of Insurance Regulation Analysis of HB 885 (March 13, 2009); Board of Governors analysis of HB 885 (March 13, 2009).

¹³ *id*

¹⁴ Board of Governor's supplemental analysis of PCS HB 885 (March 20, 2009).

¹⁵ Board of Governors analysis of HB 885 (March 13, 2009).

¹⁶ Sections 1011.47(1) and 1009.24(9), F.S.

This bill does not appear to require a city or county to expend funds or to take any action requiring the expenditure of funds.

The bill does not appear to reduce the authority that municipalities or counties have to raise revenues in the aggregate.

This bill does not appear to reduce the percentage of state tax shared with counties or municipalities.

2. Other:

B. RULE-MAKING AUTHORITY:

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On March 25, 2009, the State Universities & Private Colleges Policy Committee adopted a Proposed Committee Substitute to HB 885 and reported the bill favorably as a Committee Substitute (CS). The differences between the CS and the bill are:

- HB 885 requires state universities that have university health centers that employ at least one full-time physician to bill a student's private health insurer and ensure that the university health center is considered an in-network provider with at least five of the 10 largest health insurance companies or managed care plans providing coverage in the state. CS/HB 885 delays the implementation date of this provision until July 1, 2010, and includes additional criteria an institution must meet in order to be subject to the requirements.
- CS/HB 885 delays the effective date of conditions with which state universities must comply to require students to provide proof of health insurance coverage until July 1, 2010.
- HB 885 requires a student to resolve any outstanding balance owed to the student health center, before registering for a subsequent term unless other arrangements are approved by the university. CS/HB 885 does not include the restriction on registration.
- HB 885 requires the cost of health insurance to be included in the calculation of financial aid award. CS/HB 885 does not include this requirement.
- HB 885 provides duties of the Office of Insurance Regulation of the Department of Financial Services. CS/HB 885 does not include any duties for the Office of Insurance Regulation of the Department of Financial Services.
- HB 885 requires the Board of Governors to work with the state universities, the Office of Insurance Regulation of the Department of Financial Services, and the health insurance providers in the state to reduce premiums and enhance benefits for the health insurance coverage available to students attending state universities. CS/HB 885 does not include this requirement.