

**STUDENT HEALTH INSURANCE
ADVISORY COMMITTEE
Information for February 4, 2015**

AGENDA

Kansas Board of Regents
Student Health Insurance Committee
Kansas Board of Regents Board Room
Wednesday, February 4, 2015, 12:30 p.m.

- I. Approve: Minutes from the December 3, 2014 meeting
- II. Outstanding Items from Prior Meeting, December 3, 2014:
 - A. Madi Vannaman asked about reviewing other UHC insurance plans that are being offered to international students to determine if they are ACA compliant as they are less expensive than the KBOR plan. Dale Burns and Bryan Kakita will work together to gather information and compare the plans, as Dale Burns stated that those other UHC underwritten plans are not ACA compliant.
 - i. Bryan Kakita's response: Dale and I did discuss this issue. We both agreed that his concerns about those plans not being PPACA compliant were addressed at the May 1, 2013 Student Insurance Advisory Committee meeting. Meeting notes at that time indicated that specific concerns about non-compliant plans would be considered adequate to waive the KBOR sponsored plans if the benefit requirements were met with the primary consideration being that the plans have to offer the same or better benefits as are required by the PPACA. Dale agreed with the meeting notes but suggested that this issue could be revisited.
(The link to the May 1, 2013, meeting: <http://www.kansasregents.org/resources/PDF/2586-May12013minutesFINAL.pdf>)
- III. MHECare Report: Experience Overview, PY 14/15 renewal recap, PY 15/16 renewal recap and rates
- III. Good of the Order
- V. Future SIAC meeting tentatively scheduled for 12:30, KBOR Board Room
 - A. Wednesday, May 6, 2015
 - B. Wednesday, September 2, 2015

KANSAS BOARD OF REGENTS
Student Insurance Advisory Committee
MINUTES
December 3, 2014

The December 3, 2014, meeting of the Student Insurance Advisory Committee (SIAC) was called to order at 12:30 p.m.

Members in Attendance:

Cindy Bontrager, KSU (COBO Chair)	Diana Malott, KU
Mary McDaniel, ESU	Sheryl McKelvey, WSU
Madi Vannaman, KBOR	

Members Participating by Telephone:

Cathy Lee Arcuino, PSU
Jim Parker, KSU

Also participating were Jennifer Dahlquist, MHEC; Ken Simek, Mercer; and Dale Burns, UHC-SR. Participating by phone were Karen McCullough as Carol Solko-Olliff was unavailable; Valerie Spencer, as Alisha Wittstruck, KUM was unavailable; Mary Karten, KU; Matt Brinson, UHC-SR; Liz Marks and Bryan Kakita, Mercer. Student representatives Andrew Peuchen, KSU, and Matthew Conklin, WSU, were unable to attend.

Minutes

The minutes from the September 3, 2014 meeting were approved as distributed.

Follow-up on Items from the September 2014 meeting:

Open Enrollment for Plan -1 Students

The SIAC requested that Lesley Gagnon and Matt Brinson look at other student plans to determine what best practices might be utilized to address this situation that would work for both the students/universities and UHC.

Response provided by Matt Brinson: With ACA compliant plans becoming unlimited for plan maximums and the removal of pre-existing conditions, this requires new parameters for voluntary enrollment. Other accounts with voluntary enrollment generally had open enrollments from 3-4 weeks past the effective dates. Going forward for next year, UHC will maintain the open enrollment for about 3 weeks after the 1st day of classes at each institution. UHC will also include more detailed information about the open enrollment period in the brochure materials, as this year it wasn't as clear as it could have been.

Diana Malott remarked that she thought this was a really good plan and asked about pre-marketing materials being provided before the semester starts. Matt Brinson replied that UHC-SR would make information about the enrollment period clearer in the brochures. Diana Malott requested that marketing materials be available soon, as the semester is about to end, and coverage will be effective January 1st. She indicated that written information would be preferable to include in information provided in a newsletter for parents along with the video information UHC-SR had provided.

Dale Burns stated that they plan to look at the add/drop date for the university and use that for the Open Enrollment period. If the student enrolls prior to the effective date of the policy, the coverage effective date

would be the date of the policy. Otherwise, the student's coverage would be effective the date of their enrollment. This protocol will be used for Plan 01 only.

