

# Student Health Coverage Analysis

February 2014



# Considerations of Offering Health Coverage for Students

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## **Option 1: SEHP Does Not Offer Health Coverage to Students**

- No financial impact to the State of Kansas
- Students have enhanced coverage options through the Federal Exchange and many students will be eligible for subsidies
- 496 students work on average more than 30 hours per week, these students may eventually need to be offered coverage, but in 2015 as long as Kansas covers 70% of all full time employees then no penalties will apply (70% goes to 95% in 2016)

## **Option 2: SEHP Offers Health Coverage to Students**

- Students are no longer eligible for subsidies on the Federal Exchange
- State agency expenditures increases significantly
- Increased reserve surplus, as the additional plan revenues are expected to exceed the additional cost of providing coverage to students
- With high take-up in the student population, overall per-employee contributions could be reduced resulting from improvement in risk pool profile
- Plan participation could increase significantly with over 10,800 students becoming available for coverage
- Additional administrative burden (monitoring hours, communications, etc)

# Health Coverage Options for Students

## Option 1: SEHP Does Not Offer Health Coverage to Students

- 6,705 (61.8%) of employees make less than 100% FPL and would not qualify for subsidies on the exchange (5,185 may have coverage options through parent’s plan due to age)
- 4,091 (37.7%) will be eligible for subsidies on the exchange, affordable plans and premiums are available to these individuals (see below table)
- Remaining 0.5% will not be eligible for subsidies on the exchange (salaries greater than 400% FPL) but coverage likely affordable given income level
- Many students will have access to affordable health coverage which exceeds the value of the current student plan in place today

## Option 2: SEHP Offers Health Coverage to Students

- Individuals no longer qualify for Federal Exchange subsidies
- All students have access to affordable health coverage which exceeds the value of the current student plan in place today

Subsidy Eligible	Kansas Plan Offered	Age	Bronze Exchange Plan*	Silver Exchange Plan*	Gold Exchange Plan*	Platinum Exchange Plan*	Plan C Full-Time (Platinum)**	Plan C Part-Time (Platinum)**
Highest Subsidy	No	20	\$0	\$17	\$28	\$91	\$42	\$65
Highest Subsidy	No	30	\$0	\$13	\$32	\$146	\$42	\$65
Highest Subsidy	No	40	\$0	\$11	\$33	\$161	\$42	\$65
No Subsidy	Yes	20	\$77	\$105	\$116	\$179	\$42	\$65
No Subsidy	Yes	30	\$137	\$187	\$206	\$320	\$42	\$65
No Subsidy	Yes	40	\$154	\$210	\$232	\$360	\$42	\$65

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 \*\*Rates do not include \$40/month wellness credit and are based on BCBS rates)



## Plan Impact of Student Coverage (>1,000 hours)

- There are 10,848 eligible students that work more than 1,000 hours per year
- Annual contributions could be reduced by \$38 to \$839 per employee (0.4% to 10.4%) to offset the additional surplus due to risk pool improvement
- Cost to the State Agencies ranges from \$6.0M to \$59.5M, depending on overall plan participation
- The net cash flow to the plan ranges from \$1.6M to \$43.6M, depending on overall plan participation
- Assumes 70% wellness participation for married members and singles

All Students		Plan A				
Enrollment Percentage		100%	50%	30%	20%	10%
Cost to the State Agencies		\$ 59,509,323	\$ 29,754,662	\$ 17,852,797	\$ 11,901,865	\$ 5,950,932
Estimated Cost of Coverage		\$ 15,901,738	\$ 7,950,869	\$ 4,770,521	\$ 3,180,348	\$ 1,590,174
Net Cash Flow to the Plan (after expenses)		\$ 43,607,585	\$ 21,803,793	\$ 13,082,276	\$ 8,721,517	\$ 4,360,759
Annual Reduction in Contributions per Employee		\$ 839	\$ 468	\$ 295	\$ 201	\$ 103
Percentage Reduction in Employer Contributions		10.4%	5.6%	3.5%	2.3%	1.2%
All Students		Plan C				
Enrollment Percentage		100%	50%	30%	20%	10%
Cost to the State Agencies		\$ 59,509,323	\$ 29,754,662	\$ 17,852,797	\$ 11,901,865	\$ 5,950,932
Estimated Cost of Coverage		\$ 43,569,758	\$ 21,784,879	\$ 13,070,927	\$ 8,713,952	\$ 4,356,976
Net Cash Flow to the Plan (after expenses)		\$ 15,939,565	\$ 7,969,783	\$ 4,781,870	\$ 3,187,913	\$ 1,593,957
Annual Reduction in Contributions per Employee		\$ 307	\$ 171	\$ 108	\$ 74	\$ 38
Percentage Reduction in Employer Contributions		3.8%	2.0%	1.3%	0.9%	0.4%

