

INFORMATION GUIDE FOR NCAA MEMBER INSTITUTIONS



NCAA[®]

**THE PATIENT PROTECTION AND
AFFORDABLE CARE ACT (PPACA)**

This document is intended to provide NCAA member institutions with an informational guide regarding the potential implications of the Patient Protection and Affordable Care Act of 2010 (PPACA) when fully implemented in 2014. This guide is focused on the implications as they pertain specifically to student-athletes, which is an area that has not been addressed in the volume of information available through the government, industry associations, insurers, and other resources. At this time, there may be more questions than answers when it comes to institutions determining the best way to manage athletic injury costs post-2014, but this guide is intended to provide a first step in beginning a dialogue at your institution.

The NCAA recommends that all member institutions consult with risk management/insurance and legal advisors with respect to any decisions made based on the implementation of PPACA. This guide is intended for informational purposes only and does not represent risk management/insurance or legal advice.

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UNDERSTANDING PPACA

THE BASICS OF PPACA

What is PPACA intended to do?

One of the main purposes of PPACA is to reduce the number of Americans without health coverage. This is being done by:

- Requiring most Americans to have some type of health insurance or pay a penalty
- Making it easier for individuals to obtain coverage by:
 - Creating insurance “exchanges”
 - Incenting employers to provide coverage to all full-time employees
 - Removing barriers for those who have medical problems

When does PPACA begin?

Parts of the law are already in effect, and parts will take effect in 2013. But the main parts of law take effect January 1, 2014.

What happens in January 2014?

Three main things:

- The individual mandate, which requires most people to have some type of medical insurance in effect, or pay a penalty, begins
- Employers who have 50 or more full-time employees must provide health coverage that meets minimum requirements, or pay a penalty. This requirement is often called “play or pay” or “employer-shared responsibility”
- Exchanges are to be in effect in each state to make it simpler for individuals and small employers to purchase coverage

What is an “exchange”?

An exchange is an entity set up in each state to make it simpler for people to compare health insurance options. Exchanges do not provide insurance, but they will oversee the options available and provide resources to help people choose. Similar to how Expedia or Orbitz provide information on travel options, exchanges will provide a way for people to compare cost and coverage available from different insurers.

INDIVIDUAL RESPONSIBILITIES AND PENALTIES

What is the “Individual Mandate”?

The individual mandate requires individuals to obtain health insurance with minimum essential coverage or pay a penalty. Minimum essential coverage is available through an employer plan, the traditional insurance market, or an insurance exchange. Student health plans are part of the “traditional insurance market.”

- Minimum essential coverage = a comprehensive set of services including:
 - First dollar preventive care
 - The plan pays at least 60% of the eligible expenses covered by the plan
 - Maximum out-of-pocket limits no greater than the Health Savings Account (HSA) limits which are \$6,250/single and \$12,500/family for 2013
- Tax credits are available to individuals and families making less than 400 percent of the federal poverty level (Currently \$44,680 for an individual and \$92,000 for a family of four)

What services must be included in a plan providing essential health benefits?

Essential health benefits must include services in each of these 10 categories:

- Ambulatory (i.e. outpatient) patient services
- Emergency Services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices (e.g., speech, physical and occupational therapy, for both those who had mastered the skill and lost it due to illness or injury, or for those who have not yet mastered the skill)
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral (dental) and vision care

INDIVIDUAL RESPONSIBILITIES AND PENALTIES

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What is the Individual Mandate Penalty?

The penalty is the greater of a flat dollar amount or a percentage of household income.

- 1% of income or \$95 for 2014, 2% of income or \$325 for 2015, and 2.5% of income or \$695 for 2016 (adjusted annually thereafter)

How does the Individual Mandate apply to international students?

The individual mandate applies to U.S. citizens, nationals, and an alien lawfully present in the United States. From this definition, it would appear that international students must buy insurance that provides minimum essential coverage.

- In some instances, a short-term, limited duration policy may satisfy the requirement, i.e. foreign students studying for only one semester in the United States

BENEFIT REQUIREMENTS

How are benefits impacted beginning in 2014?

