

Testimony Provided by Kim A. Wilcox, Provost,  
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House Appropriations Higher Education Subcommittee

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**FYI - Subcommittee Members:** Chairman, Rep. Bob Genetski (R-Saugatuck); Vice-Chairman, Rep. Kevin Cotter (R-Mt. Pleasant); Rep. Joe Haveman (R-Holland); Rep. Al Pscholka (R-Stevensville); Minority Vice-Chair, Rep. Joan Bauer (D-Lansing); Rep. Shanelle Jackson (D-Detroit)

Good morning Mr. Chairman and members of the Committee. My name is Kim Wilcox and I serve as Provost of Michigan State University. I appreciate the opportunity to come before you today to expand on discussions that I've previously had with Vice-Chair Cotter regarding MSU's student health insurance policy. Joining me is Dr. June Youatt, Senior Associate Provost, and Dr. Beth Alexander, University Physician.

Mr. Chairman, with your permission, I would like to share some information and would then be willing to answer questions, afterwards.

**Considerations Behind Requiring Student Health Insurance**

As you know, for all students entering Michigan State University in the Fall Semester of 2011, we have initiated a requirement that they indicate they are holding some form of health insurance prior to enrollment. There were three primary motivations for the University adding this requirement that I would like to share with the Committee.

First and foremost we are committed to the health and safety of our students. This commitment derives, in part, from the natural desire to see one's friends and colleagues safe and secure. For those of us at MSU, however, this public health concern extends to our educational commitment to, and investment in, the academic and professional success of our students. One of the best predictors of an individual student's success in college is their level of class participation, and two of the greatest disruptions to class attendance are injury and illness. Protecting our students' health helps to ensure their class attendance and, in turn, their academic success; and it helps to protect the significant financial and personal investment that they and their families have made in their education. Similarly, helping to ensure that our students are able to succeed academically and eventually graduate protects the significant investment that the State and the University have made in their education.

The second motivation for this requirement is the recognition that there are significant gaps in the health programming available to our students and that some students in particular are vulnerable to being victims of those gaps. To put this in context, this change in enrollment requirements is part of our comprehensive efforts to ensure the health and well-being of our student body. At this time, we are in the process of placing neighborhood health clinics in residence halls across the campus. We have been supportive of ASMSU's (Associated Students of Michigan State University, our undergraduate student government) efforts to effect medical amnesty for students assisting their colleagues in a medical emergency. We continue to expand the capacity of our Counseling Center and our health education programs across the campus. And we have been long-time

participants in several national studies of student health to both inform our nation on this important issue and to benchmark our programming to help to ensure that we are doing the best possible job of securing and maintaining our students' health.

Nonetheless, it has become clear that these and other efforts are not sufficient for the future. For example, Michigan State University's Olin Student Health Center is a key component of our health programming and we are all proud of its tradition of service. But as medical care has evolved over more than half a century, it has been impossible for Olin to keep up with all the services expected from a 21<sup>st</sup> century hospital. For example, in the 1950's it was not unusual for students to undergo surgery at Olin Health Center, a practice we discontinued many years ago. Today, the student health clinic is simply not equipped to provide any type of advanced diagnostic testing, trauma care, surgical care or in-patient services. As Olin has increasingly focused on the important primary care needs of our students, including the creation of the neighborhood clinics across the campus I referred to earlier, other needs have become the responsibility of other providers. For most students with insurance, this shift poses few problems; for those without insurance, it can become a college-ending issue.

The third primary consideration behind this requirement is a public health concern. Simply put, students who are part of the MSU community have a responsibility to remain healthy for the sake of other students, faculty, and staff, and the University feels a responsibility to assist them in meeting this responsibility for the sake of the entire community. With nearly 48,000 students and 12,000 faculty and staff on campus, working and living in

fairly close quarters on any given day, public health is a concern that we take seriously.

