



Student Health Insurance Initiative – “Year Three”

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Agenda

- Qualifying Student Health Insurance in Massachusetts
- Division of Health Care Finance & Policy Student Health Insurance Reports
- The Group Purchasing Initiative and the Role of the Health Connector
- The 2012-2013 Academic Year Framework
- The 2012-2013 Academic Year Results
- Accomplishments to Date
- Opportunities for the Future



Qualifying Student Health Insurance in Massachusetts

- Massachusetts has required students enrolled in higher education programs to be covered by health insurance since 1989
- The requirements for student health insurance in Massachusetts are relatively simple:
 - Every school (public or private colleges or universities) in Massachusetts must offer a student health insurance plan (SHIP)
 - Every full-time and part-time matriculating student enrolled in such a Massachusetts school must be covered by health insurance that provides “reasonably comprehensive coverage”
 - Students covered by other “comparable” coverage may waive enrollment in a school’s SHIP plan
 - Includes MassHealth, Commonwealth Choice plans, other private plans
 - Excludes Commonwealth Care, non-U.S. plans, plans with provider networks that are not reasonably accessible in the area where the student attends school



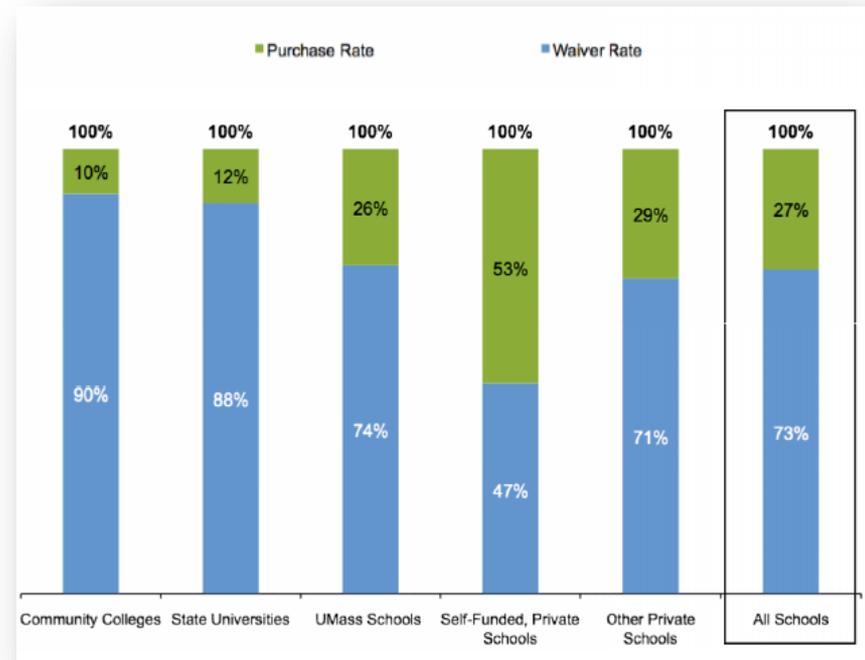
Qualifying Student Health Insurance in Massachusetts (cont'd)

- The state's Division of Health Care Finance and Policy (DHCFP) has regulatory responsibility to define what constitutes "qualifying student health insurance programs"
- DHCFP requires a school's qualifying student health insurance program to provide "reasonably comprehensive coverage"
 - Must generally include coverage of preventive and primary care services, emergency services, surgical services, hospitalization benefits, ambulatory patient services and mental health services
 - For fully-insured schools (all but 3 schools in Massachusetts), must cover all state-mandated benefits
 - If the plan limits benefits for a discrete illness or accident, the minimum cap for benefits for each such illness or accident may not be less than \$50K
 - If the plan includes "reasonable" co-pays and deductibles, the total deductibles may not exceed \$250 per year