Three notable points:

- Lifetime limits on essential benefits are prohibited
- Pre-existing condition limitations are prohibited for all participants
 - The law requires health insurance to be “guaranteed issue” which means a person cannot be denied coverage or charged more because of a health condition (or injury) he or she already has.
- Dependent children must be eligible for medical coverage until age 26
 - Plan may not make coverage conditional on any factor other than the child’s relationship to the employee. For example, a plan cannot say a child must live with the parent or must be a full-time student in order to have coverage.
 - Parents are not forced to carry their dependent children to age 26. It is voluntary for the parent.

Are student health plans affected by PPACA?

Yes, the Department of Health and Human Services (HHS) issued a final rule on student health plans and their requirements under PPACA. By January 1, 2014, the applicable requirements listed above will apply to student health plans.

IMPLICATIONS OF PPACA RELATIVE TO STUDENT-ATHLETES

NCAA INSURANCE LEGISLATION

What does current legislation require relative to insurance for athletic Injuries?

- Member institutions are required to certify all student-athletes have insurance for athletically-related injuries
- Insurance must have limits equaling the NCAA Catastrophic Program deductible, at a minimum. The current deductible is \$90,000, a level that is scheduled to remain until at least August 1, 2015.
- Institutions are not required to provide the coverage. Coverage can be provided by:
 - The institution
 - A parent/guardian
 - Personal policy held by the student-athlete
- Insurance coverage must be in place before a student-athlete can practice or compete
- Violations do not affect student-athlete eligibility but are considered institutional violations
- Legislative Reference:
 - Division I: 3.2.4.8
 - Division II: 3.2.4.9
 - Division III: 3.2.4.8

What does current legislation say relative to health insurance for student-athletes?

- Divisions I and II– Legislation in both divisions permits an institution to pay medical expenses for a student-athlete. This could be in the form of direct payment of bills or in the form of paying for health insurance for the student-athlete.
 - Legislative Reference: 16.4
- Division III– It is not permissible in DIII for institutions to pay for non-athletically related medical bills or health insurance for student-athletes. Division III is currently considering changes in this legislation in light of changes created by PPACA post-2014. While member institutions are not permitted to pay non-athletically related medical bills, they are permitted to finance coverage for medical expenses that are incidental to a student-athlete's participation in intercollegiate athletics.
 - Legislative Reference: 16.4 and May 28, 2008 Educational Column

STUDENT HEALTH PLANS

Will institutions drop their student health plans as result of health care reform?

The answer to this question is unknown, but the NCAA has been made aware of certain instances in which institutions discontinued institution-sponsored student health plans in 2012. Institutions should begin using the PPACA criteria in their external vendor bid requests for insurance.

Will premiums go up in institution-sponsored student health plans?

The student health plans likely to see premium increases from PPACA compliance are those policies that currently leave students with significant financial exposure in the event of illness or accident. For example, a student-health plan that previously provided a \$50,000 annual maximum will now have to provide an unlimited benefit, which will likely cause an increase in premium. Premiums will also be influenced by an institution's claims history and therefore the new criteria should be considered in the plan going forward.

Will student health plans be allowed to exclude or limit coverage for expenses related to athletic injuries?

PPACA legislation does not address this question. The NCAA has approached several industry experts and they all have offered differing opinions on this question. Therefore, if your institution offers a student health plan, this question is best addressed specifically by your institution's student health plan insurer.

How do answers to the questions above impact student-athletes and NCAA institutions?

The answers to the above questions are material to the extent student health plans represent an avenue for student-athletes to secure health insurance coverage. Whether this avenue is available and affordable and whether such coverage pays for expenses arising from athletic injuries could be a factor in how many student-athletes have insurance for athletic injuries. This in turn directly impacts the potential out-of-pocket costs that many institutions seek to insure through excess accident medical plans (often referred to as "College Basic Accident" plans, "Secondary Medical" plans, and "Intercollegiate Sports Accident" plans). The impact of PPACA on College Basic Accident Plans is unknown and dependent on several other factors mentioned in this document. Therefore, the number of student athletes with primary health insurance covering athletic injuries may increase, decrease or remain about the same. However, many out-of-pocket costs will continue to be eligible on College Basic Accident Plans regardless of the number of student athletes with primary health insurance covering athletic injuries.

FUNDING OUT-OF-POCKET COSTS OF ATHLETIC INJURIES

How will PPACA affect my institution?

