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Assignment #1: Op Ed Article

Student Health Insurance:
The "Broken Doughnut Hole" in National Health Reform

When Sarah considered leaving her state job to attend graduate school, her biggest financial concern was not tuition or living expenses; rather, it was how she would afford adequate health insurance. Sarah depends on expensive prescription drugs to manage a chronic condition, so student health insurance plans offered by most schools are not an option for her. A call to the Health Center at Brandeis University revealed that their PPO plan offered by Harvard Pilgrim Health Care had an attractive annual premium of only $1,500, but it did not cover prescriptions after the first $2,000. Without insurance, her prescriptions cost that much per month. Sarah thought, "this is worse than the Medicare doughnut hole." In fact, it's more like a doughnut hole that at a certain point breaks in two.

Had Sarah been younger, she could have stayed on her parents' health insurance plan until age 26, as allowed in President Barack Obama's Affordable Care Act. Yet, she was about to turn 27, so national health reform did nothing for her. Sarah's only options were to go on COBRA (which was prohibitively expensive), purchase private health insurance at market rates, or find a plan through the Health Connector, the insurance exchange established under the 2006 Massachusetts health reform law. Still, the least expensive Connector plan that covered her prescriptions costs three times as much as student health insurance at Brandeis. So, she took out additional student loans. The Affordable Care Act makes great strides in a number of areas, but students over age 26 and younger students whose parents are on Medicare or do not have health insurance are grossly overlooked.

Sarah is not alone. A growing number of people like her are choosing to work for several years after college before seeking a graduate degree which is now a requirement to get in the door at many companies. A study by the National Center for Education Statistics shows that the average age of masters and doctoral students is 33. Many students who leave their jobs to enter full-time programs face the burden of providing quality health insurance for themselves and their families. Non-traditional age undergraduates and students under 26 with no other coverage options share Sarah's dilemma. Only 30 percent of young adults have health insurance, three times higher than the uninsured rate among children. Americans *of any age* should not have to sacrifice health coverage to further their education. The solution must allow students to stay on their parents' health insurance plans, and also improve student health insurance itself.

As a group, student health insurance plans rank among the worst in the nation for coverage. Many offer remarkably low benefit ceilings, sometimes as low as $2,500 annually. Others limit certain areas of coverage such as preventive care and chemotherapy. University sponsored health plans spend only an average of 30 cents of every dollar on policy holders' medical claims. Anything under 75 percent is considered sub-par. Under the Affordable Care Act, as of January 2011, all insurance companies are now required to spend 80 to 85 percent on medical claims, but the industry is not going to give up their 70 cents without a fight.

A sensible way to improve student health insurance is for universities to band together to create insurance exchanges similar to the Health Connector. Critics may argue that providing comprehensive coverage will put student health plans out of business, but by expanding the risk pool across institutions, premiums could remain low and insurance companies could offer comprehensive benefits while still making a profit. Interest groups including the American Council on Education (ACE) and the American College Health Association (ACHA) have expressed concern that if student health plans do not meet the "minimum essential coverage" under the individual mandate, these plans will need to improve their offerings, becoming more expensive. A university-based insurance exchange addresses this concern. With more policy holders on each plan, the cost of covering prescriptions or other significant expenses for someone like Sarah would be absorbed. Students who anticipate having considerable medical expenses could have the option of purchasing a slightly more expensive plan that still costs less than what one would pay through a system like the Health Connector. A logical place to start is by forming consortiums of schools within the same state to serve as pilot models. If successful, the pilots can become the basis for a nationwide insurance exchange specifically designed to meet the needs of students.

With the cost of education between $10,000 to $40,000 per year, students like Sarah should not have to borrow additional thousands of dollars to pay for their prescriptions. As someone who is bettering herself through education, Sarah should not be penalized for preparing herself to realize the American Dream and make her desired contribution to society. Policy changes need to not just repair the doughnut hole, but eliminate it altogether.