Division of Health Care Finance & Policy Student Health Insurance Reports

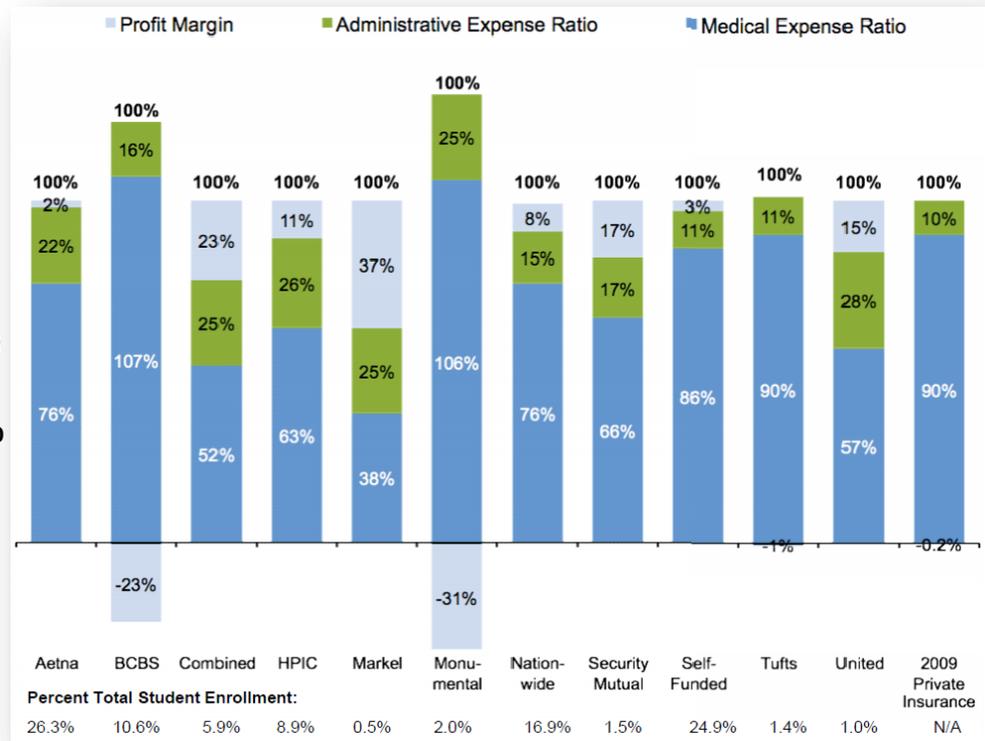
- DHCFP began reporting on SHIPs in 2009
- The reports found that, compared to typical private health insurance in Massachusetts, SHIPs are broadly characterized by:
 - Relatively low take-up rates
 - In 2010, of the 401,521 students subject to the requirement, only 27% enrolled in SHIP plans
 - Most students were able to waive SHIP by virtue of having insurance through parents, employers, etc.
 - Less comprehensive benefits
 - Annual aggregate benefit maximums at or below \$100K
 - Significantly lower discrete benefit maximums for outpatient, ambulance and high-cost procedure services, as well as prescription drug coverage





Division of Health Care Finance & Policy Student Health Insurance Reports (cont'd)

- Greater penetration of out-of-state carriers with low medical loss ratios (MLRs) (meaning that insurers are spending a greater portion of the student's premium dollars on administrative costs/profits and less on medical care)
 - Some out-of-state carriers had profit margins in excess of 15%, with the highest coming in at 37%
 - Most carriers' MLRs were well below 80%, with several below 60%
 - By comparison, average private individual coverage in Massachusetts in 09-10 had 0% profits and a 90% MLR





The Group Purchasing Initiative and the Role of the Health Connector

- In 2009, the Department of Higher Education commissioned the “Student Health Program Steering Committee” to explore opportunities for improving the value of health insurance for public college students
 - Comprised students and administrators from the Commonwealth’s community colleges, state universities and UMass and the Health Connector, EOE, ANF and DHCFP
- The major focus of the initiative has been on reprocurring and renegotiating health insurance coverage to improve benefits while restraining costs
- The Health Connector has played an active role in the Committee since its inception:
 - Supported the reprocurement of coverage for the State Universities (collectively) and the Community Colleges (collectively) for AY 2010-2011
 - Supported the reprocurement of coverage for the State Universities (collectively), the Community Colleges (collectively) and the UMass Campuses (individually) for AY 2011-2012
 - Supported renewal of Community Colleges (collectively), State Universities (collectively) and most UMass campus coverage (individually) with their existing carriers for AY 2012-2013
 - Assisted schools with negotiating contractual language and terms for each AY