## Plan Impact of Student Coverage (>1,000 hours) – Students over 26

- Assumes if all students under 26 enroll in their parents health coverage, then 4,061 students would be eligible for coverage and over 26 years of age
- Annual contributions could be reduced by \$11 to \$299 per employee (0.1% to 3.5%) to offset the additional surplus due to risk pool improvement
- Cost to the State Agencies ranges from \$4.8M to \$24.0M, depending on overall plan participation
- The net cash flow to the plan ranges from \$0.5M to \$13.5M, depending on overall plan participation
- Assumes 70% wellness participation for married members and singles

Students over 26		Plan A				
Enrollment Percentage		100%	80%	60%	40%	20%
Cost to the State Agencies		\$ 24,026,031	\$ 19,220,825	\$ 14,415,619	\$ 9,610,412	\$ 4,805,206
Estimated Cost of Coverage		\$ 10,507,161	\$ 8,405,729	\$ 6,304,297	\$ 4,202,864	\$ 2,101,432
Net Cash Flow to the Plan (after expenses)		\$ 13,518,870	\$ 10,815,096	\$ 8,111,322	\$ 5,407,548	\$ 2,703,774
Annual Reduction in Contributions per Employee		\$ 299	\$ 244	\$ 186	\$ 126	\$ 64
Percentage Reduction in Employer Contributions		3.5%	2.9%	2.2%	1.5%	0.7%
Students over 26		Plan C				
Enrollment Percentage		100%	80%	60%	40%	20%
Cost to the State Agencies		\$ 24,026,031	\$ 19,220,825	\$ 14,415,619	\$ 9,610,412	\$ 4,805,206
Estimated Cost of Coverage		\$ 21,706,696	\$ 17,365,357	\$ 13,024,018	\$ 8,682,678	\$ 4,341,339
Net Cash Flow to the Plan (after expenses)		\$ 2,319,335	\$ 1,855,468	\$ 1,391,601	\$ 927,734	\$ 463,867
Annual Reduction in Contributions per Employee		\$ 51	\$ 42	\$ 32	\$ 22	\$ 11
Percentage Reduction in Employer Contributions		0.6%	0.5%	0.4%	0.3%	0.1%

## Plan Impact of Student Coverage (>1,560 hours)

- Assumes coverage is only available to students that work more than 30 hours or more per week on average, 496 students would be eligible
- Annual contributions could be reduced by \$7 to \$43 per employee (0.1% to 0.5%) to offset the additional surplus due to risk pool improvement
- Cost to the State Agencies ranges from \$1.7M to \$3.5M, depending on overall plan participation
- The net cash flow to the plan ranges from \$0.3M to \$1.8M, depending on overall plan participation
- Assumes 70% wellness participation for married members and singles

Students that work 30 hours or more	Plan A	
Enrollment Percentage	100%	50%
Cost to the State Agencies	\$ 3,470,399	\$ 1,735,199
Estimated Cost of Coverage	\$ 1,683,502	\$ 841,751
Net Cash Flow to the Plan (after expenses)	\$ 1,786,896	\$ 893,448
Annual Reduction in Contributions per Employee	\$ 43	\$ 22
Percentage Reduction in Employer Contributions	0.5%	0.2%
Students that work 30 hours or more	Plan C	
Enrollment Percentage	100%	50%
Cost to the State Agencies	\$ 3,470,399	\$ 1,735,199
Estimated Cost of Coverage	\$ 2,881,277	\$ 1,440,638
Net Cash Flow to the Plan (after expenses)	\$ 589,122	\$ 294,561
Annual Reduction in Contributions per Employee	\$ 13	\$ 7
Percentage Reduction in Employer Contributions	0.2%	0.1%

# Appendix

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## Demographics of the Student Population (>1,000 hours worked)

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- **Total Population:** 10,848 students
- **Average Age:** 26.2 (6,787 or 64.7% are 26 or younger and could potentially be eligible for parents plan)
- **Marital Status:** 9,570 (88.2%) students are single
- **Average Salary:** \$13,394
- **Salary Distribution:**
  - **Not Subsidy Eligibility in Federal Exchange (<100% of FPL):**
    - 6,705 (61.8%) of students make less than 100% of Federal Poverty Level (\$11,490 for a singles and \$15,510 for a family of two in 2014). These individuals are not eligible for subsidies on the Federal Exchange, but *may* qualify for Medicaid under certain circumstances and many may be covered under their parent's plan.
  - **Subsidy Eligible in Federal Exchange (100% <x <400% of FPL):**
    - 4,091 (37.7%) of students make less than 400% but more than 100% of Federal Poverty Level
  - **Not Subsidy Eligible in Federal Exchange (>400% of FPL):**
    - 52 (0.5%) of students make more than 400% of Federal Poverty Level (\$45,960 for a single and \$62,040 for a family of two in 2014)