

How Health Care Reform Really Affects Student Health Plans



**PRESENTED BY
UNIVERSITY HEALTH PLANS**

**JUNE 8, 2011
MA BURSAR STEERING COMMITTEE**

Student Health Plans (SHPs)



- 1-1.5 Million Students Covered under a SHP
- Importance of SHPs
 - Local Coverage
 - Benefits Tailored to Meet Needs of Students
 - International and Graduate Students
- Less Expensive than Individual Plans

The Proposed Rule



- Defines SHPs as a Type of Individual Coverage
 - Exception: Guaranteed Availability and Guaranteed Renewability Do NOT Apply to SHPs
 - Essential Health Benefits Include:
 - ✦ Emergency Services, Ambulatory Services, Hospitalization, Maternity, Mental Health and Substance Use, **Rx**, Rehabilitative Services, Lab Services, **Preventive and Wellness Services**, and Chronic Disease Services

Transition Period



○ Transition Period for Essential Health Benefits

- ✦ 2012-2013 Policy Year – Max Benefit \$100,000
 - Federal Standards Supersede State
 - MLR Requirement may apply
 - Notice Requirement
 - Preventative Care
 - No Internal Limits
 - Question Out-of-Pocket Max

- ✦ 2013-2014 Policy Year – Max Benefit \$2MM

- ✦ 2014-2015 Policy Year – Unlimited Coverage

Comment Period



- Ended Tuesday, April 12th
 - Over 100 comments can be viewed online at www.regulations.gov (Docket ID: CMS-2011-0016)
- Common Themes
 - Financial Concerns
 - Impact on Students

International Students



- Unclear Status in Relation to Proposed Rule
- Potential for Mandatory SHP Enrollment
 - Discrimination
 - Disincentive to Study in US
- MA QSHP Requirements

Potential Results of Proposed Rule



1) Premium Increases

- Differences Among SHPs

2) Discontinuation of SHPs

- Affordability

3) Decreased Competition

- Large Claim Risk
- MLR Requirement

Difference in Current SHPs

	STUDENT PLANS			INDIVIDUAL PLANS offered on MA State Exchange			
	Student Plan X	Student Plan Y	Student Plan Z	Young Adult Plan A	Young Adult Plan B	Individual Plan C	Individual Plan D
Plan Type	PPO	PPO	PPO	HMO	HMO	HMO	HMO
Annual Premium	\$1,325	\$1,365	\$2,100	\$2,310	\$2,800	\$2,855	\$5,015
Annual Benefit Max	\$50,000	Unlimited	Unlimited	\$50,000	Unlimited	Unlimited	Unlimited
Annual Deductible	None	None	None	\$2,000	\$250	\$2,000	None
Out-of-Pocket Max	None	\$1,000	\$5,000	\$5,000	\$5,000	\$5,000	None
Office Visit	\$8	\$20	\$25	\$25	\$25	\$25	\$20
Prescription	N/A	\$10/\$25/\$45 Co-pays	\$15/\$30/\$50 Co-pays	\$15 Co-pay /50% Co-in	\$15 Co-pay /50% Co-in	\$15 Co-pay /50% Co-ins	\$15/\$30/\$50 Co-pays
E.R. Co-pay	\$50	\$100	\$100	\$250	\$250	\$100	\$75
Coverage Level	80%	100%/80%	80%/60%	80%	70%	80%	100%

Possible Results of Increased Premiums



- Some Schools Stop Offering SHPs
- Higher Deductibles / Co-insurance
- Potential Increase in Consortia
- Shift to Self-Insured Plans

Student Health Centers



- **SHPs Designed to Complement the SHC**
 - Eliminates Duplication of Benefits
- **SHPs Encourage Students to Seek Care on Campus**
 - Referral Systems & Benefit Shifting
- **Choice of PCP**
 - Student Health Management

Medical Loss Ratio



- 80% Loss Ratio (Claims/Premium)
- High Administration Expenses due to Customized Nature of SHP
 - Premium Tax
 - Enrollment/Waiver Process
 - Credit Card Fees
 - Communication Material
- Low Premium/Expense Ratio
 - 20% of \$1,200 = \$240
 - 20% of \$4,930 = \$986
- Risk of Large Claim in Small Group

Potential Rebates



- Final MLR vs. Minimum MLR Requirement
- Administration Issues
 - Transient Nature of Students
- More Viable Options
 - Reserve Account
 - Rebates to Colleges vs. Rebates to Students

Decreased Competition



- Risk of One Large Loss
- Enforcement of MLR Requirement
- Small Insurance Companies may Exit
- Potential Increase in Self-Insured Plans
- Development of New Insurance Products

Financial Impact of Benefit Changes

	Company A	Company B
Increase Max		
\$50,000 to \$100,000	\$50	\$81
\$50,000 to \$250,000	\$92	\$181
Increase Outpatient Max		
\$3,000 to \$10,000	\$48	\$90
Remove Pre-Existing Exclusion	\$14	\$20
Include 100% Preventive Care	\$125	\$46
Increase Indemnity Rx Max		
\$500 to \$5,000	\$44	\$87
Increase Rx Card Max		
\$1,000 to \$2,500	\$116	\$45
\$1,000 to \$10,000	\$250	-
\$2,500 to \$500,000	-	\$148

Conclusion



- Unique Nature and Importance of SHPs
 - Provides a Valuable Service to Students

- Current Expectations
 - 1st Dollar Cost Sharing
 - ✦ Deductible
 - ✦ Co-Insurance
 - Catastrophic Coverage
 - ✦ Out-of-Pocket Max

Panel Discussion



- Gallagher Koster: *Teresa Koster*
- Aetna: *Brian St. Hilaire*
- University Health Plans: *Bill Devine*