The answer to this question depends on a large number of variables. If your institution 1) currently requires all student-athletes to have other insurance to cover the cost of athletic injuries and 2) does not cover any out-of-pocket expenses, the legislation should not have a material impact. For all other institutions, the legislation will create a new landscape that may impact how you currently manage this aspect of your athletic program.

Can we assume that post-2014 all student-athletes will automatically have health insurance that covers athletic injuries?

No, based on the fact that individuals are required to secure their own health coverage or pay a penalty, it is possible post-2014 that some student-athletes will not have secured their own health coverage. It is also possible, depending on the outcome of currently unanswered questions regarding allowable exclusions in plans that meet the “essential health benefits” standard, that some student-athletes could purchase health insurance with limitations or exclusions for athletic injuries.

Assuming student-athletes have health insurance policies that cover athletic injuries, how will out-of-pocket costs related to athletic injuries be impacted post-2014?

Many out-of-pocket costs will remain even if every student-athlete has his or her own health insurance. Examples include the following:

- Deductibles, Co-insurance, and Co-payments - Under PPACA:
 - For small group or exchange based plans that provide essential benefits, coverage cannot have an individual deductible greater than \$2,000 or a family deductible greater than \$4,000 (this is not necessarily true for certain employer-based plans where the requirement is to pay at least 60% of the eligible expenses covered by the plan).
 - The annual out-of-pocket maximum cannot be more than the limits for health savings account (HSA)-compatible high-deductible health plans. For 2014 those amounts are \$6,645 for an individual and \$13,290 for family coverage.

FUNDING OUT-OF-POCKET COSTS OF ATHLETIC INJURIES

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- Out-of-Network Services – Insurance plans under PPACA can continue to differentiate benefit levels between in-network and out-of-network providers. Depending on the policy, an individual may not be covered at all or may be required to pay a higher portion of the total costs when care is provided out-of-network (which is often the case when student-athletes receive care during the school year while away from home). The out-of-pocket maximums listed above do not apply to balance-billed charges from out of network providers or services that are not covered by the plan. Therefore, out-of-network services could continue to present significant out-of-pocket costs even for those student-athletes with qualifying essential health coverage.

Will the NCAA continue to provide Catastrophic Medical Insurance Coverage for all student-athletes post-2014?

Yes. The NCAA has bound coverage through August 1, 2015, with the caveat that terms could be re-negotiated based on the known or projected impact of PPACA once answers are available for many of the currently unanswered questions.

INSTITUTION-LEVEL DISCUSSION/DECISIONS

Institutions will need to decide if PPACA affects their approach to managing costs related to athletic injuries. Things to think about include the following:

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Who at the institution should be involved in this dialogue?

Consider engaging the following:

- o Those involved with the institution's Basic Accident plan (e.g. athletic director, athletic trainer, insurance coordinator, risk manager, finance officer, insurance advisor/representative)
- o Those involved with the institution's student health plan
- o Anyone evaluating PPACA and its impact on the institution (e.g. human resources director, legal counsel).

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If we currently purchase Basic Accident coverage, why do we purchase it?

Potential factors include:

- o We have a significant number of athletes without primary health insurance.
- o Our student-health plan significantly limits or excludes coverage for athletic injury expenses.
- o Student-athletes receive treatment that is out-of-network for their health insurance, which exposes them to potentially significant out-of-pocket expense.
- o We want to minimize or eliminate student-athlete financial responsibility for athletic injury medical bills.
- o We considered requiring student-athletes to have their own insurance instead of purchasing Basic Accident coverage, but we decided it was not feasible due to limited sources of health insurance.

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Do we think those reasons will still apply post-2014?

- o Some of the factors above, as well as other factors you identify, may be impacted by PPACA's implementation.
 - o While the true impact of PPACA is difficult to predict, this is a good time to begin discussing the topic.
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INSTITUTION-LEVEL DISCUSSION/DECISIONS

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If my institution currently sponsors a student-health plan, will it continue to do so post-2014? If yes, will that plan include limitations relative to coverage for athletic injuries?

