

## Supporting Statement – Part A

### Supporting Statement For Paperwork Reduction Act Submissions

#### A. Background

While most students enrolled in U.S. colleges and universities have health coverage through employer-sponsored plans, approximately 7 percent in 2006 were covered through other private insurance such as student health insurance plans.<sup>1</sup> According to industry sources, 1,500-2,000 institutions of higher education offer health coverage, the vast majority of which are fully-insured.

In the fully insured scenario, a health insurance issuer will issue a “blanket” health insurance policy to a college or university at a negotiated cost for a defined set of benefits. The policy is generally rated on a group basis based on the total claims experience of the students in the plan. These student health insurance plans fall under the regulatory authority of the states and the Federal government pursuant to the PHS Act.

Since these student health insurance plans are not employment-based, they do not meet the definition of a group health plan under PHS Act section 2791(a)(1). Many states, however, regulate the student health insurance plans as non-employer group coverage or as blanket association coverage.

With the passage of the Affordable Care Act, several issues have arisen including the applicability of the Affordable Care Act to student health insurance plans, how these plans are categorized under the PHS Act, and the role of the Federal Government in the regulation of the plans. **OCHIO is issuing a propose regulation that is designed to address these issues and to clarify that certain protections of the Affordable Care Act and the PHS Act should be extended to students and their dependents enrolled in these plans.**

The proposed regulation defines student health insurance coverage as a type of individual health insurance coverage provided pursuant to an agreement between an institution of higher education (as defined in the Higher Education Act of 1965) and a health insurance issuer, and that such coverage is provided to students who are enrolled in that institution and their dependents. In addition, the definition requires that student health insurance coverage must not be made available other than in connection with enrollment as a student, must not condition enrollment on any health status-related factor, and must satisfy any additional requirement that may be imposed under state law.

As part of the proposed regulation, we would require student health plans to provide notice to enrollees that their plan does not meet all of the requirements of the ACA. Such notification

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<sup>1</sup> GAO report 08-389, March 2008.

echoes similar requirements that OCIIO has issued for consumer appeal rights, medical loss ratio rebate information, and compliance with minimum annual limits.

## **B. Justification**

### 1. Need and Legal Basis

Section 1560(a) of the Affordable Care Act provides that "[N]othing in this title (or an amendment made by this title) shall be construed to prohibit an institution of higher education (as such term is defined for purposes of the Higher Education Act of 1965) from offering a student health insurance plan, to the extent that such requirement is otherwise permitted under applicable Federal, State, or local law." The Department has determined that this provision of the Affordable Care Act provides HHS limited authority to exclude student health plans from certain requirements of the Affordable Care Act that would prohibit or inhibit the offering of such coverage. The statute requires us to define student health plans and determine what provisions of the ACA that they must comply with. It is a natural extension of this determination of applicable provisions that student health plans must comply with that HHS require such plans to notify enrollees of their status.

### 2. Information Users

This is a new requirement.

### 3. Use of Information Technology

The proposed regulation would require student health plans to provide a specific notice using 14 point font. It is customary currently for health insurance issuers to provide information to enrollees both electronically and in paper form. To the extent that issuers are providing plan information to enrollees in an electronic format, providing the notice electronically would meet the regulation requirement. For other plans that currently provide plan information in written format, this would require student health plans to create or modify those written documents.

### 4. Duplication of Efforts

As this is the first time we are proposing to require student plans to notify enrollees we do not believe there is any risk of duplication of efforts.

### 5. Small Businesses

This proposed notification would affect small businesses that provide student health insurance. We estimate that the initial burden will be moderate, and would be mitigated by the fact that HHS is providing language that must be used in the notification, thereby reducing the burden on small businesses to craft compliant language. The notification burden

in future years will be insignificant.

6. Less Frequent Collection

As students cycle in and out of eligibility for enrollment in student health plans as they enroll annually at university or college, we believe an annual notification is appropriate. Further, plans may change their benefit designs annually, and it is important for students to have the most up to date information about what provisions of the ACA their plan in is compliance with.

7. Special Circumstances

As we are not collecting data per se, the issues raised in this section are not applicable.

8. Federal Register/Outside Consultation

The 60-day Federal Register notice published as part of the proposed rule that published on February 11, 2011 (76 FR 7767).

9. Payments/Gifts to Respondents

Not applicable.

10. Confidentiality

Not applicable.

11. Sensitive Questions

Not applicable.

12. Burden Estimates (Hours & Wages)

Estimates of Annualized Burden Hours for the Notice Requirement (Total Hours, Wages, Printing & Mailing)

**Notice Process**

A student health insurance issuer is required to provide a notice to enrollees informing them that the plan does not meet all of the provisions of the Affordable Care Act. Model language is provided to ease the burden on the issuers. In order to provide the notices, the student health plan issuer will need to review the model language or create its own language, incorporate the plan or issuer's name into the notice, and print the notice in any plan or policy documents that are regularly sent to student enrollees.

This burden estimate encompasses the entire notice process which includes assembly of the notice, preparing the document that the notice goes into, and mailing the notice. It is estimated that approximately 75 fully-insured student health plan issuers will have to provide such notice. We estimate that it will take approximately 2 minutes per student enrollee or approximately 1,000 hours per student health plan issuer to complete the notice process. For issuers who incorporate the notice into documents they were already planning on mailing, the cost burden (i.e. postage) may be reduced.

**12 A. Estimated Annualized Burden Table**

<b>Forms (If necessary)</b>	<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Average Number of Notices per Respondent</b>	<b>Average Burden Minutes per Notice</b>	<b>Average Burden Hours per Respondent</b>
<b>Model Notice</b>	Student Health Plan Issuer	75	30,000	2	1,000
<b>Total</b>		<b>75</b>	<b>30,000</b>	<b>2</b>	<b>1,000</b>

**12B. Cost Estimate for Completing the Notice Requirement**

<b>Type of Respondent</b>	<b>Number of Respondents</b>	<b>Average Number of Notices per Respondent</b>	<b>Average Burden Hours per Respondent</b>	<b>Wage per Hour (including fringe)</b>	<b>Printing and Mailing Costs Per Notice</b>	<b>All Costs</b>
Student Health Plan Issuer	75	30,000	1,000	\$26.14	\$0.49	\$40,840
<b>Total</b>	<b>75</b>	<b>30,000</b>	<b>1,000</b>	<b>\$26,140</b>	<b>\$14,700.00</b>	<b>\$40,840</b>

13. Capital Costs

The notification requirement does not explicitly require the student health plan issuer to retain supporting documentation that such notification was provided to enrollees; however, we expect that the issuers would do so. We estimate that the retention of these documents would fall under normal issuer record retention practices as part of customary and usual business and therefore would have a marginal annual cost to the issuer.

14. Cost to Federal Government

We do not estimate a direct cost to the government of requiring student health plan issuers to provide notification to student enrollees that their plan does not comply with all of the

provisions of the Affordable Care Act. However, as the Affordable Care Act provides new authority to the Federal government to audit health plans, this requirement on student health plans might increase the number of audits that the government conducts or the number of hours it takes for the government to conduct an audit.

15. Changes to Burden

Not applicable.

16. Publication/Tabulation Dates

Not applicable.

17. Expiration Date

This collection does not lend itself to the displaying of an expiration date.

18. Certification Statement

There are no exceptions to the certification.

**B. Collection of Information Employing Statistical Methods**

Not applicable. The information collection does not employ statistical methods.