Michigan State University's 25 residence halls provide a home away from home to more than 16,000 students each year, by far the largest residential program in the state. The University of Michigan-Ann Arbor comes in a distant second with approximately 9,800 with all others at 6,200 students or fewer. The MSU campus has over 100 buildings with large and small classrooms where students often find themselves in close proximity to one another, whether they are listening to a lecture, working together in small discussions or labs, or conducting research on a broad range of topics. As a research-intensive university, members of our academic community participate in a significant amount of travel, both nationally and internationally, introducing a diverse range of global health concerns to our campus community. In addition to these academic considerations, the majority of our students also socialize with other MSU students, spending significant time in close contact with their friends throughout the day and night.

Most health professionals will tell you that those individuals without health insurance are more likely than their counterparts with health insurance to avoid regular preventive care, delay seeing a physician at the first signs of illness, and avoid taking expense medicines. For a group of individuals as interconnected as our student body, that means one person's behavior driven, by their inability to afford appropriate care, can have a deleterious effect on many others.

While the size and nature of MSU and its campus provides some special risks, much of our challenge is like that of other universities and is related to special risks associated with this age group. A 2008 Government Accountability Office (GAO) study reported that 1.7 million college students aged 18 through 23 were uninsured in 2006, and that uninsured students incurred an estimated \$120 million to \$255 million in uncompensated care for non-injury-related medical events in 2005. The study goes on to note that “most of the \$120 million to \$255 million in uncompensated care was for visits to office-based providers and hospital emergency rooms.” Notably, in fiscal year 2009, Michigan community hospitals provided more than \$1.9 billion in uncompensated direct patient care.

Indeed, college-age students comprise the largest cohort of patients seen for injury-related care in emergency rooms, with a prevalence of injury-1,453 per 10,000 individuals 18-to-29-year-olds, the highest rate of any age group.

At Michigan State, we have had multiple experiences on campus of uninsured students in need of in-patient care refusing treatment due to the financial cost they were likely to incur, if hospitalized. Because of this, the quality of their medical care was impacted. One student had to turn down a referral for an MRI or CT of the brain. The student stated he would consider getting insurance and then get the test if his condition worsened. In a highly publicized case from 2009, a nineteen-year-old University of Texas student accumulated over \$500,000 of debt when diagnosed, treated, and hospitalized for a heart condition. Neither he nor his parents had health insurance. He dropped out of UT in October of 2009.

At MSU, there were 29 catastrophic illness claims in excess of \$25,000 from MSU-sponsored health insurance plan alone, last year. Of course, we do not know the number of such claims for the majority of students who are covered by other policies; nor do we know what number, if any, of our uninsured students who faced similar challenges last year, or what impact that had on their enrollment.

### **National and State Trends**

While new to MSU, requiring evidence of health coverage for all students does not make us an exception among our peers. In 2008, The American College Health Association (ACHA, attached) issued a set of “Standards for Student Health Insurance/Benefits Programs” advising universities on best practices in this area. The first standard in that set states: “As a condition of enrollment, the college or university requires students to provide evidence that they have adequate health insurance coverage.”

Many other colleges and universities across the nation and the state, however, have adopted the entire standard and require such coverage of all students. MSU is now the sixth Big Ten institution to require student health insurance of all students, joining the University of Illinois, the University of Iowa, the University of Minnesota, Northwestern University and The Ohio State University.

Currently, seven states require all of their public university students to carry health insurance: California, Florida, Idaho, Illinois, Minnesota, Montana and North Carolina. And two more, Massachusetts and New Jersey,

require all students at both public and private colleges and universities to be insured.

Further, a number of private colleges and universities in Michigan already require students to hold health insurance, including:

- Adrian College
- Albion College
- Alma College
- Calvin College
- Hillsdale College
- Hope College
- Kettering University
- Olivet College

MSU and its colleague universities in the Big 10 and across the state are not out-of-step with their peers across the country in this regard, for at the time that the ACHA offered their standards in 2008, the Government Accountability Office estimated that about 30 percent of colleges nationwide were already requiring all of their students to have health insurance.