The 2012-2013 Academic Year Framework

- AY 2012-2013 presented a number of financial challenges:
 - Re-procurement was the less preferred option:
 - Diminishing returns following two consecutive years of re-procurement for the Community Colleges and State Universities (and re-procurement last year for the UMass campuses)
 - Schools were interested in preserving continuity with existing carriers, especially given the Community Colleges and State Universities had switched carriers within the past two years
 - ACA required additional benefit upgrades, including free preventive care and the elimination of all benefit caps
 - In some cases, MLRs had increased to very high levels for schools that had dramatically improved their benefits in recent years



The 2012-2013 Academic Year Framework (cont'd)

- Strategy to navigate these challenges
 - Renegotiate aggressively with current carriers to extend current coverage relationships for another year
 - Implement ACA-required benefit changes
 - Consider other campus-driven benefit changes to either improve coverage or mitigate trend
 - Convert all broker fees to a PSPY fee instead of a percentage of premium fee to better reflect the costs of the work being done (as opposed to the premiums being charged)
 - Hold all fees flat (Health Connector, Carrier and Broker fees)



The 2012-2013 Academic Year Results

- Overview:
 - Skillful negotiations and a strong commitment by Carriers and Brokers to serve these students helped **manage overall trend**
 - Average overall decrease between initial carrier quote (including ACA benefits) and final negotiated premium was 7%
 - All schools **enhanced benefits due to the ACA**
 - All eliminated cost-sharing for preventive care, and some eliminated remaining benefit caps
 - Some plans further **enhanced benefits in response to student requests**
 - *E.g.*, UMass Boston moved from a 85/15% co-insurance rate to 90/10%, lowered its out-of-pocket maximum from \$5,000 to \$2,000 and reduced copayments for prescription drugs
 - Some schools adopted **minor benefit adjustments to restrain costs** but without eliminating any previously covered services
 - Most common changes including increasing non-preventive office visit copayments from \$20 to \$25 or adding out of network deductibles
 - All changes were within the range of benefits already existing among the schools (*i.e.*, no new benefit outliers)



The 2012-2013 Academic Year Results (cont'd)

- Trend varied by campus based on MLRs and nature of benefit changes
- Though challenging to quantify precisely, ACA benefit upgrades added 1.5% (low-end average) to 8.5% (high-end average) to premiums

	UMass Worcester	UMass Dartmouth	UMass Lowell	UMass Boston	Community Colleges	State Universities
AY11-12	\$4,220	\$2,077	\$1,109	\$1,692	\$928	\$1,137
AY12-13	\$4,010	\$2,077	\$1,188	\$1,902	\$1,049	\$1,261
% Change	-5%	0%	7.12%	12.41%	13.04%	10.86%
Notes	<ul style="list-style-type: none"> •Low MLR •Preventive care upgrades needed due to ACA •Broker reduced fee 	<ul style="list-style-type: none"> •Average MLR •Preventive care upgrades needed due to ACA 	<ul style="list-style-type: none"> •Low MLR •Preventive care and benefit level upgrades needed due to ACA (<i>i.e.</i>, no benefit caps) •Additional cost-containment plan changes 	<ul style="list-style-type: none"> •Average MLR •Preventive care upgrades needed due to ACA •Additional benefit upgrades added (valued at an additional 6%) 	<ul style="list-style-type: none"> •High MLR •Preventive care and benefit level upgrades needed due to ACA (<i>i.e.</i>, no benefit caps) •Additional cost-containment plan changes 	<ul style="list-style-type: none"> •High MLR •Preventive care upgrades needed due to ACA •Additional cost-containment plan changes



The 2012-2013 Academic Year Results (cont'd)

- On balance, benefits for AY2012-2013 have improved for public college and university students

