



NEW YORK STATE SENATOR

James L. Seward

Governor Advances Seward Backed College Health Insurance Program

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August 1, 2012

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ALBANY, 08/01/12 - State Senator James L. Seward (R/C/I-Oneonta) announced today that Governor Andrew M. Cuomo is advancing a new pilot program that will allow large universities to directly provide health coverage to their students at a lower cost.

The program is the result of legislation ([S.7314A](#)) sponsored by Senator Seward signed into law last week. The five universities that are eligible to self-insure are Columbia University, Cornell University, New York University, and the University of Rochester.

"As higher education costs rise, colleges and universities are always looking for an edge to keep expenses down and compete with out of state schools," said Senator Seward, Chair of the Senate Insurance Committee.

"Clearing the way for a self-insurance plan will allow New York schools that take part to tailor their own health insurance plans that meet the specific

needs of their student populations, while reducing administrative costs. I commend Governor Cuomo and Superintendent Lawsky for their support.”

“This program makes it possible for a group of large universities to provide comprehensive health insurance to their students at a reasonable cost,” Governor Cuomo said. “Many colleges require students to have health insurance so that they are protected in case of illness or injury. While many students are covered by their parents’ health insurance, other students have to purchase coverage, which can be a burden for families already dealing with tuition and other costs. Allowing the schools themselves to offer health plans lowers the cost, while ensuring that students get the health coverage they need.”

Benjamin M. Lawsky, Superintendent of Financial Services, said, “Working with the universities, we came up with a creative solution that allows the universities to self-insure, providing better value health coverage to their students. Effectively, this bill creates a demonstration project that could eventually be extended to other colleges and more students.”

State Insurance Law does not permit a New York institution to self-fund a student health plan without a license to do business as an insurance company. As a result, an institution must purchase a policy from an insurer, or incur the costs of becoming a licensed insurance company.

A group of large universities approached the Department of Financial Services to explore how to make comprehensive insurance available to their students directly in order to make the coverage more affordable by reducing administrative and risk costs. Working together, the Department and the schools developed the bill. It permits self-funding of health plans by universities with strong endowments because they have the ability to provide financial security to such health plans.

Superintendent Lawsky said, “Once we have experience with these large financially-strong institutions, we can consider whether the model will work for other universities.”

The Superintendent of Financial Services will have regulatory oversight over the student health plans. To protect students, the universities will set up reserves to ensure funding will be available to pay health care claims.

The new bill provides comprehensive health coverage and ensures that most of the premiums students pay will be spent on health care. Under the new bill, students will be provided with comprehensive health plans and the plans must spend at least 82 cents of every dollar collected on health care.

David J. Skorton, President, Cornell University said: “This law allows students and families to access comprehensive health insurance at the best possible prices. As all of us in higher education are working to control our costs, this flexibility is an

important element and has proven successful at schools in other states. The Governor has been a key leader in this effort.”

Joel Seligman, President, University of Rochester said: “I want to thank Governor Andrew Cuomo, Senator Jim Seward, and Assemblyman Joe Morelle for their leadership on this important legislation. The rising cost of student health benefit plans has contributed to college attendance cost increases and is an ongoing concern for both higher education institutions and the students that need to purchase effective health coverage. This legislation will help the University of Rochester and other colleges and universities to provide their students with high-quality, comprehensive health plans that are both cost effective and address the specific needs of students.”

Laura L. Anglin, President of the Commission on Independent Colleges and Universities, a statewide association for more than 100 private, not-for-profit campuses, said, “Student health insurance plan costs are rising, causing concern both for colleges and universities, and for students who need to purchase health coverage. With enactment of this legislation, New York State is providing the opportunity for a number of our research universities to consider self-funded plans as a means of helping students get comprehensive health insurance coverage that best meets their needs, at lower costs. This is a win-win, and we commend the Governor and the Legislature for making this option available.”

Jeffrey F. Scott, Columbia University’s Executive Vice President for Student and Administrative Services, said: “Columbia is committed to ensuring that our students have access to cost-effective medical insurance, a goal that is tied to the realities of the marketplace and therefore can be difficult to achieve. We commend Governor Cuomo, the members of his administration, and their partners in the Senate and Assembly for establishing the option of self-funding to help address our students’ need for affordable insurance.”