

Global Advanced Research Journal of Educational Research and Review (ISSN: 2315-5132) Vol. 4(6) pp. 090-096, June, 2015  
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*Full Length Research Paper*

# Student Health Insurance under the Affordable Care Act: An Analysis of Premiums in Four-Year Degree Granting Public HBCUS

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Accepted 21 April, 2015

**The Patient Protection and Affordable Care Act (PPACA or ACA) has brought many changes to the U.S healthcare system. It has also affected the way higher education institutions provide healthcare coverage to their students. This article focuses on the cost of health insurance premiums in four-year degree-granting public Historically Black Colleges and Universities (HBCUs) and explores how the ACA affects college students. Most institutions do not offer health insurance as part of college tuition and fees anymore. Premium costs varied from one HBCU to another based on the state where it is located, the state's decision towards Medicaid expansion, and the type of Health Insurance Marketplace.**

**Keywords:** Health Insurance, Student, Care, HBCUS

## INTRODUCTION

In March 23, 2010 after major debates and compromises, President Obama signed into law the Patient Protection and Affordable Care Act (PPACA or ACA). The ACA is considered to be the most important healthcare reform since the passage of Medicare and Medicaid. The purpose of the act is to improve the quality of healthcare and make it more affordable and accessible to millions of Americans especially young adults ages 19-29 as these are among the groups with the highest uninsured rate

(Collins, Robertson & Doty, 2012, Albright, Moreno, Feeley, Samuels, Pereira & Burke, 2011). The ACA comes with major changes in the American healthcare system affecting medical providers, insurance providers, businesses, and individuals. The ACA has affected the way higher education institutions provide healthcare to their student population as well.

With the enactment of the ACA come several regulations in healthcare. Among the major regulations are: an individual mandate that requires almost every American to have medical coverage that meets certain standards under the law or incur a tax penalty and those

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uninsured individuals who cannot afford health insurance may be eligible for subsidies from the federal government through Medicaid and marketplaces depending on their state of residence (Manchikanti, Caraway, Parr, Fellows & Hirsch, 2011). It is argued that the marketplaces for health insurance will bring competition and thus drive costs down; individuals will be able to compare and choose the health plan that best meets their needs at a competitive price (The Staff of the Washington Post, 2010). Therefore to implement the ACA, states can establish their own American Health Benefit Exchange or more than one, or they have the option of using the exchange built by the federal government and also expand their Medicaid program to allow individuals and families with incomes at or below 133 percent of the federal poverty level (FPL) to have healthcare coverage.

Under the ACA, college students have the option of purchase their own insurance in the marketplace if they are eligible to, stay under their parents' health plan until age 26, apply for Medicaid, enroll in catastrophic health plans, or enroll in the student health insurance plans (SHIPs) offered by their institutions if it meets the ACA requirements, (U.S. Centers for Medicare and Medicaid Services, 2014); Postolowski and Newcomer (2013) call these the "improved student health insurance plans". Before the enactment of the ACA, some higher education institutions used to automatically enroll students who are registered for a certain number of credit hours in health plans that are sponsored by the school for lower costs. With the implementation of the ACA, student health insurance costs have increased affecting the way colleges and universities handle health coverage for students.

The purpose of this paper is to compare the costs of health insurance plans offered to students on a voluntary enrollment basis in four-year degree-granting public Historically Black Colleges and Universities (HBCUs) in the United States.

## DATA AND METHODS

In order to complete this paper, a list of accredited HBCUs containing public and private institutions was retrieved from the U.S. Department of Education website. This list presents all forty-one (41) institutions offering two-year and four-year degrees in alphabetical order; only public four-year degree granting HBCUs were selected for the purpose of this study. We then grouped the institutions by state and browsed through the websites of each one of them and the page of their student health centers to collect information about health insurance. From this process, institutions that did not have specific information about health insurance premiums online were removed from the sample; HBCUs from the U.S. Virgin Islands were also removed as the

ACA marketplace does not apply to them. We were left with a sample of nineteen (19) accredited 4-year degree granting HBCUs that did endorse student health insurance plans through the school. Some of the institutions' websites are linked from their student health center page to the website of their insurance provider, others provided information directly. Only annual, fall, and spring/summer premiums were considered as some institutions provided annual premiums and/or fall and spring only, or fall, spring/summer or fall, spring, and summer. Premium rates that cover Student Only were compiled; data on premiums for spouse, child/children or family through the school were not collected. Basic statistics were used to analyze the data.