Dale Burns stated that to notify Plan 01 students, it would be helpful to have their email addresses. UHC-SR can email those currently enrolled but to create awareness to the entire population, they would need email addresses for all. As the PPACA's individual mandate penalties increase dramatically next year, providing students information about the availability of student insurance would be helpful especially at two entry points: at initial enrollment for an academic year based plan and the 1/1 effective date. Many students are covered under their parent's plans and might benefit from the student plan.

Diana Malott stated that the health centers could send an email to patients and Dale Burns indicated that several universities are embedding the UHC-SR video into email to parents.

Madi Vannaman asked about reviewing other UHC insurance plans that are being offered to international students to determine if they are ACA compliant as they are less expensive than the KBOR plan. Dale Burns and Bryan Kakita will work together to gather information and compare the plans, as Dale Burns stated that those other UHC underwritten plans are not ACA compliant.

International Student Plan

KU's international office requested that the annual premium for international students (Plan 4) be split into two equal 6 month portions to encourage students to enroll in coverage for spring/summer. Sheryl McKelvey was supportive of the idea to ensure students had coverage in the summer. Mary McDaniel asked what would be done for students who arrive in the summer and Matt Brinson replied they would still have a summer only period, from 6/1 – 7/31, available and the universities provide international student enrollees on a list. Lesley Gagnon stated that some student plans have "uneven" coverage with 5 months in the fall and 7 months for spring/summer with a special summer only coverage option. Matt Brinson indicated that most international plans are set up with annual, fall and spring/summer period options and that UHC-SR can accommodate periods that are equal periods or unequal periods. Diana Malott asked whether the periods could be offered to an individual university and Matt Brinson replied that because the international plan, -4, has been separated that might provide flexibility for each university to have its own policy option but he would need to have further discussions within UHC-SR. The SIAC requested that Lesley work with UHC-SR to develop best practices for coverage periods for the plan.

Response provided by Matt Brinson: As previously discussed, most international plans have Annual, or Fall and Spring/Summer periods equating to 5 month and 7 month enrollment periods. This ensures that international students (or any students) will maintain coverage in the Summer. UHC can then create a separate Summer option available for those international students that begin their studies in the Summer. There was a request for the rate to be the same for the Fall and the Spring/Summer period. UHC has the ability to meet that request. However, please keep in mind that a student only enrolled in the Fall will be paying the same rate for 5 months of coverage as a student in the Spring for 7 months of coverage.

Diana Malott provided an update stating that KU has decided not to pursue this option but the KU international student office is discussing whether to require international students to enroll for the entire year. Sheryl McKelvey stated that WSU no longer requires international students to enroll in coverage over the summer as that was problematic with students who went home or went into OPT and had other coverage.

TB Testing in the summer

Jim Parker thanked Matt Brinson for helping KSU out this summer when TB testing had to be completed in late May before the start of the summer period and he asked if there was a better solution to address those types of situations instead of a work-around. Sheryl McKelvey stated that same issue had arisen at WSU. The SIAC requested that Lesley Gagnon and Matt Brinson review this issue to see how it might be addressed in future years.

Response provided by Matt Brinson: UHC will review the school calendar to determine when the Summer TB testing will occur and make adjustments to the Summer-only coverage period, to make sure the effective date of the coverage occurs prior to the TB testing date. That way we can be sure all students will have coverage.

UHC-SR Video

Matt Brinson stated that UHC-SR will provide email content to any interested university for use in providing information to parents.

MHECare/Mercer Reports

Bryan Kakita reviewed the Mercer report information with these highlights:

