



Student Health Insurance Program 2016 Procurement Results

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Today's Discussion



- Today we will be presenting to the Board this year's Health Connector-facilitated procurement of Student Health Insurance Programs (SHIPs) on behalf of the Commonwealth's public institutions of higher education which resulted in a rate decrease for five out of six participating segments, counter-balanced by a lower than expected rate increase for one segment
- Background:
 - The Health Connector has regulatory authority over the student health insurance market, but also offers procurement support and advice to the Commonwealth's community colleges, state universities and four out of five of the UMass campuses
 - Health Connector staff, in partnership with the Executive Office for Administration and Finance (ANF), the Board of Higher Education (BHE) and our independent actuary Oliver Wyman, have conducted procurements and renewal negotiations on behalf of the schools since 2009
 - The goals of this academic year's (AY) procurement were to achieve premium savings to students without decreasing their benefits and to increase purchasing power through larger collective purchasing segments
 - While the segments ultimately elected to continue to purchase as independent entities, we were able to achieve greater parity across schools and negotiate significant savings for each segment

Student Health Insurance in Massachusetts



- Massachusetts has required students enrolled in higher education programs to be covered by health insurance since 1989 – one of the country’s first individual mandates
- Under this requirement, every school (both public and private, fully insured and self-funded) in Massachusetts must offer a SHIP which is only available to the school’s students and is outside of the Commonwealth’s merged individual and small group market
- All full- and part-time students must participate in their school’s SHIP or else waive participation by demonstrating “comparable coverage”, as defined by the regulations
- Colleges and universities are required to allow students to waive SHIP if they are enrolled in MassHealth or in subsidized coverage through the Health Connector
- As a result of increased access to financial assistance under the Affordable Care Act (ACA), enrollment in SHIPs has been decreasing
 - For example, enrollment in the community colleges has decreased by 45.2% from AY13-14 to AY14-15

Academic Year 2015-2016 Procurement



- In order to validate current pricing, enhance benefits, and explore alternate purchasing arrangements, we issued a Request for Responses (RFR) on December 24, 2014, for all school segments

Segment	2014-2015 AY Carrier
Community colleges (MACC) (16 schools purchasing together)	Harvard Pilgrim Health Care (HPHC) in partnership with UnitedHealthcare (UHC)
State universities (MASU) (9 schools purchasing together)	Blue Cross Blue Shield of Massachusetts (BCBSMA)
UMass Dartmouth (UMD)	BCBSMA
UMass Boston (UMB)	Aetna Student Health
UMass Lowell (UML)	HPHC in partnership with UHC
UMass Worcester (UMW)	BCBSMA

- In addition to the current purchasing arrangements, each bidder was asked to submit a proposal that pooled UMass Boston, Dartmouth and Lowell collectively and the state universities and community colleges collectively
 - We placed a strong emphasis on group purchasing strategies as collective purchasing provides an opportunity for administrative efficiencies, premium parity for students and larger insurance risk pools which decreases claims volatility
- We worked with Oliver Wyman to support drafting the RFR and projecting the potential rate ranges we might expect from bidders in light of each segment’s claims experience and loss ratios to benchmark and review the bids

Academic Year 2015-2016 Procurement (cont'd)



- Five bidders submitted proposals for the SHIP Steering Committee's consideration, which includes representatives from each school segment
- A Procurement Management Team (PMT) comprising members from the Health Connector, ANF, BHE and Oliver Wyman reviewed the responses on behalf of the committee, although the final decision for plan selection was reserved by the school segments
- Based on the programmatic and financial evaluations of each bidder's response, the PMT developed scores and final recommendations, which it shared with the respective institutions
 - Programmatic evaluation include factors such as network adequacy, administrative efficiencies, enrollment technology, customer service capabilities and student-focused programs (e.g., mental health and substance abuse treatment)
 - Financial evaluation, conducted by Oliver Wyman, reviewed the rates for major assumptions, target loss ratios, overall methodology, ACA and other administrative fees and how base claims are weighted between years

Academic Year 2015-2016 Procurement Results



- The community colleges and state universities ultimately decided to purchase individually as both segments did not benefit equally by purchasing together
 - The community colleges would have received a rate increase of 21.8% while the state universities would have received an 8.1% increase from the arrangement
- UMass Boston, UMass Lowell and UMass Dartmouth will purchase independently, however, they will be pursuing a uniform plan design using the same broker and carrier which will add administrative efficiencies and align these parts of the UMass system toward a future group purchasing state
- All segments elected to either switch to or stay with BCBSMA, which achieved the highest average score at 85.5 out of 100, inclusive of programmatic and financial metrics
 - Scores ranged from 43.7 to 85.5 total points out of 100
- Schools will retain the same plan designs as in AY14-15 with the exception of UMass Boston and UMass Dartmouth which are making minor plan design modifications to align with UMass Lowell’s benefit design

	UMW	UMD	UML	UMD	MASU	MACC
Current AY14-15 Premium	\$3,772	\$2,099	\$1,342	\$2,099	\$1,854	\$1,640
Final Premium AY15-16	\$3,702	\$2,061	\$1,290	\$2,061	\$2,292	\$1,536
% Change Compared to Current	-1.86%	-1.81%	-3.87%	-1.81%	23.62%	-6.34%
\$ Change Compared to Current	(\$70)	(\$38)	(\$52)	(\$38)	\$438	(\$104)

