The Importance of Student Health Insurance & The New Challenges with ACA

November 7, 2014
STUDENT HEALTH INSURANCE

- Provides easy access
- Affordability
- Low out-of-pocket expenses
- Coordination with Student Health Centers
- Quality Service
- Transportability
- Student retention
LEARNING OBJECTIVES

- Understand the following:
  - Issues students/schools are facing due to the shift in health insurance programs under the Affordable Care Act (ACA)
  - The effect of Medicaid expansion
  - The federal and state insurance marketplaces and the subsidies available through the marketplaces
  - What groups on campus are most likely affected by the ACA
  - Insurance company underwriting, medical trend, retention, and ACA taxes
  - Balancing premium & benefits
Unlimited policy maximum for essential health benefits
No exclusions for pre-existing conditions
Out-of-pocket max of $6,350/individual & $12,700/family
Pediatric dental and vision for children up to age 19
Actuarial Value (AV) requirement
  AV measures the average percentage of healthcare costs the insurer will cover
  Platinum (88-92%), Gold (78-82%), Silver (68-72%), and Bronze (58-62%)
Minimum loss ratio requirements/refunds
Majority of students waive SHIP with their parent’s employer-sponsored plan. Below are a few trends in that market.

- High Deductible Health Plans (HDHP) and Consumer Driven Health Plans (CDHP)
- Limited, regional provider networks (e.g., HMOs & EPOs)
- High levels of cost-sharing, co-insurance and/or co-pays
- SHIP premium in many cases lower than family plan’s deductible
28 states implemented Medicaid expansion

Issues for newly eligible students residing out of state

Expansion of Medicaid had a negative impact on enrollment for some schools

Temporary MassHealth coverage will expire in January or February. Students with that type of coverage will have to reapply.

Waivers with MassHealth increased 60%
GOVERNMENT-RUN MARKETPLACES

- Levels of coverage categorized under 4 metal tiers
  - Additionally, catastrophic plans offered, but do not provide Minimum Essential Coverage
- Open enrollment period for 2015: 11/15/14 – 2/15/15 for coverage starting 1/1/15
- Special enrollment periods allowed
- Generally Marketplace Plans include limited provider networks
Health insurance subsidies only available via the marketplace

Available subsidies include advanced premium tax credits and cost-sharing subsidies

Subsidies are based on family income

Students are not eligible for an individual subsidy if they can be claimed as a dependent

State residency required to enroll
## STUDENT PLAN vs. MARKETPLACE PLANS

<table>
<thead>
<tr>
<th></th>
<th>College-Sponsored</th>
<th>Plans Offered on the MA Marketplace</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MA COLLEGE</strong></td>
<td></td>
<td>PLATINUM</td>
</tr>
<tr>
<td><strong>Actuarial Value</strong></td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td><strong>PREMIUM</strong></td>
<td>$1,900</td>
<td>$4,000 - $7,600</td>
</tr>
<tr>
<td><strong>Ded – Ind.</strong></td>
<td>$0</td>
<td>$0 - $500</td>
</tr>
<tr>
<td><strong>OOP – Ind.</strong></td>
<td>$2,000</td>
<td>$1,500 - $2,000</td>
</tr>
<tr>
<td><strong>PCP OV</strong></td>
<td>$10</td>
<td>$25 - $20</td>
</tr>
<tr>
<td><strong>ER Visit</strong></td>
<td>$50</td>
<td>$100 - $150</td>
</tr>
<tr>
<td><strong>Hospital</strong></td>
<td>$0</td>
<td>$0 - $500</td>
</tr>
</tbody>
</table>

Provider Networks & Service Quality should be considered when comparing plans

* mahealthconnector.org (plans available on 10/7/13 for non-tobacco user, date of birth 11/1/92)
The average premium increase for 2015 plans is approximately 2%. Data will be released on 11/15/14.
GROUPS OF STUDENTS AFFECTED BY ACA

- Full-time Undergraduates and Graduates
- Part-time Students
- Student workers
  - Graduate assistants
  - Work study
- International Students
  - Unfamiliar with US healthcare system
  - Limited options
  - Travel assistance, evacuation, and repatriation insurance
  - New J-visa requirements
### Ship Underwriting

<table>
<thead>
<tr>
<th></th>
<th>Small Group</th>
<th>Large Group</th>
<th>Special Underwriting</th>
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<tbody>
<tr>
<td><strong>Total Retention</strong>*</td>
<td>22%</td>
<td>18%</td>
<td>12 - 15%</td>
</tr>
<tr>
<td>Broker/Service Fee</td>
<td>4-5%</td>
<td>3%</td>
<td>2-3%</td>
</tr>
<tr>
<td>ACA &amp; State Taxes</td>
<td>6-8%</td>
<td>6-8%</td>
<td>6-8%</td>
</tr>
<tr>
<td>Expected Medical Expenses</td>
<td>65-68%</td>
<td>71-73%</td>
<td>74-80%</td>
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</tbody>
</table>

*Retention includes the following: Claims Administration, Profit, Communication, General Overhead, Risk and Pooling Charges*
MEDICAL AND RX TREND

- Trend
  - Medical cost
  - Increased utilization
  - Technology
  - Prescription
  - Cost sharing leverage
RATING STRUCTURE

- Age banding
  - How will this affect student health plans?
  - Will we continue to be able to offer a separate undergraduate or graduate rate?
- Dependent coverage
• Purchasing Groups
  • Leverage due to purchasing power

• Consortia
  • Leverage due to purchasing power
  • May be some retention savings, but each school still requires customized services
  • Participating schools need to balance each other out – must be similar in nature
## BALANCING PREMIUM & BENEFITS

**Reporting Period 8/1/13-7/31/14**

<table>
<thead>
<tr>
<th>Range</th>
<th>Member Count</th>
<th>Average Member OOP</th>
<th>Sum Member OOP</th>
<th>Average Paid</th>
<th>Sum Paid</th>
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<tbody>
<tr>
<td>$0-$249</td>
<td>20,410</td>
<td>$54</td>
<td>$1,107,581</td>
<td>$821</td>
<td>$16,750,260</td>
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<tr>
<td>$250-$499</td>
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<td>$350</td>
<td>$848,771</td>
<td>$3,694</td>
<td>$8,951,063</td>
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<td>$861</td>
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<td>$2,726,248</td>
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<td>$1,359</td>
<td>$262,373</td>
<td>$10,135</td>
<td>$1,956,074</td>
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<td>$1,617</td>
<td>$177,881</td>
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<td>$1,750-$1,999</td>
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<td>$1,876</td>
<td>$163,186</td>
<td>$17,286</td>
<td>$1,503,923</td>
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<td>$2,000-$2,249</td>
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<td>$123,035</td>
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<tr>
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<tr>
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<td>$213,190</td>
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<td>$4,000+</td>
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<td>$7,345</td>
<td>$521,524</td>
<td>$59,512</td>
<td>$4,225,376</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>25,462</strong></td>
<td><strong>$202</strong></td>
<td><strong>$5,139,295</strong></td>
<td><strong>$2,080</strong></td>
<td><strong>$52,951,493</strong></td>
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This presentation can be found on UHP’s website via the following link: http://www.universityhealthplans.com/newsletter