

KANSAS BOARD OF REGENTS
Student Insurance Advisory Committee
MINUTES
February 21, 2008

The February 21, 2008, meeting of the Student Insurance Advisory Committee was called to order. The meeting was held in Board offices at the Curtis State Office Building, 1000 S.W. Jackson, Suite 520, Topeka.

Members Present:

Diana Malott, KU
Lannie Zweimiller, KSU
Madi Vannaman, KBOR

Members Participating by Telephone:

Roger Lowe, WSU (COBO chair)
Mary McDaniel, ESU (representing Jim Williams)
Chuck Olcese, PSU
Lisa Shryock, KUMC
Carol Solko-Olliff, FHSU
Marilyn Yourdon, WSU

Mary Harrin, WSU, also participated by telephone. Also participating in person were Michael Eichten and Ben Coates, Peoples Benefit Group consultants; and Dale Burns and Matt Brinson, with UnitedHealthCare – Student Resources. Courtney George and Matt Wagner were unable to participate because of a conflict with classes/class projects.

Minutes

The October 25, 2007, SIAC minutes were approved as distributed.

Peoples Benefit Group (PBG) – review of monthly SR reports

Ben Coates reviewed the SR reports that were included in the agenda materials.

Diana Malott asked about information contained in Tab E of SR's 2008-2009 proposal and the time period associated with the 2,437 enrollment figure. After the meeting, Matt Brinson verified that those numbers reflect spring 2008 enrollment, including students who had previously enrolled in annual coverage. Because those numbers were generated in early January, they do not reflect GTA/GRA enrollment or international students enrolling in the spring.

The performance reports show that SR is meeting or exceeding the established targets. PBG will perform additional audits during the second quarter, once HIPPA issues are resolved and call log information is secured. Also during the second quarter, PBG will prepare a benchmarking report for specific categories comparing them to SR's total book of business. Ben indicated that the high dollar claims mirror those in the prior year.

Diana Malott asked whether there is a report that shows the number of unique patients there are for the claims. Dale Burns responded that SR can provide that information on an aggregate basis.

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Diana Malott asked about information reflected on the first page of the 2006-2007 utilization information which indicates 17 claims for hospital miscellaneous at the student health center. Dale Burns confirmed that information was not coded correctly and belongs with the in-patient information.

PBG student survey

Ben Coates reviewed the second draft of the student survey. The SIAC discussed the difficulties associated with securing email addresses from either the campuses or SR to send the surveys to students.

Mike Eichten indicated that PBG has already paid for an on-line survey service and if it is used there is no cost concern regardless of the number of students surveyed.

In response to Lannie Zweimiller's question, Matt Brinson indicated SR does collect email addresses and students who go on-line to establish an account are required to provide an email address. But, SR HIPPA compliance restricts how SR can utilize student email addresses.

Lannie asked whether results would be provided to the individual university or in the aggregate. Mike Eichten indicated that if university identification is part of the survey, the individual universities could be provided their data.

Carol Solko-Oliff stated that it would be helpful to survey all students, not just those participating in the health insurance program, to gauge student knowledge about the insurance plan and to gather other pertinent information.

PBG will work with SR to try and determine a way to survey an adequate number of students to ensure the survey has value. One option might be to place a link on the SR website for KBOR students to participate in the survey.

StudentResources (SR) Administrative Fee payment to KBOR

Under KBOR's contract with SR, SR "shall provide funds, equal to 1.5% of collected premiums, to the KBOR office to provide for the costs of salary and benefits of appropriate personnel and/or outside consultants as deemed to be required by KBOR to administer the contract, or other uses as determined by the Board."

KBOR has been receiving the monthly administrative fee. After taking into account the cost for the annual PBG contract and the administrative services provided by KBOR, the Committee was asked for ideas about use of the surplus, including whether a reserve amount should be funded.

Dale Burns suggested that it would be helpful to have a reserve with a minimum balance retained, especially during the plan cycles where the renewal process is involved. Mike Eichten suggested that because we are fairly new in the contract period, a reserve amount currently is difficult to determine.

The Committee decided that it is too early to try and determine a reserve amount, and would like to have at least one year of plan information before the topic is reviewed.

PBG review of SR's renewal information for Plan Year (PY) 08-09

Dale Burns stated that the renewal proposal looked at the current year and the anticipated experience on the account. Because the renewal proposal was due in mid-January, it is too early to know what the trends actually will reflect.

The KBOR contract stipulated a rate increase for the second plan year would be no more than 16%. SR is proposing an increase of 6.63% over PY 07-08 rates which Dale states is well below inflation and medical pricing trends. Dale stated that by 2009, SR will have a full year's worth of experience and will be able to provide more supporting data for whatever rate adjustment may or may not be necessary at that time. Diana Malott recalled that the plan is supposed to have a 20% premium retention rate.

