May 6, 2015

Dear EAP and Student Health Directors:

As many of you know, at most campuses UC Education Abroad Program (EAP) students have been allowed to drop their domestic health plan (either SHIP or another policy) when they travel abroad. These EAP students have access to a comprehensive Travel Insurance policy that assists our students with many services, including medical needs. Given the new Affordable Care Act (ACA) federal regulations, it has come to our attention that while this Travel Insurance policy is comprehensive, it is not considered an ACA Minimum Essential Coverage (MEC) health plan.

The federal law now requires most Americans to be covered by a MEC health plan. Beginning in 2016, UC will be required to report to the IRS covered members enrolled in both our self-funded employee and student MEC health plans; this new reporting requirement is known as section 6055 per the IRS regulation. If a student is not on our file that we submit to the IRS because they drop UC SHIP while studying abroad and have only travel insurance, our students could face IRS penalties as a result. Students covered under a fully-insured SHIP or another fully-insured or self-funded health plan are also subject to this filing requirement and their insurance company or health plan will be responsible to provide a report to the IRS.

This important issue has been discussed previously at the quarterly Student Health Insurance Forum (SHIF) and by a student health policy workgroup established last summer 2014 documenting these issues.

Lori Taylor (Executive Director of Self-Funded Health Plans) and Karen Hsi (Liability Program Analyst) met with most all of the Vice Chancellors of Student Affairs on Friday, April 17 to brief them on this concern. All Vice Chancellors agreed that starting this fall (Academic Year 2015/16), our students should not drop their domestic health plan coverage (UC SHIP or otherwise) when traveling abroad. Keep in mind these students are also required to have our Travel Insurance and this policy will augment the worldwide coverage offered by the student’s health plan, such as UC SHIP.

The Vice Chancellors ask that we all work together to operationalize this new eligibility rule. You may work with our team at UCOP if you have questions, as I’m sure there are administrative questions you might have specific to your campus.
Please feel free to contact the following OPRS staff with your questions or concerns:

Lori Taylor, Executive Director of Self-Funded Health Programs (Includes Student Health)
Email: Lori.Taylor@ucop.edu or Direct Line 510-987-0120

Gary Leonard, Executive Director Liability & Construction Programs (Includes Travel Accident Assistance)
Email: Gary.Leonard@ucop.edu or Direct Line 510-987-9824

We look forward to working with you.

Sincerely,

Cheryl Lloyd
Chief Risk Officer

Cc: Vice Chancellors of Student Affairs
Rachael Nava, Chief Operating Officer
Nathan Brostrom, Chief Financial Officer
John Stobo, Senior Vice President of Health Sciences & Services
Judy Sakaki, Vice President of Student Affairs
Jerlena Griffin-Desta, Deputy to Vice President of Student Affairs
Lori Taylor, Executive Director of Self-Funded Health Programs
Gary Leonard, Executive Director Liability & Construction Programs
Susan Mahoney, Program Manager, UC SHIP
Karen Hsi, Liability Programs Analyst