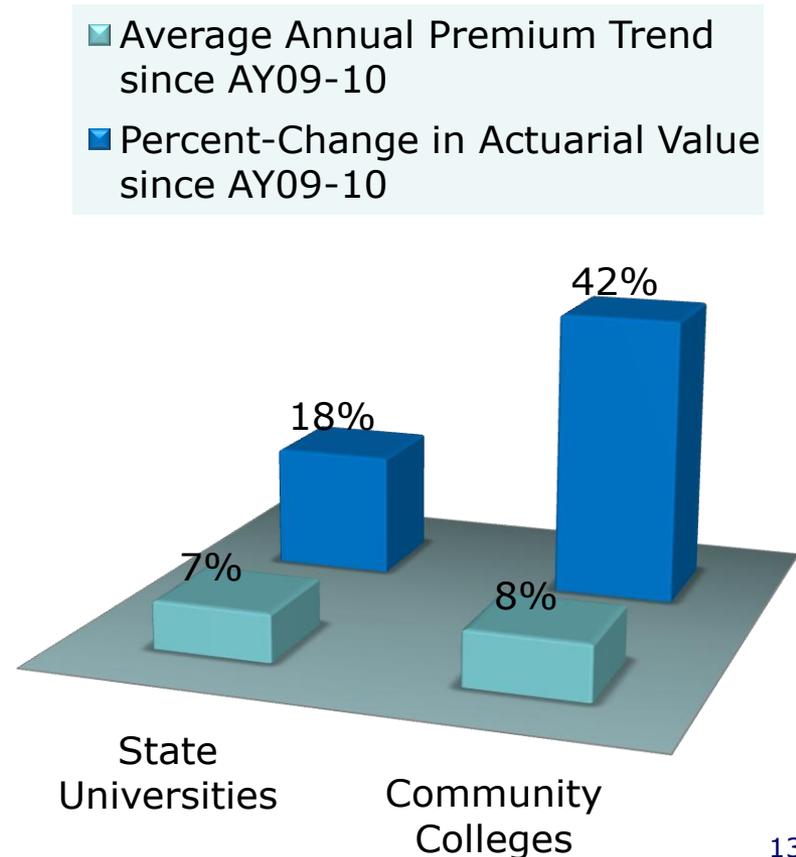
	UMass Worcester	UMass Dartmouth	UMass Lowell	UMass Boston	Community Colleges	State Universities
ER Copayments	\$25	\$100	*\$100	\$100	\$50	\$50
Co-insurance	100%	80%/20%	85%/15%	*90%/10%	100%	80%/20%
Office Visits	\$10	\$25/80%	*\$25	\$20/80%	*\$25/80%	*\$25
Preventive Services Co-Payments	± \$0	± \$0	± \$0	± \$0	± \$0	± \$0
Ambulance	100%	100%	100%	100%	100%	100%
X-rays	100%	100%	85%/15%	85%/15%	*\$25	80%/20%
Rx	\$10/\$20/\$35	\$15/\$30/\$50 2x	\$15/\$30/\$50 2x	*\$12/\$25/\$40	\$15/\$30/\$50 2x	\$15/\$30/\$50
Deductible	\$0/\$250 OON	\$0	*\$100	\$100	\$0/*\$200 OON	\$0/*\$200 OON
Out-of-Pocket Maximum	\$0/\$1,000	\$5,000	\$5,000	*\$2,000	\$0/\$1,000	\$5,000
Out-of-Network Cost Sharing	80%	60%	65%	65%	80%	60%
Benefit Limits	None	None	±None	None	±None	None

*New for AY 12-13; ±ACA-Required Change for AY 12-13



Accomplishments to Date

- Overall, the Steering Committee's efforts have significantly improved health insurance coverage for public college and university students
 - Thousands of students have **improved access to providers and wellness** programs
 - Nearly **20,000 students newly have out-of-pocket maximums** to protect them from excessive out-of-pocket spending
 - Nearly **7,500 students newly have access to prescription drug** coverage
 - Nearly **20,000 students newly have coverage without any benefit caps**
 - Next year, **more than 22,000 students will newly have 100% coverage for preventive services**, including women's wellness visits and contraceptive services





Opportunities for the Future

- The Health Connector is committed to continuing to help public college students receive better value in health insurance and will be engaging campus and system leaders on “next steps” for this collaborative
- The Collaborative has not yet provided benefit or carrier choice for students – this could be a focus of future procurement efforts, along with wellness and student education on how best to use health insurance
- Pending payment reform bills reassign regulatory power to establish minimum benefit standards for student health insurance to the Health Connector – presents an opportunity to integrate with Minimum Creditable Coverage policymaking
- With increasing experience, the Health Connector may become a place where more Massachusetts institutions of higher education seek advice and support relating to health insurance on behalf of their students