## Insurance Options for College Students

Under the ACA, students have five options to acquire health coverage that meets the requirements. The mandate allows young adults to stay under their parent's health insurance coverage until they reach age 26 regardless of their place of residence, financial or marital status (U.S. Centers for Medicare and Medicaid Services, 2014); this provision applies to all health insurance plans that offer dependent coverage, whether they are sold through the ACA marketplace, through employers or other venues (Postolowski & Newcomer, 2013). Most educational institutions advise students to stay under their parent's health plans for a more comprehensive coverage if they are under age 26.

The second option for young adults to get medical coverage is through Medicaid if they are eligible. Depending on the state of residence and whether the state has chosen to expand Medicaid, individuals and students with incomes at or below 133% of the FPL are eligible for medical coverage through Medicaid (Postolowski & Newcomer, 2013).

The third option for students when seeking health coverage is through the ACA marketplace where they can benefit from tax credits and subsidies that will lower the cost of premiums regardless of their tax filing status.

The fourth option will be to enroll in Student Health Insurance Plans (SHIPs) endorsed by educational institutions. Eligibility to SHIPs does not prevent students from applying for coverage in the marketplace; they rather have the choice of comparing marketplace plans with SHIPs to find out which is best for them (DiPietro, B. & Klingensmaier, L. 2013; Postolowski & Newcomer, 2013), nevertheless students have to enroll in plans that meet the ACA requirements.

Finally students can choose to enroll in catastrophic health plans if they are less than 30 years old or could not find plans below 8% of their income. Catastrophic plans though have low premiums but high deductible and do not qualify for tax credits (Postolowski & Newcomer,

2013).

### **Medicaid Expansion and Impact on Private Health Plans**

An important aspect of the enactment of the ACA was a provision to expand Medicaid which will also expand coverage to millions of uninsured Americans who otherwise would not have medical coverage. However states have the freedom to adopt or reject Medicaid expansion (Postolowski & Newcomer, 2013). Holahan, Buettgens, Carroll, Dorn and The Urban Institute (2012) support that Medicaid expansion nationwide coupled with other provisions of the ACA would decrease the number of uninsured individuals by 48% that is by 2022; \$21.3 million people will enroll in Medicaid. If states chose to expand Medicaid, the federal government will cover 100% of the cost of new enrollees until 2016 then 90% from 2020 and beyond (CBO, 2012). The cost of Medicaid expansion nationwide for the states will increase by \$76 billion or 3% over 2013 to 2022 whereas it would cost the federal government \$952 billion more or 26%. However the decision by states to adopt Medicaid expansion or opt out for now will affect cost of private insurance also. With the ACA individuals with incomes between 100% and 400% of the FPL who do not qualify for Medicaid and cannot have valid coverage through their employer by the ACA regulation can have subsidies to purchase private insurance in the marketplace. Now if a state opts out of Medicaid expansion, those individuals with incomes 100% to 138% of the FPL who would be eligible to Medicaid if expanded will qualify for subsidies in the ACA marketplace. This group of low-income individuals who usually have higher health spending will trigger an increase in the rates of private insurance premiums by joining the marketplace especially in states with no Medicaid expansion (CBO, 2012; American Academy of Actuaries, 2012). Another provision of the ACA that would raise premiums in the individual market is the fixed cost of the temporary reinsurance program which is designed to pay for individuals with high health spending. This reinsurance subsidy per enrollee will decrease as more high-cost individuals join the marketplace.

