

KANSAS BOARD OF REGENTS
Student Insurance Advisory Committee
MINUTES
March 2, 2011

The March 2, 2011, meeting of the Student Insurance Advisory Committee (SIAC) was called to order at 12:30 p.m. The meeting was held in Board offices at the Curtis State Office Building, 1000 S.W. Jackson, Topeka, and some members participated via telephone conference call.

Members Present:

Ed Phillips (COBO, chair)
Diana Malott, KU
Mary McDaniel, ESU
Madi Vannaman, KBOR
Marilyn Yourdon, WSU

Members Participating by Telephone:

Lisa Shryock, KUMC
Carol Solko-Olliff, FHSU

SIAC members Lannie Zweimiller, KSU, and the two student representatives, Temmuz Coskun, WSU, and Danny Unruh, KSU, were unavailable. Chuck Olcese participated as the PSU representative as Cathy Lee Arcuino was out of the country. Also in attendance were Dale Burns and Matt Brinson, UHC-SR; Michael Eichten and Ben Coates, Peoples Benefit Group (PBG); and Julene Miller, KBOR General Counsel. Also participating on the phone were Mary Karten, KU and Elvia Brown, KUMC.

Minutes

The December 1, 2010, minutes were approved.

Various Topics –

1. Student Insurance Regulations –

Julene Miller stated that the KBOR student insurance regulation, K.A.R. 88-30-1, will be effective August, 1, 2011, to include

- a) otherwise eligible graduate assistants in the group of student employees for whom the employing university pays a portion of the single premium; and
- b) graduate student employees with official work stations on the main campus who are taking on-line courses only in the group of students who are eligible for the KBOR student health insurance. If those graduate students meet the criteria for the GTA/GRA plan, those graduate students will also be eligible for the employer premium contribution.

2. Federal Health Care Reform Update –

Dale Burns provided information about the impact of federal health care reform on student health insurance plans. In February, Health and Human Services issued proposed regulations outlining their perception of the health care law and identified issues and guidelines for plans during the transition period between now and 2014. We are currently in a comment period for the proposed regulations.

2011-2012 plans can be renewed as they are now, with modifications to address pre-existing conditions for individuals up to age 19 and to allow dependents to be covered up to age 26 as both provisions have already gone into effect. At this time, it is unknown whether minimum loss ratio requirements will be necessary. Student plans have now been identified as individual, rather than group coverage and two provisions are not applicable - guaranteed renewable and guaranteed availability clauses.

Individual plans in 2012-2013 will be required to provide at least a benefit of \$1.25 million and for 2013-2014 that benefit amount increases to \$2 million, and thereafter will be unlimited. As it is recognized that

those benefit amounts may impact the viability of many student plans, for 2012-2013 the regulations allow a \$100,000 per year minimum maximum which will increase in 2013-2014 to \$2 million per year. Any plans in existence in 2012-2013 that cover essential benefits must cover those without limitation up to the maximum. Wellness benefits will have to be paid at 100%, with no cost sharing for the patient, up to the minimum maximum amount.

For the KBOR plan, wellness coverage beginning in 2012-2013 will have to be provided with no recognition of the SHS role as an active gatekeeper. Diana Malott requested that UHC-SR verify that the \$100,000 benefit for prescription drug coverage would be applicable for plan year 2012-13, as her information shows the impact to preventive care only. If the provision only applies to preventive care, the KBOR plan for 2012-13 would not have to change its prescription drug coverage benefit.

In 2014, the proposed rules allow for any individual living at less than two times the poverty level to have access to Medicaid or to receive tax credit subsidies to purchase insurance through exchanges. UHC-SR believes many students will qualify and therefore there will shift away from student insurance plans to Medicaid or to the individual exchanges. UHC-SR is hoping for clarification whether student insurance plans will be eligible for the subsidies which will help grow the plans and the value through the student plans.

Dale Burns stated that from UHC-SR's perspective for plan years 2011-2012 it can be business as usual. For plan year 2012-2013, modifications will be necessary to cover wellness, and possibly prescription drugs, up to \$100,000, with an increase to \$2 million for plan year 2013-2014, and thereafter with an unlimited benefit.

Dale Burns stated that UHC-SR believes it will be best to leave everything as is until the exchanges are operational in 2014 in order to provide a safety net, otherwise students may be uninsurable.

Michael Eichten echoed the information provided by Dale Burns. He stated that under a worse-case scenario, student health insurance may become a non-viable option with participation issues, premium increases due to mandated coverage and reduction in companies offering student insurance plans.

Ed Phillips asked Julene Miller to investigate options available for the KBOR plan effective August 1, 2012, in lieu of rebidding the plan, including extending the UHC-SR contract for one or two additional years or participating in the Midwest Higher Education Compact plan options.

Midwest Higher Education Compact (MHEC)

Diana Malott stated that MHEC has selected, but has not yet announced, the vendor for student health insurance. MHEC has decided to make the plan available in Fall 2012, rather than 2011, to give time to fully market the plan, which will be developed with several options to address the needs of the students in the twelve state area. Options may include "off-the-shelf" plans or modified plans. KBOR could use the MHEC plan for all of its state universities or individual universities could opt to participate. The same plan could be used system-wide or each university could select plan options that would work best for it.

