

Students and Health Insurance

Good health is important to everyone, but few people could afford to pay for medical care without the assistance of a health insurance plan.

Health insurance protects your assets in the event of expensive medical bills, and may even help keep you healthy by providing benefits for preventive care.

With the exceptions of Medicare for the elderly and Medicaid for the poor, there is no default medical care plan available in the United States. Individuals must either buy a health insurance plan or go without. And the cost of not having insurance is striking – medical bills are the leading cause of personal bankruptcy today.

There are several health insurance options that are available for students – keeping existing coverage through a parent’s policy (if available), purchasing group health insurance through your school, or purchasing an individual health insurance policy on the open market. Below are some of the factors you should consider when making your choice.

Group and Individual Policies

Health insurance is purchased either as part of a group of people or directly from an insurance company as an individual. Group insurance is a type of plan in which individuals are insured under one master policy that is purchased by an organization such as an employer, university, or other group. Because a group insurance plan has so many members, the policy often provides coverage for a wide variety of services at a low cost per participant. Since group plans allow insurance companies to spread the risk of expensive medical care among many individuals, these policies are also a good choice for older people or people with poor health since a physical exam is not required.

Individual health insurance is a plan in which a single person purchases coverage directly from an insurance company. Unless they purchase insurance in a state that requires health insurance or are a member of a group affected by federal health insurance reform, an insurance company has the option to either accept or deny the



individual seeking the policy. As a result, individual plans tend to be more restrictive and expensive than group plans.

Those seeking individual plans will likely be asked to answer detailed medical questions and to agree to a comprehensive physical exam. Individual plans may also experience rate increases or plan cancellations that would not occur under a group policy. Please keep in mind that healthcare laws are changing continually and laws vary by state.

While group plans are typically a better deal for consumers than individual plans, the problem is that all group health insurance policies aren’t created equal.

Campus Health Insurance Plans

Many schools offer a student health plan and combine payment for the plan with normal tuition and fees. These plans are convenient since they are integrated with the campus health center, and they meet most student needs for a relatively low cost. But there are some negatives:

- ▶ Campus plans may offer coverage only during the school year.
- ▶ Campus plans may also require higher deductibles for care and offer a low maximum benefit in the event of a catastrophic medical event.
- ▶ School policies may restrict the sites from which the student may receive care.

- ▶ School policies may also require co-insurance, which means that the student would be responsible for paying a certain percentage of the total bill in addition to paying a deductible.

As with any major purchase, you should make sure that any health plan offered by your school meets your medical needs and offers benefits that meet your needs. If the plan is effective only during the school year, what will you do for coverage during the summer? Is there an option for purchasing summer coverage that may be used where you live? What happens if you get sick while studying abroad or when away from school?

University plans may also offer lower cumulative benefit levels when compared with other coverage options, such as a parent's group policy or an individual insurance policy. For example, a university policy may have a \$50,000 maximum yearly benefit or other limitations, such as restrictions on per day expenses, which could leave you with a higher than expected bill in the event of accident or illness. University plans are also not portable, meaning that once you leave school, your plan will end.

Campus Plan vs. Parental Group Plan

Nearly 70% of college students with health insurance receive it through their parent's employer. These plans may be a cost-effective option for providing year-round healthcare that enables a student to keep the same primary healthcare provider they had before college. These plans may not be accepted by the campus health center, so obtaining care while in school may be less convenient.

Campus Plan vs. Individual Plan

It is true that individual policies are more difficult to obtain than group policies such as a parent or university plan, but there are cases in which individual plans may offer the best benefits. A student's parent may not be able to provide health insurance coverage, or the student may be too old to remain on the parent policy. International students would also not be able to continue to use a parent policy. Further, depending on the school, part-time students may not be allowed to purchase a campus plan.

If an individual plan applicant is healthy, there may be student-focused plans that are comparable in price with a university plan. While care at the campus health center may not be available, the individual plan would have the benefit of being portable to other schools and possibly continuing after graduation, while providing year-round coverage.

Campus Plan vs. Individual Plan

Regardless of your health insurance options, there are a number of factors that are useful for comparing various plans.

- ▶ **What's Covered** – In addition to catastrophic medical events, does the plan cover periodic checkups, mental health, or prescriptions?
- ▶ **Plan Type** – Does the plan let you choose any doctor? Do you have to pay at the doctor's office and file for reimbursement?
- ▶ **Lifetime Maximum** – The maximum dollar amount that the insurance company would pay over your lifetime. Be sure to consider maximum amounts for daily care, surgical care, or "single medical events," since maximum amounts can be somewhat misleading without reading the fine print.
- ▶ **Deductible and Co-payments** – What is the amount you will have to pay for medical care in a year before the insurance company begins to pay? Do you have to pay the entire deductible before office visits are covered or can you pay a co-pay (a charge of around \$20) from day one?
- ▶ **Co-insurance** – Does the plan make you pay a percentage of total care even after the deductible has been paid? 20% co-insurance rates are not uncommon for student plans.
- ▶ **Continuity of Care** – Is the plan year round? Is the plan available after graduation or if you study abroad?
- ▶ **Company Rating** – Look for an insurance company with top ratings from organizations such as A.M. Best or Standard and Poor's.

Health insurance is a complicated topic and evaluating plans can be tough. Make sure you look beyond the monthly cost to see exactly what coverage you are buying.