### **ANALYSIS AND FINDINGS**

Table 1 presents the nineteen (19) 4-year degree granting public HBCUs selected for this study because information regarding student health insurance premiums was available in their university websites. These institutions were distributed according to the state in which they are located and the type of health insurance marketplace operated within the state under the ACA

mandate. Seventeen HBCUs out of nineteen are located in states that implement the ACA through the Federally Facilitated Marketplace (FFM). The states of Alabama, Florida, Georgia, Louisiana, Missouri, North Carolina, South Carolina, and Texas use the FFM and have not chosen to expand their Medicaid program at the moment. Two HBCUs, Delaware State University and the University of the District of Columbia, are respectively located in states with a State-Federal Partnership Marketplace and a State-Based Marketplace have expanded their Medicaid program.

Table 2 presents all nineteen selected HBCUs with their annual, fall and spring/summer student health insurance premiums. As a note when annual premiums are added to spring/summer premiums, the result equals the annual premium; the subtraction of premium for one semester also results in the premium for the other semester. Such calculation allowed finding the annual student health insurance premium for South Carolina State University, Prairie View A & M University and Grambling State University, and the fall premium for the University of the District of Columbia. The only premiums available for Delaware State University and Lincoln University are annual.

Chart 1 presents the annual, fall and spring/summer student health insurance premiums for all 19 selected HBCUs. From the chart, it is obvious that HBCUs located in the State of Louisiana have the highest rates of annual student health insurance premiums. Grambling State University premiums are higher than the ones for Southern University System although both insurance plans are underwritten by the same provider, Nationwide Life Insurance Company.

Alabama and A&M University (AAMU) has a Student Fixed Indemnity Accident and Sickness Plan for all enrolled students in addition to the services provided by the university student health center, but this plan does not provide comprehensive health coverage and does not meet the ACA requirements. Therefore students in AAMA should enroll in a voluntary health insurance plan underwritten by Nationwide Life Insurance Company like SU System campuses and Grambling State University although premiums in the latter institutions are higher.

In the State of Georgia, student health insurance plans in all three HBCUs selected have the same cost and the policies are underwritten by United Healthcare Insurance Company as the University System of Georgia health insurance provider. All five HBCUs selected in North Carolina also have the same premiums for SHIPs and are underwritten by Blue Cross Blue Shield of North Carolina as the insurance provider endorsed by the University of North Carolina System (UNC). At the UNC system, health insurance is mandatory to all enrolled students and the fees are billed each semester. However the students have the option to opt out of the SHIP if they present an alternative health coverage plan that meets

**Table 1** Selected 4-Year HBCUs by State and Type of Insurance Market by the ACA

<b>States</b>	<b>Types of Marketplace</b>	<b>Institutions</b>
<b>Alabama</b>	<i>Federally Facilitated Marketplace</i>	Alabama A & M University
<b>Delaware</b>	<i>State-Federal Partnership Marketplace</i>	Delaware State University
<b>Florida</b>	<i>Federally Facilitated Marketplace</i>	Florida Agricultural and Mechanical University
<b>Georgia</b>	<i>Federally Facilitated Marketplace</i>	Albany State University
		Fort Valley State University
		Savannah State University
<b>Louisiana</b>	<i>Federally Facilitated Marketplace</i>	Grambling State University
		Southern University and A & M College
		Southern University at New Orleans
<b>Missouri</b>	<i>Federally Facilitated Marketplace</i>	Lincoln University
<b>North Carolina</b>	<i>Federally Facilitated Marketplace</i>	Elizabeth City State University
		Fayetteville State University
		North Carolina A & T State University
		Winston-Salem State University
		North Carolina Central University
<b>South Carolina</b>	<i>Federally Facilitated Marketplace</i>	South Carolina State University
<b>Texas</b>	<i>Federally Facilitated Marketplace</i>	Prairie View A & M University
		Texas Southern University
<b>Washington, District of Columbia</b>	<i>State-based Marketplace</i>	University of the District of Columbia

Adapted from the Kaiser Family Foundation. State Health Insurance Marketplace Types, 2015.  
<http://kff.org/health-reform/state-indicator/state-health-insurance-marketplace-types/>