Ed Phillips asked Julene Miller to determine if participation in the MHEC plan would be allowed under the statute or Board policy to provide an option for KBOR for the 2012-2013 plan year.

Julene Miller confirmed with the SIAC three alternatives that will be investigated:

1. rebid a new student health insurance contract, if necessary, effective August 1, 2012;
2. determine if the existing UHC-SR contract can be extended 1-2 years, with amendments to comply with new requirements effective 2012 or later; and
3. utilize the MHEC plans on an interim basis while the industry levels out from the federal reform provisions, on a pilot basis to see if it is workable, or more permanently.

PBG Review of SR Reports

Ben Coates provided an overview of the PBG reports for the KBOR student insurance plan. The reports reflect the following information:

1. *Enrollment Figures*

- a. Enrollment figures were reviewed for the following periods:

08/08 – 01/09	7,058	08/09 – 01/10	7,138	08/10 – 01/11	7,438
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The latest numbers reflect an increase in total enrollment of 300.

- b. Of the 7,438 students enrolled, international enrollment totaled 2,880, or 39% of the total enrollment.

2. *Premiums processed and claims paid*

- a. Premiums Processed vs. Claims – For the period 8/1/10 to 01/08/11, there were \$3,553,549 million in premiums processed and \$1,309,597 in claims paid representing approximately 37% of total premiums processed.

- b. Of the claims paid those claims which can be identified as “international claims” amount to \$92,915 representing approximately 7% of claims paid.

- c. Premium comparison show a decrease from the 8/09 – 1/4/10 period where premiums received were \$3,968,500 to the 8/10-1/4/11 period where premiums received were \$3,553,549 (a decrease of \$414,951 or 10.31%).

- d. Claims comparisons show an increase from the 8/09-01/08/10 period where claims paid were \$1,037,531, to the 8/10-01/08/11 period where claims paid were \$1,309,597 (an increase of \$272,066 or 26%).

3. *Claims over \$3000*

- a. Total amount of claims for PY 10-11 to date are \$1,309,597 with claims over \$3000 totaling \$567,141 or approximately 43% of total claims.

- b. Those claims over \$3,000, which can be identified as “international claims,” amount to \$92,915 or 16%.

- c. Comparing 08/09-01/08/10 to 08/10-01/07/11, claims over \$3000 increased from \$323,019 to \$567,141 (difference of \$244,122 or 76%).

- d. Claims for services that started in prior plan years will be included in the current plan year if the charges in the current plan year exceed \$3,000.

4. *Administrative Fees Paid*

For Plan Year 10-11, the 1.5% administrative fee UHC-SR paid to KBOR through November 2010 was \$54,484.

5. *Performance Results – Claim Payment and Customer Service*

The report reflects that SR continues to perform these tasks at a very high rate. 99.73% of claims were paid within 30 days, with 97.70% financial accuracy and 94.76% procedural accuracy. (The number of claims received from September to November 2010, processed from October to December 2010 was 2,935.)

For Customer Service, 93% of calls were answered within 30 seconds and the abandonment rate was 0.85%. Calls for the time period 01/10 – 12/10 were 1,588; and 01/09 – 12/09 were 1,893. All of those figures exceeded the target rate.

6. *Consolidated Utilization Report*

The top 6 charge and 4 cause codes for KBOR and for UHC-SR's book of business were provided

PY 2011-2012 Renewal

Dale Burns stated that in the original bid response the claims loss ratio was 72%. Over the last five years, target loss ratios have increased as the industry has become more efficient in paying claims and with economies of scale. UHC-SR's 2011-2012 proposed annual rate increase is \$127 or 12.92%.

For the KBOR plan, efficiencies have been gained with less labor intensity needed to address issues such as enrollment and PPOs. UHC-SR suggests either raising the target to 75%, if allowed, or placing 3% into a contingency account for KBOR to use against future increases in any plan utilized.

Ed Phillips expressed his discomfort in using a contingency account from next year's premiums to offset costs for future participants. Diana Malott asked what the impact to premiums would be if the 75% target was used and Dale Burns responded around 4% (which would be a 9% increase instead of 12.92%).

Ed Phillips stated that absent any contractual prohibition, increasing the target and decreasing the premium would be the best thing to do for students in the plan. Julene Miller stated that if the target is a contractual provision, it might be possible to amend the contract if it is to the benefit of KBOR and the students. Dale Burns will check to see where the 72% target loss ratio exists—whether in the contract or as just the figure used to arrive at the original premium rates.

Matt Brinson will verify that UHC-SR's rate determination included the estimated 200 additional "graduate assistants" who will be eligible to participate in the plan and receive the employer discount.

Diana Malott offered and Marilyn Yourdon seconded a motion that if the contact review results in a determination that KBOR is able to increase the target loss ratio from 72% to 75% for plan year 2011-2012, the SIAC would approve the amended rates that will be provided by UHC-SR and will recommend the rates to COBO for acceptance. The motion carried unanimously.

Other Items

Ed Phillips announced that he will be retiring June 30, 2011. COBO has been alerted that they will need to designate a new chair for the SIAC.

Next SIAC meetings

The next SIAC meetings are scheduled at **12:30** in the Board Conference Room of the Kansas Board of Regents Office on

- i. Wednesday, May 4, 2011
- ii. Wednesday, September 7, 2011