

# Texas House of Representatives

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SEP 25 2008

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STATE REPRESENTATIVE

*Sid Miller*  
DISTRICT 59

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SEP 25 2008

OPINION COMMITTEE

September 22, 2008

**RQ-0744-GA**

The Honorable Greg Abbot  
Texas Attorney General  
209 West 14th Street  
P.O. Box 12548  
Austin, Texas 78711-2548

FILE # ML-45842-08

I.D. # 45842

Dear Attorney Abbott and Opinion Committee

Tarleton State University ("Tarleton") is considering implementing a health insurance billing funding model at its student health center ("SHC"). Many of Tarleton's students have private health insurance through their parents. Currently, SHC will not accept a student's private health insurance – other than the school sponsored insurance – for payment of various ancillary services, such as x-rays or labs.

SHC seeks to implement a health insurance billing model for two primary reasons. First, students pay for various services for which their health insurance will accept, it would cover. As we strive to maintain lower student fees, the SHC represents an obvious area where Tarleton, and presumably many other Texas university health centers, can lower costs to its students and their parents. Second, this health insurance billing model would permit Tarleton to raise additional revenue without raising fees in the traditional manner of taxing its students and their parents. As our constituents – students and parents – complain about tuition and fee increases, this represents an opportunity for Tarleton to provide financial relief.

Tarleton currently permits its students to visit a doctor for no charge (whereas charges are only incurred for the additional services listed above). If SHC accepted the student's private health insurance and charged the insurance companies for the office visit – a common practice at virtually all physician offices outside the higher education community (and at a growing number of colleges and universities) – SHC could increase its revenue on a sustained basis. If demand increased, insurance payments would help

pay for the increased patient volume. The additional revenue could also augment services in one of several areas, including mental health services, an area of increased demand at many colleges and universities.

Students and their parents nationwide complain that college and university health centers do not accept their private health insurance, which means they are effectively paying three times for medical services. First, when they pay a health insurance premium, second when they pay the medical services fee and finally when they pay for a service associated with a doctor's visit. Indeed, Fox Business News aired a segment on February 11, 2008 on the issue of campus health centers accepting a student's private health insurance. Guests included Jim Boyle, President of College Parents of America, and a student from Washington University. The student was complaining of a \$750 lab bill incurred because the health center at Washington University did not accept his private health insurance. In addition, US News and World Report and the Baltimore Sun recently wrote articles urging campus health centers to adopt more conventional insurance practices, indicating the growing national interest regarding this issue.

Tarleton is interested in becoming proactive by establishing a model whereby the SHC becomes an in-network provider for many major insurance carriers. It does, however, wish to limit out of pocket costs to students as much as practically possible, whereby the need has arisen for this request for an opinion.

As a matter of background, when a provider bills an insurance company for services rendered, a co-payment for those services is usually charged to the patient. Regardless of the context, insurance contracts generally require that a provider cannot waive a co-payment. For example, Aetna defines a copayment as a charge required under a Plan that must be paid by a Member at the time of the provision of Covered Services, or at such other time as determined by Participating Group Physician ("PGP").

When implementing insurance billing, Tarleton could charge its students the customary \$15 copayment, as is standard with health care providers outside the higher education environment. However, Tarleton students have already paid a medical services fee pursuant to § 54.521 of the Texas Education Code. Charging the additional copayment in addition to the prepaid medical services fee may be perceived by students and their parents as double paying. Therefore, Tarleton would like the option of including a portion of the medical services fee as a prepaid copayment under § 54.521. Under this option, students and their parents would not feel as if they are double paying with a medical services fee, which provides SHC access, and then a co-payment in addition to the medical services fee. The Texas Department of Insurance has indicated that this is acceptable practice, but the TDI does not offer advisory opinions.

**Question:** Can a Texas public university that charges its students a medical services fee, or equivalent, pursuant to § 54.521 of the Texas Education Code or similar statutes, use a portion of the medical services fee as a prepaid copayment?

If you require further information, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in black ink, appearing to read "Sid Miller". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sid Miller  
State Representative District 59  
Chairman, House Committee on Agriculture and Livestock