These universities' and states' requirements are evidence of their clear endorsement of these standards, and the value that they place on protecting their students' individual and collective health, their students' financial health, and their students' ultimate academic success.

### **Clarification of the Affected Students**

Although I referred to the Fall 2012 requirement as new, it is important for the Committee to know that this change is as much an expansion of an existing requirement as it a new requirement. Until this year, all entering students in nursing, veterinary technology, veterinary medicine, human and osteopathic medicine, graduate teaching assistants, student athletes, and international students were all required to carry health insurance. This prior, existing requirement was motivated by the same set of concerns: student health and its effect on student success, public health, and access to care on campus, as the present expanded requirement.

In addition, over 85% of all entering students have some type of insurance coverage, already. So, while it may be powerful rhetoric to describe this as a new imposition on nearly 48,000 students, the truth is quite different, with only some new students affected and the vast majority of them already having health insurance.

Furthermore, for many of those students who are affected by the requirement for the first time this year, making this a requirement for admission, rather than a recommendation means that they are able to access financial aid to help cover the costs. The Committee should know that MSU is proud that we remain true to our commitment to student access regardless of a family's financial situation. We presently enroll over 1,200 undergraduate students from families with incomes of \$10,000 or less per year and more than 2,700 students from families with annual incomes of \$20,000 or less. For many of these students, the difference between this being a requirement and a recommendation is the difference between having and not having health insurance.



The overwhelming reason these students do not have health insurance is because their parents do not have access to health insurance through their job and cannot otherwise afford it on the open market. We do not generally find parents who have access to health insurance who do not choose to cover their children. In many cases, this requirement provides access to insurance the students would not otherwise have.

### **Nature of Requirement and its Implementation**

Despite some written accounts, Michigan State University did not rush into this decision, nor is it an attempt to implement portions of the “The Patient Protection and Affordable Care Act” at the local level. Discussions of a student health insurance requirement began over two years ago and included a broad range of constituents from across campus. Those discussions included Associated Students of Michigan State University (ASMSU) and incorporated their desire to ensure multiple health insurance options for our students.

In that regard, it is important to note that MSU is not requiring the purchase of any particular health insurance policy. Rather, we simply ask students to inform us that they have an acceptable level of coverage. We then take their word for it.

To provide those without prior coverage the best possible value, the University used its market position to obtain a low-cost insurance plan from Aetna (MSU is not making any money from this policy; the billed amount is passed directly to Aetna) that includes hospitalization and mental health care with no pre-existing condition restrictions, something that can be

difficult to find at any price. The cost of the MSU-sponsored plan is \$1,505 per calendar year (about \$125 per month or \$4 a day).

Students newly admitted for fall semester 2011 were contacted multiple times, to explain the requirement and its rationale; to prompt a response indicating whether they had insurance; and to offer assistance in making a health insurance decision where needed.

These reminders included:

- a letter sent to each student's home in summer 2011;
- an oral reminder at the summer Parent Orientation Program;
- an oral reminder at the summer Academic Orientation Program;
- a written explanation at the summer Academic Orientation Program;
- a resource table at the Parent/Student Orientation resource fair;

Following these efforts to inform students and families prior to enrollment in the Fall, we went further by deferring the implementation of the requirement from Fall to Spring Semester, to provide every opportunity for students to inform us of their insurance status. We then continued the communications plan through:

- two email reminders to students sent from the Office of the Provost;
- three email reminders sent to students from the Human Resources office;
- table-tent reminders in all residence hall cafeterias;

electronic billboards in all residence halls;

and a final postcard reminder sent to home addresses in October 2011.

In November, an additional electronic reminder was inserted into each student's "Stu Info" electronic folder at MSU, and non-responders were emailed again twice and are now being called individually. After more than six months of efforts, we concluded that those students who hadn't told us that they had insurance lacked such coverage and we enrolled them in the University-sponsored plan – what we believe to be the most cost-effective and comprehensive option available to most of these students.

