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

<table>
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<tr>
<th></th>
<th>STUDENT PLANS</th>
<th></th>
<th>INDIVIDUAL PLANS</th>
<th>offered on MA State Exchange</th>
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<tr>
<td></td>
<td>Student Plan X</td>
<td>Student Plan Y</td>
<td>Student Plan Z</td>
<td>Young Adult Plan A</td>
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<td>Plan Type</td>
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<td>Out-of-Pocket Max</td>
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<td>Office Visit</td>
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<td>Prescription</td>
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<td>Coverage Level</td>
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<td>100%/80%</td>
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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

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<tr>
<th>Benefit Change</th>
<th>Company A</th>
<th>Company B</th>
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<tr>
<td>Increase Max</td>
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<td>$50,000 to $100,000</td>
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<td>Remove Pre-Existing Exclusion</td>
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<td>Increase Indemnity Rx Max</td>
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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