

Back to school: Health insurance options for college students and parents

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From California to Connecticut, college students and their parents are engaged in the annual ritual of back-to-school shopping. Clothing, laptop computers and household furnishings are among the top items on their shopping lists.

One shopping item that may not be as prominent on the list is health insurance.

Under the [federal health care reform law](#), which was passed in 2010, health insurers now must cover children on their parents' plans up to age 26. Young adults are eligible for this coverage regardless of their financial, residential, employment, marital or student status. This mandate applies to the individual insurance market and to any employer-sponsored coverage purchased after March 23, 2010.

According to a 2008 report from the U.S. Government Accountability Office (GAO), 30 percent of colleges and universities in the United States require students to have [health insurance](#) as a condition of enrollment. However, that leaves about 70 percent of students who may or may not have health insurance.

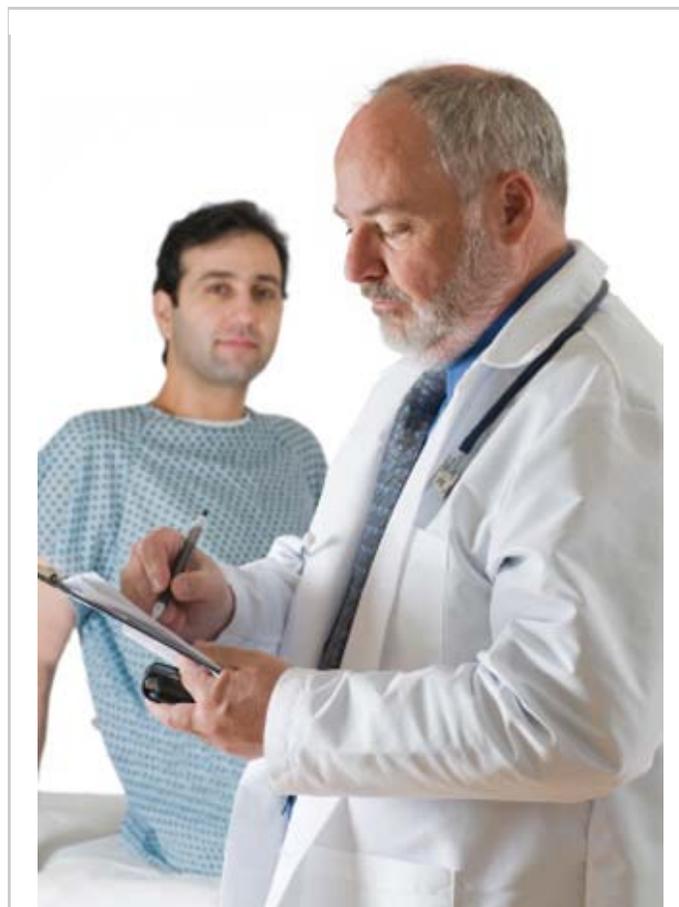
What are the options?

The best coverage for students, says Ankeny Minoux, president of the [Foundation for Health Coverage Education](#), often comes from a parent's plan, which usually offers benefits that are more comprehensive than any other option.

Be aware, however, that geographic exclusions may apply. If, for example, a student attends college 3,000 miles from home and it's suggested by a doctor that he or she see a specialist, it's quite likely that the specialist will be outside the parents' health care network, resulting in a higher deductible.

Another option is to buy an individual insurance plan for your college-bound son or daughter. Premiums are about \$500 to \$600 a year, Minoux says.

Finally, look into whether your son or daughter's school offers a health insurance plan. According to the GAO report, more than half of U.S. colleges and universities



A college student's serious illness could cause a financial catastrophe if he lacks health insurance.

sponsor health insurance plans for students. These plans carry an average annual premium of about \$800, the report says.

Cindy Holtzman, an independent health insurance agent in Georgia, warns that many college and university plans come with coverage limitations.

“It is very possible you can use (the coverage) all up with one illness or accident, and then you would have no coverage left, only bills to pay,” she says. “An appendectomy can cost at least \$30,000. If your son or daughter only has a \$25,000 policy limit, you are in trouble.”

The costs of inadequate coverage

Bill Suneson, president of Next Generation Insurance Group, a specialty insurer that focuses on the collegiate market, says parents should weigh the potential catastrophe of a son or daughter not being adequately insured.

“The cost of not having at least some medical insurance for students can be enormous,” Suneson says. “And the frequency of health incidents occurring in students lives is real.”

According to a 2011 study by Student Monitor, 13 percent of students have had to withdraw from college during the middle of a semester for a medical emergency or have a close friend who has done so.

In the end, Minoux says, a college student or parent who’s buying health insurance should not look solely at the monthly premium when deciding on a plan.

“It’s best to find a premium that not only matches your budget,” Minoux says, “but also has the benefits you anticipate ... needing.”