1. Experience for the 2013/14 plan year is complete. Experience over the last three plan years has resulted in paid loss ratios (paid claims relative to premium collected) of 59.9%, 66.5% and 66.1%. The target loss ratio for UHC-SR is approximately 73.1% including ACA fees (77.5% net of ACA fees) resulting in a small projected gain for plan year 2013/14. Overall experience has run well over the last three years and appears to be fairly stable. Large claim exposure has played some role in the year over year claim increases. Moving to an unlimited maximum for 2014/15 could adversely impact claims.
2. Two of the seven universities are expected to end the plan year with loss ratios above the breakeven loss ratio. Enrollment is up approximately 10%.
3. Inpatient hospital claims represent 26.3% of all paid claims in 2013/14 and are basically unchanged from the prior year at 25.3%. Outpatient medical claims are similar to last year at 44.1%. Student Health Center claims of 11.9% were basically unchanged from the 11.6% of the prior year.
4. Prescription drug claims represented 15.9% of 2013/14 claims, consistent with the prior year. Experience has leveled off from its 50%+ spike in paid claims in 2012/13 due to the addition of 100% coverage for contraceptives required by the ACA.
5. For 2013/14, the top major diagnostic categories were: neoplasm/tumors (19.0%); symptoms/ill-defined conditions (17.2%); maternity (9.2%); digestive system (6.0%) and musculoskeletal systems (3.9%). Four of these categories were also in the top five for 2012/13. Liz Marks asked that UHC-SR provide additional information about mental health claims, as they typically reflect higher claims for this age population.
6. For 2012/13, there were 22 claims exceeding \$200,000 for a total of \$953,000 representing 19% of total paid claims. For 2013/14, there are 22 claims above \$200,000 representing 29% of total paid claims. Three students have claims greater than \$250,000. The recent increase in large claims is impacted by the ACA required increase in the plan maximum from \$100,000 in 2012/13 to \$500,000 in 2013/14. The ACA's required unlimited lifetime maximum in 2014/15 could adversely impact claims. For 2013/14, the University of Kansas Hospital had the most paid claims with \$482,000 followed by Lawrence Memorial Hospital with \$472,000. These two facilities represent \$954,000 in paid claims or 17% of all paid claims.
7. Student Health Center claims represented 17.4% of all paid claims, including prescriptions dispensed, for the 2013/14 plan. Emporia State, Kansas State and the University of Kansas had the highest student health center utilization at 39.3%, 27.2% and 26.3% of total claims, respectively. High levels of student health center utilization likely will improve overall experience due to their gatekeeper effect and

relatively low cost of services. Labs and prescription drugs represented the largest portion of claims incurred.

8. Prescription drug information showed that Tecfidera, used to treat multiple sclerosis and averages \$3,366 per prescription, took two spots in the top five with \$61,000 in paid claims. Of the top 25 drugs, nine are mental health related, and four are contraceptives. These top 25 drugs represented only 13% of total prescriptions but 50% of the overall drug spend and had an average per script plan cost of \$178.33 compared to the average per script cost for all drugs of \$48.42.

Dale Burns stated that UHC-SR refiled policies in all 50 states to reflect PPACA and state required coverage. Several states indicated that a spouse/child rate cannot exceed the student rate, premiums for two children or more cannot be more than 2x the student rate and the full family premium cannot exceed 4x the student rate. Informal conversations with CMS have confirmed this rate structure. Diana Malott asked whether next plan year's information could reflect a separate rate for student only coverage and another for student and dependent coverage because the student rate might have to rise dramatically to subsidize the dependent rates. Dale Burns responded that the rating methodology UHC-SR will be utilizing, in the absence of formal comments from CMS, will be the 1x-4x rating methodology. Madi Vannaman asked whether coverage for children could be offered without coverage being offered to spouses. Liz Marks stated that some institutions have decided to drop dependent coverage when there has been a significant impact to the student rate. Dale Burns said that their attorneys have been asked whether dependent coverage could be offered to a certain student population (i.e., qualifying graduate students and not the undergraduate plan). More information will be provided at the next SIAC meeting.

Good of the Order

1. Diana Malott asked about the FDA approved meningitis B vaccine and whether the KBOR plan would want to add it as a requirement. Dale Burns stated that UHC-SR has not yet looked into this, but if it is required to be covered under US preventative treatment, then it will be covered at 100% with no copay. If it's like a t-spot, and is not specifically addressed in the regulations, it would be covered for the age group required. UHC-SR's underwriting would need to determine cost. Mary McDaniel stated that ACIP has not yet decided for whom it would be recommended for, outbreak management or widespread prophylaxis.
2. Dale Burns stated that UHC-SR plans to have the next plan year's information available at the February meeting for further discussion and review.