**Table 2** Selected 4-Year HBCUs and Premiums in U.S. Dollars

<b>INSTITUTION</b>	<b>ANNUAL</b>	<b>FALL</b>	<b>SPRING/SUMMER</b>
Alabama Agricultural and Mechanical University	1631	684	947
Delaware State University	1102		
Florida Agricultural and Mechanical University	1823	550	1274
Albany State University	1795	752	1043
Fort Valley State University	1795	752	1043
Savannah State University	1795	752	1043
Grambling State University	2405	859	1546
Southern University and A & M College	2186	728	1458
Southern University at New Orleans	2186	728	1458
Lincoln University	1403		
Elizabeth City State University	1604	802	802
Fayetteville State University	1604	802	802
North Carolina A & T State University	1604	802	802
Winston-Salem State University	1604	802	802
North Carolina Central University	1604	802	802
South Carolina State University	1315	548	767
Prairie View A & M University	1562	750	812.5
Texas Southern University	1382	543	844
University of the District of Columbia	1189	482	707

Adapted from White House Initiative on Historically Black Colleges and Universities. U.S. Department of Education. Accredited HBCU listing.  
<http://www.ed.gov/edblogs/whhbcu/one-hundred-and-five-historically-black-colleges-and-universities/>

Chart 1 Cluster of Premium Rates for All HBCUs in Sample

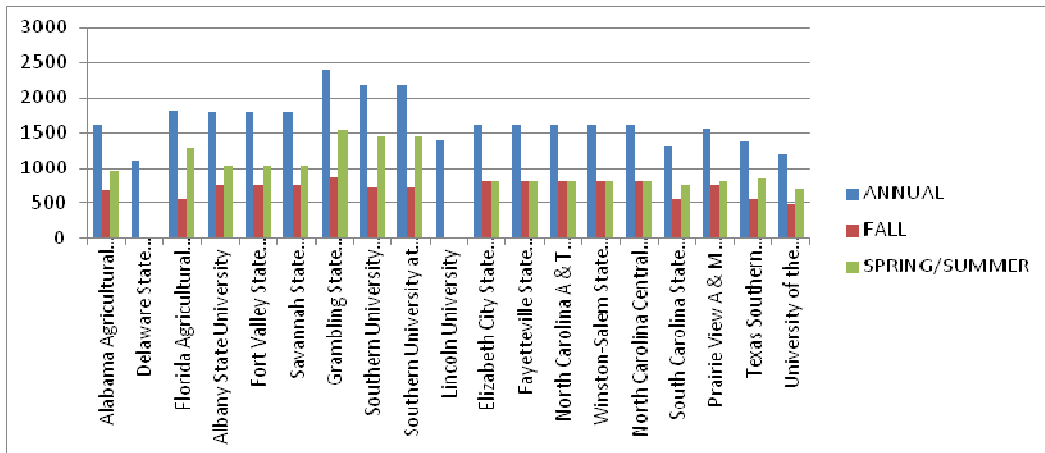


Chart 2 Cluster of Premium Rates for HBCUs in States with a Federally Facilitated Marketplace