Dale indicated that the 6.63% increase for PY 08-09 is correct, but the premiums reflected in the proposal are incorrect as the 2007-2008 premiums did not include the KBOR administrative fee.

Roger Lowe asked what total revenue and total expenses have been to date, as it appears the net profit has been fairly substantial. Dale Burns stated that as of January 10, 2008, \$3.8 million in premiums had been processed. Under Tab A of the 08-09 proposal, the Consolidated Utilization Reports as of January 8, 2008, showed \$1,605,500 in claims (and after a discount of \$428,058, a total of \$844,729 had been paid). Dale explained that with student insurance products, claims paid represent 20-30% of claims that will ultimately be paid as there is "long claim tail" or a lag in claims being paid and a lag in enrollment which results in a hold on claims paid because of delayed enrollment. Also, Dale stated that SR does not expect to collect another \$1.5 - \$2 million in premiums and, because of voluntary enrollment, does not know how much more will be collected. Dale stated that the 6.63% increase is not related to 07-08 claims experience but what SR anticipates will happen in 07-08.

Mike Eichten stated that student health insurance is very unique in comparison to most commercial insurance plans which are funded on an ongoing monthly basis. Typically, there is a 2-3 month lag between the time a claim is incurred and paid (funded). Even if premiums are received consistently for those enrolled, there would still be a significant claims lag which makes it difficult to tell whether the book of business will be profitable. The question should be is a 6.63% increase a fair increase and that cannot be determined based on the reports available today. Students are pre-funding the insurance and what is potentially outstanding for claims payment could be fairly significant. You cannot look at claims paid to date and compare it to premiums received and determine whether we are on or off track.

Dale Burns stated that SR believes it correctly underwrote the 07-08 plan to reflect the significant changes to the plan, and thus the impact to premiums should be for medical inflation which is trending at 13-14% (with prescription coverage the trend is on the higher end). He stated that there is not enough data to support the increase based on the 07-08 data alone and the inflation trend reflected is less than what will be seen in the general market. A large percentage of claims are expected to come in between now and next year; 75% of premiums have been collected so far but only 20-30% of claims have been paid.

Diana Malott indicated that if we looked at a correlation with what student health fees are on campus, the 6.63% increase is less than the medical inflation rate. With a three year contract, we know that there are three years to catch up. If the claims end up not being as high, there wouldn't be an adjustment upward in the third year. The cap for year two was intentionally stated at 16% because we thought the increases would likely be higher; thus a 6.63% increase is reasonable.

The Committee discussed the following changes for PY 08-09 with SR:

A. The SR proposal included coverage for Gardasil that would result in an increase to all rates of 3%. Each campus representative indicated that although this is an important benefit, they were not supportive of the change because of the across the board increase. There was discussion about the potential of having to look at other vaccinations in the future for meningitis, TB, etc.

B. Matt Brinson indicated that the following changes will be made to the brochures:

1) Add information in the eligibility section indicating that dependents that are not in the country at the time the student enrolls will be eligible to be enrolled in coverage within 30 days of entering the country.

2) Collapse "psychology internship program students" into the overall category of "participants in a school approved/sponsored internship."

3) State in the non-GTA/GRA brochure (sent to all students) that if the student HOLDS a qualifying GTA and/or GRA appointment, the student is eligible to receive a University contribution toward the premium and should enroll in the GTA/GRA plan.

4) State in the GTA/GRA brochure that if the student does NOT HOLD a qualifying GTA and/or GRA appointment, the student should apply for the regular student plan.

5) Include information about the MedCo prescription drug benefit so that students are informed that they do not have prescription drug benefits until they are assigned an ID number and information about where the student can access information about the tier drug plan. (Dale Burns indicated this will be less of an issue in year two as the students with continuing coverage will retain their ID numbers and will have a 60 day grace period in the new plan year to get prescriptions filled. With the 07-08 plan year, there were a large number of students insured for the first time and they had to wait for their ID number. Cards are issued within 48 hours of when premiums are processed (the standards are 3 days to get electronic list processed and 5 days to process paper forms, but SR has been processing them within 2 days, with nightly transfer of lists to MedCo). Also, once the student has their ID number, the student submit a MedCo claim form (available on the website) for prescriptions purchased while covered but before ID issued.

6) Make the GTA/GRA plan booklets distinctive from the other plan booklet(s) so that they are more quickly/easily identified.

