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Plans, Inc.**

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Update to the UHP September Newsletter

UHP released its September Newsletter and then discussed it with CMS/CCIIO on September 30th and November 2nd. This update provides clarification of issues identified in the prior newsletter. It is important to note that CMS/CCIIO provides guidance on federal regulations while the states have primary regulatory authority. Student Health Insurance Plan (SHP) insurers are still working to better integrate each state's specific policy and rate filing requirements into the renewal/sales process.

SHPs are classified as a unique type of individual insurance plan for purposes of the federal law. SHPs are granted specific exemptions within the individual market rules including parts of guaranteed availability and renewability, single-risk pool, and the requirement to operate on a calendar year with corresponding open enrollment periods.

Filing requirements for rate increases. CMS/CCIIO clarified that the rate justification, required for rate increases of 10% or more, must be filed at least 60 days in advance of the implementation date, which CMS interprets as the plan effective date, (generally in August). Most schools need to publish plan information months before the plan effective date. Therefore, the rate justification process may still be an issue as most insurance companies will not publish plan information without prior plan approval. It is important to note that the individual states have primary regulatory authority, with the exception of the 5 CMS direct enforcement states (Alabama, Missouri, Oklahoma, Texas, and Wyoming).

State timelines for approvals may vary.

Rating formulas and underwriting equations must be uniformly applied (per risk pool). According to CMS/CCIIO insurance companies are expected to file on a single-risk basis; per school and/or per state. If the insurance company is filing per state then all experience needs to be lumped together and all schools are to receive the same rate increase or decrease, unless benefit changes are made. Insurance companies can lump together schools that have different benefit plans under this model. The single risk pool is defined by the insurance company, but CMS/CCIIO noted that it is probably unrealistic to expand the single risk pool beyond state lines.

Each rate is approved on a single-risk basis. Pool experience and different trend factors can be used.

In some states the full plan design may need to be filed and approved prior to marketing a plan. This does not apply to the CMS direct enforcement states. According to CMS/CCIIO the plan design does not need to be filed and approved prior to benefit option discussion with the school, but the rules may be different per state. If a plan is communicated via web or print prior to approval then the possibility exists that plan design or rate changes will be required after publication due to the approval process.

The 2016 actuarial value calculator has changed from the 2015 version. United, Aetna, and Blue Cross Blue Shield of

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Massachusetts expect actuarial values (AVs) to increase for the upcoming 2016-2017 policy year due to the new 2016 AV calculator. United, for example, calculated the AV for a plan without benefit changes using the 2016 AV calculator and the AV increased 1% compared to the 2015 AV calculation. That specific school offers a platinum level plan and will have to decrease benefits for the 2016-2017 year.

Please note that ACHA has raised concerns about the AV metallic band requirements, but not specifically about the 2016 calculator.

UHP provided ACHA with a sample of schools that experienced issues with the AV requirement and were forced to decrease benefits in order to comply with the AV metallic banding requirement. ACHA is compiling that information with other schools for submission to CMS/CCIIO.

All students insured under the same school may be required to have the same rate unless there is a benefit difference. (Not exactly according to federal regulations.) Per CMS/CCIIO if subgroup plans (undergraduate, graduate, etc.) are filed and approved as separate risk pools then separate rates are allowed,

and the subgroups can be rated based on their own experience.

Some of the carriers made the decision last year to only offer dependent coverage if dependents were provided the same benefits and rates as students to minimize compliance issues. It is not a CMS/CCIIO regulation, but for most insurance companies it is not cost effective to file a policy for a small number of insureds. Also there is a question as to whether a dependent only plan is still a "student plan".

Another high profile issue concerns colleges and universities funding SHP premiums for Student Employees. CMS/CCIIO is unable to comment.

2016-2017 OUTLOOK:

- Longer renewal timeline
- Communication of plan details will be delayed until plan approval complete
- Compounded trend resulting in higher premiums
- Compliance issues may continue to drive smaller carriers out of the SHP market
- Self-insuring with stop loss may become a more viable option for schools

About Our Organization...

University Health Plans (UHP) is a leading benefit brokerage/consulting firm specializing in the design, brokerage, and service of College and University student health insurance programs.

Using a team approach, UHP currently manages the student health insurance programs for over seventy-five colleges and universities.

We specialize in managing student health insurance programs, in addition to offering ancillary programs such as sports and travel insurance. Student health insurance is our only line of business so we devote 100% of our energies and resources to ensure cost effective student health insurance with superior customer service.

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