

- SUBJECT:** Health insurance coverage at higher education student health centers
- COMMITTEE:** Higher Education — favorable, without amendment
- VOTE:** 9 ayes — Morrison, McCall, F. Brown, Alonzo, Aycock, Giddings, D. Howard, Patrick, Rose
- 0 nays
- WITNESSES:** For — Kelly Kinard; Emily Ybarra; (*Registered, but did not testify:* Brian Agnew, Catalyst Consulting; Kate Chapman)
- Against — None
- On — (*Registered, but did not testify:* Harold Whittington, Highland Campus Health Group)
- DIGEST:** HB 1238 would amend Education Code, subch. Z, ch. 51 to allow the board of regents of higher education institutions to require their respective student health centers to assist a student to receive benefits from a health benefit plan by filing or having a claim filed with the health benefit plan issuer on behalf of the student. The institution could contract with a health benefit insurer to provide health care services for the students at the health center.
- Funds received by the institution from a health benefit plan issuer could be used only for the construction, improvement, operation, or maintenance of the student health center. The bill would stipulate legislative intent that those funds be in addition to other funds allocated to the student health center and not in lieu of other funds.
- By January 15 of each year, the governing board would have to report sources of income to the Legislature, including:
- how much was received from student fees and charges;
 - how much was received from the operation of the health center's pharmacy;
 - how much was received from a health benefit plan sponsored by or administered on behalf of the institution; and

- how much was received from a health benefit plan other than a plan sponsored by or administered on behalf of the institution.

The bill would take effect September 1, 2007.

**SUPPORTERS
SAY:**

HB 1238 is needed to allow student health centers to contract with insurers to become part of their network. It would be permissive, allowing each institution to decide whether or not to engage in developing this new revenue stream for campus health centers. College health centers are one of the few entities that did not accept health insurance. While health centers may accept private health insurance now, the vast majority are structured not to accept it. Even though many universities mandate that their students have health insurance, they cannot utilize it at their health centers.

If a student health center is not billing insurance companies for office visits, students who have health insurance through their parents effectively end up paying multiple times — once for their health insurance premium, then for the mandatory student health service fees, and often again for X-rays, prescriptions, or lab fees.

Claims that administrative costs would rise because of third party billing are unfounded. Many companies would help higher education institutions with the billing at no cost. If a service was billed as out of network, students only would be charged what they would have been charged without third party billing. The costs to uninsured students would not increase because current insurance laws do not allow fees for uninsured students to be higher than those for insured students. Also, the usual and customary charges would not increase just because the services were being billed to an insurance company.

Billing third party insurance would allow student health centers to be reimbursed for the services they provide. If an institution recouped funds through billing, it should translate into lower fees for students. If an institution decided to engage in third party billing, the bill would stipulate that the revenue would have to be used solely for the improvement or enhancement of services or facilities, so it would help fund their needs without relying on increased student fees.

Adopting such a policy would result in insurance company audits of student health centers, increasing their accountability. This may be one

reason that some health centers do not seek private insurance reimbursement. Many health centers object to doing the billing because it is easier to cut services or increase student fees.

OPPONENTS
SAY:

This bill could increase the cost of providing health care for all students, especially those who do not have health insurance, and would increase administrative budgets for student health centers. Most universities do not offer third party billing because the college student health model works very well. It provides affordable health care in an efficient manner for all students, regardless of whether they have insurance. There has been no demand from students or their families to switch to a traditional health care reimbursement model, where providers and patients regularly have to deal with deductibles, co-pays, in-network benefits, out-of-network benefits, pre-authorization, denied payments, and partial payments. If the intent of student health centers was to generate revenue, it might be worth exploring, but if the intent is to provide affordable health care for *all* students, then it would not make sense to implement health insurance third party billing.

Throughout Texas, student health centers at colleges and universities provide quality primary care at markedly reduced costs to students. A mandatory fee or a percentage of each student's tuition is dedicated to partially funding the student health centers, which allows institutions to provide medical and public health services focused on the needs of the college-age population at a very low cost. In 2005, 38 percent of Texas students who used student loans, scholarships, and/or grants as their primary source for financing the education reported having no health insurance.

This bill would substantially increase administrative duties of the student health centers. Students attending Texas universities come from all over the United States and nearly every country in the world. Students at any given campus may be insured by hundreds of different benefit providers, each with different plans and networks. Negotiating network privileges with each plan could be very challenging. In cases where student health centers are considered out of network, insurance companies will not pay full benefits, so each time an insurance company refused a charge or reimbursed at a reduced rate, the student would be left with the unpaid balance of the bill.

Current insurance law prohibits a provider from charging higher rates to patients with health insurance than to patients without it. Therefore, all students, especially the uninsured and underinsured, would encounter significantly higher costs for medical services if student health centers have to apply usual and customary charges for services that previously were offered at a low cost.

The average cost of an office visit at a low-to-medium-priced university in Texas is \$21.00, and a third of the students are not charged anything. When students and their parents learn that most student health centers do not accept health insurance, but are aware how low the charges are for services, they usually are satisfied. Also, it is unclear if there would be any increase in revenue for the student health centers.

NOTES:

The companion bill, SB 479 by Janek, was left pending in the Senate Education Committee on April 23.

The House engrossed version of HB 1 by Chisum, the general appropriations bill, contains a contingency rider for HB 1238 that states each higher education institution with a student health center with at least one physician working at least 30 hours a week would have to contract with a third party billing company to begin accepting private health insurance from students. If a student health center chose not to contract with a third party billing company, the university's fiscal 2009 general revenue appropriation would be reduced by \$17.50 per full time student.