C. The Committee discussed the following proposals to the plan design for PY 08-09.

1) Can the premiums be blended so there is one overall premium (with the GTA/GRA rates reflecting the University contribution)? Then, only two brochures and two application forms would be needed and this would help in communicating to students about the plan and the students' understanding of the plan. The GTA/GRA plan would need to continue to have continuation benefits, mental health benefits and no pre-x for maternity benefits. And, internationals would continue to have monthly coverage options and extended open enrollment periods.

Dale Burns stated that the underwriter is willing to quote an annual single student rate of \$1,005 across the board. Mike Eichten asked about the impact to campuses because of the increase to the GTA/GRA premium, and a rough calculation indicates the increase would be \$39,000 more than the initial PY 08-09 bid rate.

The Committee asked about plan participation of and premiums processed for each of the four groups during PY 07-08.

As of December 12, 2007, there were 6,599 students enrolled in the four categories:

Group 1 (domestic undergraduates)	1,212	
Group 4 (international students)	2,124	
Subtotal	3,336	Or 50.6% of total enrollment

Group 2 (health science and grad students)	1,098	
Group 3 (GTA/GRAs)	2,165	
Subtotal	3,263	Or 49.4% of total enrollment

As of the January 10, 2008, of the \$3,824,233 premiums processed to date:

Group 1 (domestic undergraduates)	\$ 992,885	
Group 4 (international students)	\$1,067,735	
Subtotal	\$2,060,620	Or 53.9% of total premiums

Group 2 (health science and grad students)	\$ 905,315	
Group 3 (GTA/GRAs)	\$ 858,298	
Subtotal	\$1,763,613	Or 46.1% of total premiums

Diana Malott asked that SR's underwriters review the premium rates again to see if the blended premium could be closer to the \$981 instead of \$1005. Roger Lowe agreed by stating that the Committee needs to continue to help domestic and international students by getting the rates down.

Dale Burns stated they would ask for the blended premium to be reviewed to see if there could be a decrease. He reminded the Committee that if premium changes for the upcoming year do not work well in light of claims paid, the Committee should expect that the premiums for the third year will reflect necessary adjustments.

2) The Committee asked for elimination of the \$5 co-payment for any insured student (international and domestic) who has a chest x-ray as the result of a positive TB test required by the University. The benefit would be paid at 100% (without a co-payment) and would be an exception to the \$5 co-payment required for all lab procedures and x-rays.

Matt Brinson indicated this change is acceptable and will not have an impact on the PY 08-09 premiums.

3) The Committee began discussing whether eligibility criteria should be expanded to include students who take on-line courses and who are currently ineligible to participate in the plan.

Matt Brinson indicated that SR is open to discussing this possibility, but would need criteria established to eliminate adverse selection. Dale Burns suggested that the criteria might be expanded a step at a time with the inclusion of internet classes, as long as the student is taking three class hours on campus.

Lannie Zweimiller indicated KSU would like to include "distance learning courses" alongside "online courses" with the caveat that that the students be within the continental U.S., Hawaii or Alaska. Lisa

Shryock asked about the Med Center's Ph.D. nursing students who take full-time (12 hours) of class completely on line.

In response to Mike Eichten's request, Dale Burns will have SR research what other universities are doing in this area. Dale also indicated this type of change would have a negative claims impact as those students would not have access to the campus health centers and there would not be a gatekeeper.

The Committee members are to work with their subcommittees to come up with suggestions for changes to the eligibility criteria. If groups of students are suggested for inclusion, an estimate of the number of students in those categories is to be provided.

4) In response to a question raised by Sheryl McKelvey and Marilyn Yourdon, WSU, Matt Brinson stated he hopes to have an answer in the next few weeks about UnitedHealthCare's negotiations with Wichita Clinic Immediate Care to become an in-network provider. As there are not many urgent care facilities in the area, this is a concern for UHC also. This change would address the lack of Wichita area network providers with late hours for non-established patients. Currently, students needing late hour care are going to the emergency room which costs both the student and the insurance company more.

5) Lannie Zweimiller asked whether other programs, like dental coverage, are available. Matt Brinson indicated that with PY 08-09, under the UnitedHealth Allies program, each insured student will receive a separate ID card for access to dental and vision discount programs (not insurance), fitness clubs, weight management clubs, etc.

Dale Burns indicated that additionally, a new benefit will be offered: Optum Health/collegiate Assistance Program. Currently, a NurseLine program for medical reasons is offered. The new program will be a student assistance program where the student can call in or log on for mental/nervous issues. The contract was completed a few weeks ago and Dale stated they believe it will be a good addition for the students and provide additional support for health service centers with immediate counseling available.

Next SIAC meeting:

The next SIAC meeting will be a telephone conference call on Thursday, February 28, 2008, at 1:30. The next meeting is scheduled for Thursday (1:30 start time) May 29, 2008, in the Board's Conference Room.