

University Health Plans

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Centers for Medicare & Medicaid Services
Department of Health & Human Services
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P.O. Box 8010
Baltimore, MD 21244-8010

To Whom It May Concern,

Thank you for clearly defining student health plans (SHPs) as individual plans and clarifying which aspects of the Public Health Services (PHS) Act and Affordable Care Act (ACA) will apply to SHPs as such.

As a student health insurance broker, we understand how important it is for colleges and universities to continue offering SHPs, but are concerned that the implementation of the new rule may have some negative effects on SHPs. At the same time, however, we believe that there are ways for SHPs to succeed while implementing the requirements of the proposed rule.

1. Affordability for Students

Some schools facing large premium increases may choose to stop offering a SHP because they feel that their students will no longer be able to afford it. In that case, the school will likely direct students to individual health insurance exchanges. As illustrated in the attached table, however, these plans are generally more expensive than SHPs. Whether individual plans will be subsidized for students is not yet clear. In Massachusetts, full-time students are not currently eligible for subsidies on individual plans marketed on the state exchange.

With little choice in coverage limits, deductibles and coinsurance options will become the main cost control option for SHPs. In our experience, however, most schools do not want to offer a high deductible plan. A high deductible may prevent some students from seeking medical care, potentially causing them to develop more serious and more costly health problems.

2. Student Health Centers

One way that schools currently work to keep premiums low is by coordinating SHP benefits with services offered at the on-campus Student Health Center to eliminate

duplication of benefits. Some SHPs cover certain services (such as immunizations) only at the Student Health Center or require a higher co-payment for covered services obtained from an outside provider rather than at the Student Health Center. Others include a Student Health Center referral requirement to see an outside provider. We believe that this coordination of student benefits with Student Health Center services should continue to be permitted.

3. Minimum Medical Loss Ratio Requirement

Insurance companies in the student market believe that SHPs should have a lower MLR requirement than other individual plans due to the combination of the lower premiums and extra administrative work associated with SHPs. Insurers of SHPs are also concerned about potentially having to issue rebates to students if the final MLR is less than the minimum MLR requirement. The rebate process is particularly complex for SHPs because of the transient nature of student populations. A more viable alternative for SHPs might be to arrange for a reserve account where excess earned premiums are held and then applied to offset the costs of future student premiums.

Insurers in the student market are particularly concerned about the uncertainty of large claims with an unlimited benefit program. This puts the insurers at risk and can potentially have a negative effect on MLRs, which in turn impact future premium rates. If SHP insurers are required to issue rebates when they do not meet the minimum MLR requirement, the insurance companies will not have adequate reserves when the MLRs of their SHPs exceed 80%, forcing some insurance companies to exit the student health market. Less competition in the market will minimize plan options for schools and affect the level of service that schools and students have come to expect from their brokers and insurers.

4. International Students

International students do not currently need to comply with the mandates of the proposed rule. The unclear status of international students in relation to this rule raises a number of questions. For example, will international students be expected to have insurance that meets the same requirements expected of domestic students? If so, schools may begin requiring international students to enroll in the SHP to ensure that their coverage meets the same standards that domestic students' coverage has to meet. If domestic students are not also required to enroll in the SHP, however, this mandate could be seen as discriminatory.

Many international students have access to inexpensive yet fairly comprehensive coverage, but many of these international plans have limitations that may not meet a school's insurance requirements or adequately cover Essential Health Benefits, and students may still be required to purchase secondary coverage. A mandate for international students to purchase an expensive SHP, or the imposition of waiver requirements that international plans may not be able to meet, could, be a financial disincentive for some international students to study at American colleges and universities.

Based on the information available at this point in time, we expect that Health Care Reform and the proposed rule will affect Student Health Plans in the following ways: premiums will increase

for many SHPs, some schools will stop offering a SHP, more self-insured SHPs will be developed, and competition within the student market may decrease due to the combination of the MLR requirement and the uncertainty of very large claims in unlimited benefit plans.

Considering past experience and using Massachusetts as an example, we do believe that SHPs can succeed under the new requirements. This success, however, depends on the administration's understanding and consideration of the unique nature of SHPs. CMS/HHS have already taken the unique nature of SHPs into consideration when writing the proposed rule. We hope that they continue to do so when proposing solutions to the requirements that have not yet been addressed.

Sincerely,

University Health Plans, Inc.

Enclosure: Comparison of SHPs and Individual Plans

Figure 1: Comparison of SHPs and Individual Plans

	STUDENT PLANS			INDIVIDUAL PLANS offered on 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	PPO	PPO	HMO	PPO
Annual Premium	\$400	\$1,200	\$2,000	\$1,990	\$2,475	\$2,800	\$4,930
Annual Benefit Max	\$5,000 per condition	Unlimited	Unlimited	\$50,000	\$50,000	Unlimited	Unlimited
Annual Deductible	\$50 per accident	None	None	\$2,000	\$250	\$2,000	None
Out-of-Pocket Max	None	None	None	\$5,000	\$5,000	\$5,000	None
Office Visit	\$10	\$20	\$25	\$25	\$25	\$25	\$20
Prescription	100% up to \$150	\$10/\$25/\$45 Co-pays	\$15/\$30/\$50 Co-pays	\$30 Co-pay /50% Co-in	50% up to \$2,000	\$15 Co-pay /50% Co-in	\$15/\$30/\$50 Co-pays
E.R. Co-pay	\$50	\$100	\$100	\$250	\$250	\$100	\$75
Coverage Level	80%	100%	100%	80%	70%	80%	100%
*Plan is not offered in Massachusetts							