

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

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# 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

# REVIEW OF THE CURRENT ACA REQUIREMENTS

- 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

# EMPLOYER-SPONSORED PLAN TRENDS

- 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

# MEDICAID EXPANSION

- 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

# MARKETPLACE SUBSIDIES

- 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

	College-Sponsored	Plans Offered on the MA Marketplace			
	MA COLLEGE	PLATINUM	GOLD	SILVER	BRONZE
<b>Actuarial Value</b>	<b>90%</b>	90%	80%	70%	60%
<b>PREMIUM*</b>	<b>\$1,900</b>	\$4,000 - \$7,600	\$3,100 - \$5,800	\$2,500 - \$4,500	\$2,000 - \$3,900
Ded – Ind.	<b>\$0</b>	\$0 - \$500	\$500- \$1,500	\$2,000	\$2,000
OOP – Ind.	<b>\$2,000</b>	\$1,500 - \$2,000	\$3,000 - \$5,000	\$6,350	\$6,350
PCP OV	<b>\$10</b>	\$25 - \$20	\$20 - \$30	\$30	\$50
ER Visit	<b>\$50</b>	\$100 - \$150	\$150 – 30%	\$350	\$750
Hospital	<b>\$0</b>	\$0 - \$500	\$500 – 30%	\$1,000	\$1,000

**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

	<b>Small Group</b>	<b>Large Group</b>	<b>Special Underwriting</b>
<b>Total Retention*</b>	<b>22%</b>	<b>18%</b>	<b>12 - 15%</b>
Broker/Service Fee	4-5%	3%	2-3%
ACA & State Taxes	6-8%	6-8%	6-8%
Expected Medical Expenses	65-68%	71-73%	74-80%

**\*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 & CONSORTIUMS

- Purchasing Groups
  - Leverage due to purchasing power
- Consortiums
  - 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

Range	Member Count	Average Member OOP	Sum Member OOP	Average Paid	Sum Paid
\$0-\$249	20,410	\$54	\$1,107,581	\$821	\$16,750,260
\$250-\$499	2,423	\$350	\$848,771	\$3,694	\$8,951,063
\$500-\$749	1,089	\$608	\$661,576	\$5,783	\$6,297,438
\$750-\$999	541	\$861	\$465,567	\$7,661	\$4,144,808
\$1,000-\$1,249	322	\$1,118	\$359,844	\$8,467	\$2,726,248
\$1,250-\$1,499	193	\$1,359	\$262,373	\$10,135	\$1,956,074
\$1,500-\$1,749	110	\$1,617	\$177,881	\$12,115	\$1,332,619
\$1,750-\$1,999	87	\$1,876	\$163,186	\$17,286	\$1,503,923
\$2,000-\$2,249	58	\$2,121	\$123,035	\$39,121	\$2,269,025
\$2,250-\$2,499	49	\$2,364	\$115,826	\$14,695	\$720,077
\$2,500-\$3,249	76	\$2,805	\$213,190	\$18,783	\$1,427,519
\$3,250-\$3,999	33	\$3,604	\$118,941	\$19,608	\$647,061
\$4,000+	71	\$7,345	\$521,524	\$59,512	\$4,225,376
<b>Total</b>	25,462	\$202	\$5,139,295	\$2,080	\$52,951,493

# QUESTIONS

This presentation can be found on UHP's website via the following link:  
<http://www.universityhealthplans.com/newsletter>