- o Questions remain as to how student health plans will be impacted by PPACA and how those plans will approach coverage for athletic injuries post-2014.
- o Answers to these questions are important because availability of health insurance that covers athletic injuries impacts out-of-pocket costs faced by student-athletes.
- o Rather than limit the discussion to those involved with Basic Accident coverage, institutions should engage other individuals on campus who have information on PPACA's impact on the institution. This will provide a global perspective as well as access to answers as they become available.

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If we don't have one now, should we implement an "other coverage requirement" post-2014 since student-athletes should have better access to health coverage at that time?

- o Some institutions have implemented an "other coverage requirement" to control Basic Accident claims costs. Others require student-athletes to have their own insurance for athletic injuries and do not purchase Basic Accident coverage.
- o The availability of individual health insurance plans in the institution's geographic area may have influenced this decision.
- o PPACA creates a new set of circumstances regarding availability of individual health insurance plans and therefore creates a reason for institutions to revisit this topic.

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Should we expect material changes to our Basic Accident renewal premium for the 8/1/2013 renewal?

- o Most Basic Accident policy premiums are determined by an institution's individual loss experience.
 - o If you make any material changes to your institution's practices that could impact future losses, it is important to bring these to the attention of your insurance advisor/representative for consideration.
 - o Since the impact of PPACA on future loss experience is unknown to both insurers and institutions, it is not possible to know how or whether institutions' upcoming insurance renewals will be impacted.
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INSTITUTION-LEVEL DISCUSSION/DECISIONS

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If we think a larger percentage (or all) of our student-athletes will have health insurance post-2014, should we consider an aggregate deductible or self-insured plan?

- o Aggregate deductible and self-insured plans reduce certain administrative costs associated with buying insurance but add an element of uncertainty as to ultimate cost.
- o PPACA creates a new set of circumstances regarding potential cost of athletic injury claims and therefore creates a reason to revisit or consider alternative financing methods. Keep in mind, however, that the ultimate impact of PPACA on the institution's future losses remains unknown and analysis of options will require use of historic losses which may or may not be indicative of future losses.

Should our institution establish a resource to help uninsured student-athletes work through the exchange, investigate available tax credits, etc.?

- o This question is highly individualized based on the institution's approach to working with student-athletes on insurance-related matters.
- o PPACA will create a new landscape relative to health insurance, and therefore, it is an ideal time to discuss what role the institution will play in communicating with student-athletes and their families on the topic.
- o If an institution works with student-athletes in identifying or evaluating insurance options, the costs/benefits of an accident-only policy versus a health insurance plan should be considered when determining what best meets the student-athlete's needs.

What are the effects on our international student-athletes?

- o While international student-athletes are not specifically addressed in PPACA, it does state that the individual mandate applies to U.S. citizens, nationals, and an alien lawfully present in the United States. From this definition, it would appear that international students must buy insurance that provides minimum essential coverage.
- o It will be important to determine if an international student-athlete has coverage that will meet the requirements of PPACA and is accepted in the United States.
- o For international student-athletes that do not have coverage that meets the requirements of PPACA, each institution will have to determine how involved they will be in assisting the student-athlete in obtaining coverage and who will pay the costs.

INSTITUTION-LEVEL DISCUSSION/DECISIONS

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- If an institution works with student-athletes in identifying or evaluating insurance options, the costs/benefits of an accident-only policy versus a health insurance plan should be considered when determining what best meets the student-athlete's needs.
 - We believe insurance exchanges will be a resource for health coverage for international student-athletes. However, exchanges will work differently in every state so institutions should research this question with their state's exchange.
 - Institutions should work with international student-athletes prior to their arrival on campus to determine what coverage they have, what they will need to meet the requirements of PPACA and ensure the student-athlete and their family understand who will be responsible for the cost.
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RESOURCES

Federal government website managed by the U.S. Department of Health & Human Services
www.healthcare.gov.

Kaiser Foundation website providing information on health reform
<http://healthreform.kff.org>

Department of Health and Human Services Final Rule regarding Student Health Insurance Coverage:
<http://www.regulations.gov/#!documentDetail;D=CMS-2011-0016-0108>

State action toward creating health insurance exchanges
<http://statehealthfacts.kff.org/comparemaptable.jsp?ind=962&cat=17>

NCAA Student-Athlete Insurance programs, requirements, and materials
<http://www.ncaa.org/insurance>