Future SIAC meetings

Future SIAC meeting tentatively scheduled for 12:30, KBOR Board Room

1. Wednesday, February 4, 2015
2. Wednesday, May 6, 2015



Kansas Board of Regents

February 4, 2015



Experience Overview

- The Kansas Board of Regents has participated in MHECare since 2013/14 with the 2015/16 plan year representing the second renewal in the program
- As discussed in December 2014, the plan experience has been favorable under UnitedHealthcare StudentResources (UHCSR) with paid loss ratios (paid claims relative to premium collected) of 59.9%, 66.5%, and 66.1% for 2011/12, 2012/13 and 2013/14, respectively. The target loss ratio for UHCSR is approximately 73.1% including PPACA fees (78.0% net of PPACA fees) resulting in projected gains for UHCSR for all three plan years
- The most recent completed plan year utilization (2013/14) showed increases in large claim activity which was impacted by a PPACA mandated increase in the plan maximum
- All other utilization metrics remained fairly stable and comparable to prior year data
- Behavioral Health Utilization
 - As a follow-up item, we asked UHCSR to provide additional data on behavioral health claims (inpatient, outpatient, etc.). The data has been requested and is pending
 - Information we were able to obtain from available prescription drug reports shows mental health related drugs account for 7.7% of all prescriptions, 13.7% of total utilizing patients and 19.9% of total drug spend in 2013/14



2014/15 Renewal Recap

- For the 2014/15 plan year, the following changes were made to the plan to be PPACA compliant
 - Maximum benefit increased from \$500,000 to unlimited
 - All per service deductibles/copays, coinsurance and policy deductibles apply toward the out of pocket maximum
 - Removal of pre-existing conditions exclusion and limitations
 - Removed parenthetical as no longer a policy maximum: (Benefits are not subject to the Maximum Benefit) from DME; Dental; Elective Abortion
 - Out of Pocket maximum reduced from \$10,000 to \$6,350 per Member / \$12,700 per Family (Preferred Provider)
 - Implementation of Pediatric Dental and Vision:
 - Pediatric Dental Benefit
 - Coinsurance: 50 Basic Diagnostic / 50 Minor Restorative / 50 Major Restorative / 50 Orthodontic
 - Deductible: \$500 Deductible
 - Pediatric Vision Benefit
 - Copayments \$20 exam/\$Materials
- These changes along with projected experience increases resulted in a +15% rate change



2015/16 Renewal Recap

- Mercer requested the 2015/16 renewal from UHCSR on behalf of KBOR. The initial renewal response was received on January 9, 2015
- UHCSR's initial proposal was for a -0.8% rate decrease
- A modification to rates was required to be PPACA compliant and to adhere to state filing requirements that UHCSR highlighted in December requiring:
 - spouse/child rates not exceed the student rates
 - premiums for two children or more cannot be more than 2x the student rate
 - full family premium cannot exceed 4x the student rate
- Additionally, a benefit change to remove the exclusion for congenital conditions was required



2015/16 Renewal Recap

- Mercer reviewed UHCSR's initial renewal calculation and negotiated on several key points including:
 - Changes in calculation methodology
 - Trend factors utilized in the calculation were higher than expected and higher than projected trends for other student health insurers
 - Large claim adjustment factors
- Negotiations resulted in a revised renewal position of -5.5% for 2015/16 which we feel is appropriate given the historical experience
- UHCSR's renewal concession resulted in negotiated annual savings of approximately \$510K
- UHCSR's proposed rates are shown on the following page which incorporate the modification to the rates for dependents as indicated previously
- Very large decreases are seen on dependent rates which will likely increase enrollment and create potential deficits due to the higher expected claim costs for these members



Current and Proposed Rates

- The following chart summarizes the annual rates:

	2014/15	Proposed	Annual Rate Change	
		2015/16	\$	%
<i>Basic</i>				
Student	\$1,489	\$1,407	(\$82)	-5.5%
Spouse	\$5,962	\$1,407	(\$4,555)	-76.4%
Each Child	\$0	\$1,407	\$1,407	N/A
All Children	\$5,365	\$2,814	(\$2,551)	-47.5%
All Dependents	\$0	\$4,221	\$4,221	N/A

Summary

- We believe the final renewal proposed by UHCSR is reasonable and recommend that it be accepted
- The PPACA requirement for dependents results in a significant decrease in the spouse and child rates. Since the current dependent enrollment is low (less than 50), the impact on the student rate is minimal. However, this could change if more dependents enroll due to the lower rates. Adverse selection results from the fact that this group is voluntary and does not have access to primary care through a health center. Any additional dependent enrollment has not been taken into account in this renewal
- One option for KBOR's consideration might be to hold the current student rates, rather than give a reduction (except for dependents) and use the difference between the renewal and current as a stabilization fund. This could be used to offset the potential adverse selection from dependents or future utilization. However, we recognize that this arrangement, although common in student health, may not be appropriate for KBOR