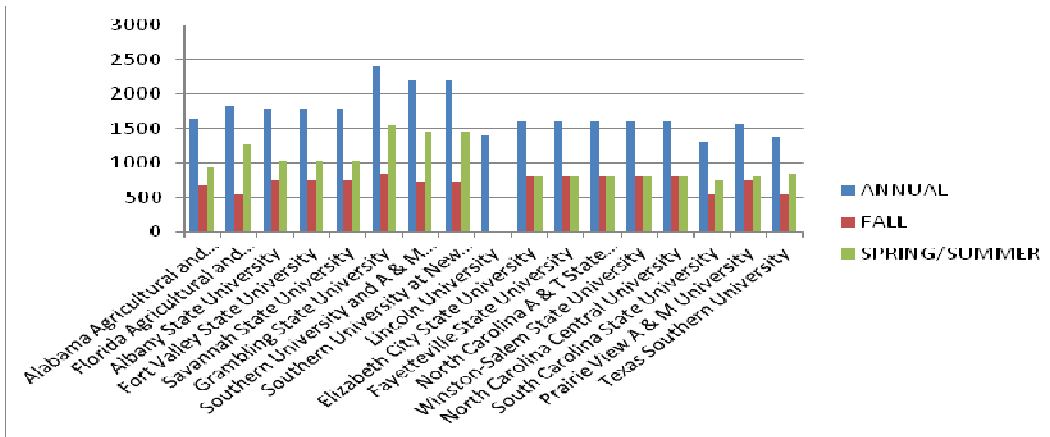


Chart 3 Spring/Summer Premium Rates

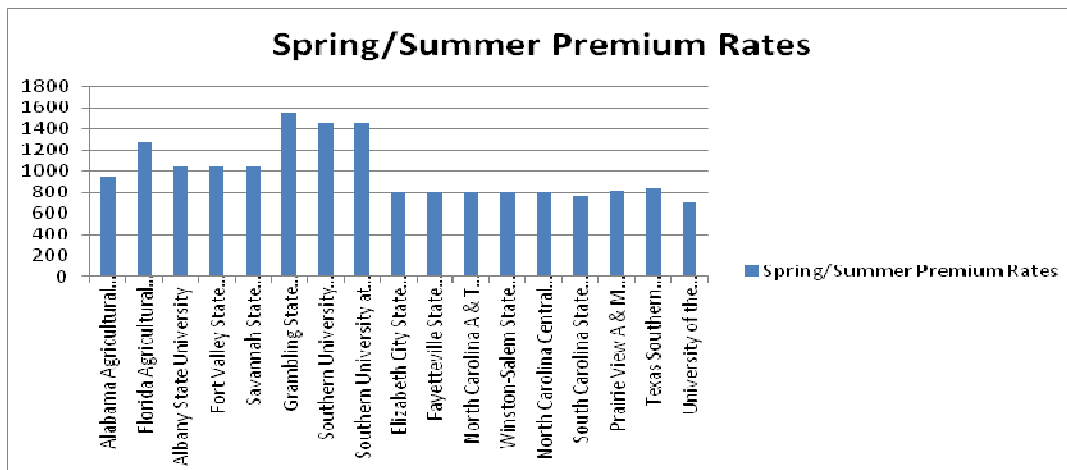
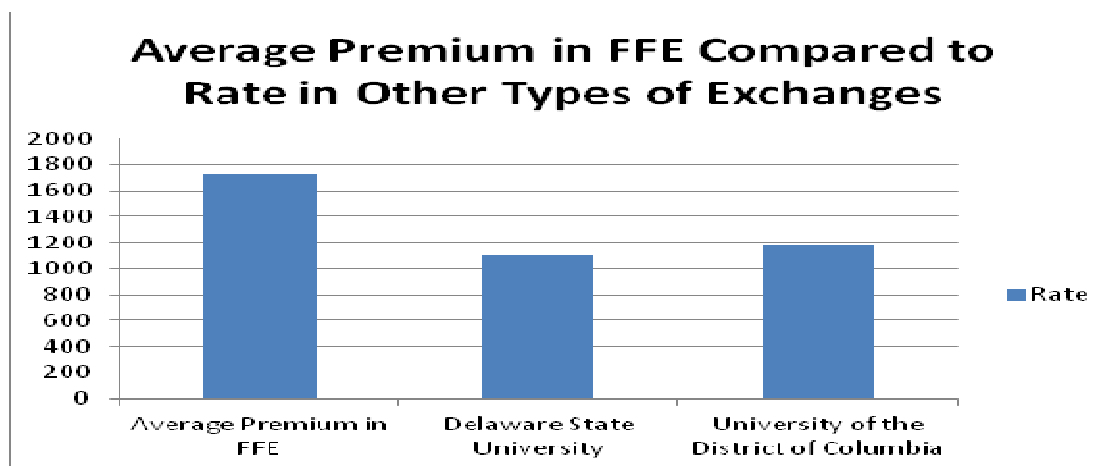


Chart 4 Average Premium in FFE Compared to Premiums in other Types of Marketplace



the ACA law.

Annual premiums for SHIPs in selected HBCUs in the states of Alabama, Georgia and North Carolina are still cheaper than premiums in selected Louisiana HBCUs although all four states implement the ACA through the Federally Facilitated Marketplace and have opted out of Medicaid expansion. Another point is that fall semester and spring/summer premiums at the UNC system costs the same; this can be important in avoiding insurance gaps between semesters; students who are enrolled for the spring semester can still be covered during the summer even if they are not enrolled in school.