If a student does in fact have insurance and gets auto-enrolled and billed because he or she hasn't provided insurance information, MSU will reverse the charge as soon as it is notified, unless, of course, the student already has made a claim.

It is also important to note that for an institution as large and complex as Michigan State University there is always a need for flexibility and consideration of individual situations. Thus, the individual phone calls and communications have led to various accommodations to this requirement for individual students.

In closing, I trust that the Committee shares the University's interest in the health, safety, and academic success of our students; that they appreciate how this requirement for health insurance coverage furthers those goals; and the care that was taken in drafting and implementing the expansion of our requirement.

## ACHA Guidelines

# Standards for Student Health Insurance/Benefits Programs

The American College Health Association has instituted these standards to guide colleges and universities in the establishment of an appropriate, credible student health insurance/benefits program.

### Standard I.

As a condition of enrollment, the college or university requires students to provide evidence that they have adequate health insurance coverage.

### Standard II.

The college or university recognizes that students rely upon its student health insurance/benefit program for their primary source of health insurance protection.

An adequate and appropriate scope of coverage is provided, including, but not limited to:

- Coverage for preventive health services.
- Coverage for catastrophic illness or injury.
- Coverage for prescription medications, including coverage for psychotropic medications.
- Minimization, or ideally elimination, of pre-existing condition exclusions/waiting periods.
- Coverage for dependents of covered students including children, spouses, and domestic partners.
- Continuity of coverage up to plan limits for students requiring a medically-necessary leave-of-absence.
- Continuity of coverage for previously insured students in plan renewals or with new carriers (i.e., no gain/no loss provision), subject to RFP provisions and final negotiations.
- Program benefits, limitations, exclusions, special provisions, and definitions are reviewed to assure they are consistent with common practices of the group health insurance field and/or there is a compelling reason for the college or university to have a provision that is unique for its SHIBP.
- The program encourages use of campus health and counseling services, where doing so provides cost effective and high quality care for students.

### Standard III.

The college or university acknowledges it has a fiduciary responsibility to manage student health insurance/benefits programs in the best interests of students covered by the programs.

### Standard IV.

The student health insurance/benefits program is annually reviewed to assure it is in full compliance with all applicable federal and state statutes and regulations.

### Standard V.

Student consumers, student health program staff, and other internal or external experts, as appropriate, are involved with the selection, monitoring, and evaluation of the student health insurance/benefits program.

### Standard VI.

The student health insurance/benefits program is reviewed annually to ensure the program: (a) meets the needs of covered individuals; (b) provides desired benefits at the least possible cost; and (c) returns as much of the premium or fund contributions as possible to covered individuals in the form of benefits. Reserve funds may also be maintained to assure short- and long-term financial viability for the program.

### Standard VII.

Commercial insurance carriers, agents, brokers, and all others providing services to the student health insurance/benefits program are required to provide a full description of estimated claims, reserve estimates, administrative expenses, and all other fees. The student health insurance/benefits program is audited periodically and the results are provided to appropriate university or college officials and student consumers. Each year, a summary financial report for the program is published and made available to student consumers and campus officials responsible for management of the student insurance/benefits program.

**Standard VIII.**

The selection of vendors for the student health insurance/benefits program adheres to institutional and/or applicable governmental requirements relative to competitive vendor selection processes.

**Standard IX.**

Agents, brokers, consultants, and program managers do not have relationships that could be construed to be a real or potential conflict of interest. Agreements with consultants or brokers are fully disclosed and clearly define the services to be performed and the compensation to be received.

**Standard X.**

The student health insurance/benefit program is available to all eligible students regardless of age; gender identity, including transgender; marital status; psychological/physical/learning disability; race/ethnicity; religious, spiritual or cultural identity; sex; sexual orientation; socioeconomic status; veteran status.