Next Steps & Future Opportunities



- Contracts are actively being finalized between the schools and BCBSMA with the assistance and oversight of the Health Connector
- UMass Boston, UMass Lowell and the community colleges will work with their brokers to onboard BCBSMA and educate their students about the change, and Health Connector staff will provide support as needed
- We will continue our ongoing outreach efforts to engage students in the Commonwealth enrolled in institutions of higher education, regarding access to SHIP and subsidized health insurance options
- We are also committed to continuing to help all college students receive better value in health insurance in our capacity as regulator of this market, through our outreach efforts, and to the extent there is interest, through procurement support for private institutions as well

Appendix

Premium Overview



- The below chart breaks down the premium rate for each segment by base premium, broker fee, travel assistance and the Health Connector's fee (which is in part used to support the costs of Oliver Wyman)

Itemized Cost	UMW	UMD	UML	UMB	MASU	MACC
Base Premium	\$3,657	\$2,016	\$1,245	\$2,016	\$2,247	\$1,488
Broker Fee	\$30	\$30	\$30	\$30	\$30	\$33
Travel Assistance	\$5	\$5	\$5	\$5	\$5	\$5
Health Connector Fee	\$10	\$10	\$10	\$10	\$10	\$10
Total	\$3,702	\$2,061	\$1,290	\$2,061	\$2,292	\$1,536

Background on Health Connector Procurement Support



- The most recent procurement, completed for AY11-12, resulted in the following carriers partnering with the different school segments

Segment	Carrier
Community colleges (16 schools purchasing together)	HPHC in partnership with UHC
State universities (nine schools purchasing together)	BCBSMA
UMass Dartmouth	BCBSMA
UMass Boston	Aetna Student Health
UMass Lowell	HPHC in partnership with UHC
UMass Worcester	BCBSMA

- For AY12-13 through AY14-15, the Health Connector aggressively negotiated renewals with carriers, upgraded plans and benefits to meet ACA requirements including Essential Health Benefits and metallic tiers, and provided ongoing guidance to schools on regulatory and policy changes as they pertain to SHIP
- For AY14-15 in particular, we worked to assist the schools in renewing into either Gold or Platinum plans at very competitive rates

Academic Year 2014-2015 Renewal Summary



In-Network	UMW	UMD	UML	UMB	MASU	MACC
Deductible	\$0/\$250 OON	\$200	\$250	\$250	\$0	\$250
Co-insurance	100%	80%	80%	80%	80%	90%
OOPM	\$4,000	\$6,350	\$5,000	\$5,000	\$5,000	\$5,000
ER	\$25	\$150	\$150	\$150	\$25	\$150
Inpatient Hospital	100%	80%	80%	80%	80%	90%
Primary Care	\$10	\$30	\$30	\$30	\$15	\$30
Specialist	\$10	\$30	\$30	\$30	\$15	\$30
MH/SA Outpatient	\$10	\$30	\$30	\$30	\$15	\$30
Imaging	100%	80%	\$100	\$100	\$100	\$100
Rehab ST/OT/PT	\$10	\$30	\$30	\$30	\$15	\$25
Lab Outpatient	100%	80%	80%	80%	80%	\$50
X-Rays	100%	80%	80%	80%	80%	\$50
Outpatient Facility	100%	80%	80%	80%	80%	90%
Outpatient Surgery	100%	80%	80%	80%	80%	90%
Rx-Retail-30 Days	\$10/\$20/\$35	\$15/\$30/\$50	\$15/\$30/\$50	\$15/\$30/\$45/\$60	\$10/\$20/\$30	\$15/\$30/\$50
Annual Premium	\$3,772	\$2,099	\$1,342	\$2,160	\$1,854	\$1,640
% Change Compared to 13-14	- 1%	-1.4%	-3.2%	0%	23.76%	2.3%
Metallic Tier	Platinum	Gold	Gold	Gold	Platinum	Gold
AV Value 14-15	88.96%	81.86%	81.7%	81.8%	88.01%	81.4%
AV % Change Compared to 13-14	-7.46%	-2.86%	-3.79%	-6.36%	3.31%	-6.02%

Academic Year 2015-2016 Final Plan Designs



In-Network	UMW	UMD	UML	UMB	MASU	MACC
Deductible	\$0/\$250 OON	\$250	\$250	\$250	\$0	\$250
Co-insurance	100%	80%	80%	80%	80%	90%
OOPM	\$4,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
ER	\$25	\$150	\$150	\$150	\$25	\$150
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Rx-Retail-30 Days	\$10/\$20/\$35	\$15/\$30/\$50	\$15/\$30/\$50	\$15/\$30/\$50	\$10/\$20/\$30	\$15/\$30/\$50
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Metallic Tier	Platinum	Gold	Gold	Gold	Platinum	Gold
AV Value	88.96%	81.7%	81.7%	81.7%	88.01%	81.4%

Bold indicates a change from 2013-2014