Chart 2 presents a cluster of SHIP premiums for HBCUs using the federally facilitated marketplace that have also opted out of Medicaid expansion. HBCUs in the state of Louisiana have the highest annual and spring/summer premiums followed by Florida and Georgia as also reflected in Chart 3.

After computing premium costs from HBCUs in federally facilitated exchanges the result shows an average cost that is still much higher than the annual premiums from Delaware State University and the University of the District of Columbia that are both located in Medicaid-expanded states.

### Conclusion and Policy Implications

The enactment of the Affordable Care Act of 2010 brought major changes in the U.S. healthcare system. The theory behind the act was to improve the quality of healthcare, to control rising healthcare costs, and expand coverage to millions of uninsured Americans. The ACA not only affected healthcare providers and the insurance industry, it also affected the way higher education institutions provide student health coverage that goes beyond the capacity of student health centers to their students. This study although limited in scope because of

lack of data from all four-year degree-granting HBCUs, it has attempted to analyze the cost of health insurance premiums in select HBCUs and the findings suggest that:

- Under the ACA, several HBCUs do not automatically enroll their students in health plans as part of their tuition
- Health insurance premium costs are higher in HBCUs located in states that chose not to adopt Medicaid expansion
- HBCUs located in states with a state-based marketplace or State-Federal Partnership Marketplace have cheaper student health insurance plans than Federally Facilitated Marketplaces
- The selected HBCUs in the State of Louisiana have the highest student health insurance premiums

Implications for students in HBCUs are that under the Affordable Care Act there are many options for getting health insurance that meet the law. The students who are under age 30 are better off staying in their parents plans if the parents have any or they may qualify for subsidies in the exchanges. Most HBCUs are not including mandatory health insurance in student tuition fees; it would be interesting to compare the cost of tuition with or without health insurance in HBCUs as students are more likely to pay for fees included in tuition.

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Albany State University <https://www.uhcsr.com/uhcsrBrochures/Public/BenefitSummaryFlyers/2014-1152-1%20Summary%20Brochure-v2.pdf>

Fort Valley State University [http://www.fvsu.edu/about\\_fvsu/health\\_services](http://www.fvsu.edu/about_fvsu/health_services)

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Southern University System <http://www.sas-mn.com/pdf/enroll/z44laen.pdf>

Lincoln University <http://www.lincolnu.edu/web/thompkins-health-center/waive/-enroll>

Elizabeth City State University [https://www.bcbsnc.com/assets/studentblue/pdfs/2014-15\\_student\\_blue\\_brochure\\_ecsu.pdf](https://www.bcbsnc.com/assets/studentblue/pdfs/2014-15_student_blue_brochure_ecsu.pdf)

Fayetteville University [https://www.bcbsnc.com/assets/studentblue/pdfs/2014-15\\_student\\_blue\\_brochure\\_fsu.pdf](https://www.bcbsnc.com/assets/studentblue/pdfs/2014-15_student_blue_brochure_fsu.pdf)

South Carolina State University <http://www.studentinsurance.com/Schools/source/PDFs/brochures/SC/SCSU/SCSUbro14.pdf>

Prairie View A&M University [https://myahpcare.com/wp-content/uploads/2014/07/9-9-14-TAMU-Brochure\\_FINAL.pdf](https://myahpcare.com/wp-content/uploads/2014/07/9-9-14-TAMU-Brochure_FINAL.pdf)

Texas Southern University [https://www.collegiaterisk.com/userfiles/files/TSU/TSU\\_B\\_1415.pdf](https://www.collegiaterisk.com/userfiles/files/TSU/TSU_B_1415.pdf)

[http://www.tsu.edu/Life\\_at\\_TSU/Student\\_Services/University\\_Health\\_Center/insurance.php](http://www.tsu.edu/Life_at_TSU/Student_Services/University_Health_Center/insurance.php)

University of the District of Columbia [http://www.udc.edu/student\\_affairs/health\\_services](http://www.udc.edu/student_affairs/health_services)

**Links to HBCU Student Health Insurance Plans**

Alabama A&M University <https://consolidatedhealthplan.com/files/pdf/AAMU%20Domestic%20Enrollment%20Form.pdf>