

WHAT YOU NEED TO KNOW



Enforcement Relief Extension for Higher Education Institutions Offering Student Premium Reduction Arrangements

On October 21, 2016, the Department of Labor (DOL), Department of Health and Human Services (HHS), and Department of the Treasury (Treasury) released an [FAQ](#) to extend enforcement relief for higher education institutions offering premium reduction arrangements to its students.

Background

The Patient Protection and Affordable Care Act (ACA) prohibits group health plans from having annual dollar limits and requires group health plans to provide coverage of certain recommended preventive services without imposing any cost-sharing requirements.

Before the ACA, some employers had health reimbursement arrangements (HSAs) and employer payment plans (EPPs) under which the employer would reimburse an employee for some or all of the premium expenses incurred for an individual market health insurance policy or directly pay a premium for an individual market health insurance policy covering the employee.

As group health plans, EPPs and HRAs are subject to the annual dollar limits prohibition and preventive services requirement. The DOL, Treasury, and HHS guidance provides that EPPs and HRAs will fail these group market reform requirements unless these employer health care arrangements are integrated with a group health plan that otherwise complies with those provisions. Moreover, these employer health care arrangements cannot be integrated with individual market policies to satisfy the market reforms.

Student Health Insurance Coverage

Under HHS final regulations, student health insurance coverage is defined as a type of individual market health insurance coverage that is offered to students and their dependents under a written agreement between an institution of higher education and an issuer.

Most colleges and universities will provide their students with student health coverage at reduced or no cost; for some students, typically graduate students who are performing services for the school, the school may reduce the cost through a credit, offset, reimbursement or stipend (a premium reduction arrangement).

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On February 5, 2016, the [DOL](#), [Treasury](#), and [HHS](#) each published notices providing that the Departments will not assert that a premium reduction arrangement fails to satisfy the annual dollar limits prohibition and preventive services requirement if the arrangement is offered in connection with other student health coverage (insured or self-insured) for a plan year or policy year beginning before January 1, 2017.

Pending further guidance, as of October 21, 2016, the DOL, Treasury, and HHS are extending the enforcement relief provided in their February 5, 2016, notices.

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