

Administrative Bulletin 05-13

Guidance Regarding Amendments to the Student Health Insurance Program

December 24, 2013

The purpose of this Administrative Bulletin is to provide guidance regarding the benefits required to be offered by a Student Health Insurance Program (“SHIP”), as regulated by the Commonwealth Health Insurance Connector Authority (“Connector”), pursuant to amendments to 956 CMR 8.00 (“Amended Regulation”), effective January 3, 2014. This Administrative Bulletin will be effective when the Amended Regulation becomes effective.

What benefits must a school cover for plan years beginning in 2014?

The Amended Regulation states that schools must offer SHIPs that “provide benefits that are substantially equal to the Essential Health Benefits Benchmark Plan [“EHB Benchmark Plan”], in a manner consistent with the requirements and procedures of 45 CFR § 156.115.”¹ The EHB Benchmark Plan is “the health benefit plan required by Affordable Care Act [“ACA”] § 1302 and chosen by the Commonwealth through the Division of Insurance, pursuant to 45 CFR § 156.100.”² In Massachusetts, the EHB Benchmark Plan chosen by the Division of Insurance is the Blue HMO plan, supplemented by the CHIP Dental plan.

To provide “benefits that are substantially equal to the [EHB] Benchmark Plan” means to cover all benefits contained within the EHB Benchmark Plan. However, a school may substitute benefits in its SHIP that are actuarially equivalent to the EHB Benchmark Plan benefits, so long as such substitutions satisfy the requirements at 45 CFR § 156.115(b).³

The requirement to cover the benefits contained in the EHB Benchmark Plan, and the mechanism for substitution of actuarially equivalent benefits, mirror requirements codified in the ACA and accompanying regulations. The Amended Regulation therefore does not require additional benefits coverage beyond that required by the ACA.

For any school whose SHIP is not regulated directly by the ACA, including self-funded SHIPs, the Amended Regulation may require plan design modification. We advise such schools to reach out to legal and actuarial services in order to best determine how to modify their plan designs in order to provide the required benefits.

When must a school waive SHIP for a student with comparable coverage?

The Amended Regulation states that “[a] School permitting Students to waive participation in its Student Health Insurance Program in accordance with 956 CMR 8.05(1) must waive participation for Students enrolled in a subsidized Health Benefit Plan through the Connector or enrolled in

¹ 956 CMR § 8.04(1)

² 956 CMR § 8.02

³ Please note that the requirement in 45 CFR § 156.115(b)(2) to “submit[] evidence of actuarial equivalence” shall only apply where the Connector requests that a school submit such evidence.

MassHealth, with the exception of those MassHealth programs identified in 956 CMR 8.05(2)(c)(1).”⁴

Thus, whenever a student requests a waiver of SHIP using subsidized coverage purchased through the Health Connector or MassHealth, the school must grant the waiver, so long as the school otherwise grants waivers of SHIP. This coverage is ConnectorCare, a Health Connector plan with Premium Tax Credits or any MassHealth benefit that is not MassHealth Limited, Health Safety Net or Children’s Medical Security Plan. This may occur at any time during the school year. This provision will become effective when the regulations become effective; therefore students may use subsidized health benefit plans and MassHealth to waive SHIP beginning in January 2014.

Please note that MassHealth Limited, the Health Safety Net and the Children’s Medical Security Plan do not fall under the kinds of coverage for which a school must grant a waiver; rather a school may not grant a waiver to a student who requests to waive SHIP with such coverage alone.⁵

When must a school offer students a prorated premium refund?

The Amended Regulation states that “A School’s Student Health Insurance Program . . . must offer a prorated premium refund to any Student who paid to enroll in a Student Health Insurance Program for an entire School Year but who is not a Student at the beginning of a term during that School Year, provided the School is not required to offer such a refund to a Student who disenrolls during a term[, and must] offer a prorated premium refund to any Student who paid to enroll in a Student Health Insurance Program for an entire School Year but who becomes eligible for a subsidized Health Benefit Plan through the Connector or becomes eligible for MassHealth, and who uses enrollment in such coverage to waive the School’s Student Health Insurance Program, provided the refund shall be prorated by term and provided the Student becomes eligible prior to the beginning of the term for which the refund is requested. . . .”⁶

This provision creates two situations in which a school must offer a student a prorated premium refund, both only where the student has paid for a full year of coverage through the SHIP:

1. The student disenrolls from the school prior to the start of a term, or
2. The student becomes eligible for a subsidized health benefit plan through the Health Connector or becomes eligible for MassHealth prior to the start of a term, and the student uses enrollment in such coverage to waive the SHIP.

A school may not limit offering refunds to only those students who become eligible for a subsidized health benefit plan through the Health Connector or become eligible for MassHealth based on a change in that student’s circumstances (such as a change in income or family size). Rather, any time a student becomes eligible for such coverage, the student may use enrollment in the coverage as a basis for receiving a prorated premium refund, provided the other requirements are met. The requirement to issue prorated premium refunds applies to all plans issued for academic year 2014-2015 and later.

All questions regarding SHIP requirements should be directed to connector@state.ma.us.

⁴ 956 CMR § 8.05(2)(b)

⁵ 956 CMR § 8.05(2)(c)

⁶ 956 CMR § 8.04(2)(d)