



Arthur J. Gallagher Risk Management Services, Inc.

FLORIDA STATE UNIVERSITY SYSTEM STUDENT HEALTH INSURANCE PURCHASING GROUP

Board of Governors Academic & Student Affairs Committee August 20, 2012 Program Report

Historical Overview

- The Board of Governors Student Affairs Committee approved a State University System (SUS) Task Force on their Student Health Insurance report in March 2010. The report made recommendations including the call for a SUS Workgroup to develop a plan for establishing a purchasing consortium for state universities.
- The SUS Council of Student Affairs (CSA) appointed a SUS Student Insurance Work Group (SIWG) to explore consortium viability within SUS. The workgroup included vice presidents, health center directors, and representatives from university business affairs, general counsels, financial aid, counseling, and students.
- There is no mandate by the Board of Governors to require participation in a SUS Consortium, participation by institutions was voluntary. Each university administration reviewed its current health insurance conditions and obligations and made a decision regarding consortium membership for 2011-12 and going forward.
- The University of South Florida coordinated the staff administrative functions for the development of a system RFP for Brokerage Services to support the consortium. The contract allows for two initial terms and “evergreen” renewal status as long as the termination provisions are not executed.

2011-2012 SUS Student Health Insurance Consortium: Observations and Results

- Five campuses (UCF, UNF, FGCU, USF, and UWF) decided to participate in the SUSF insurance program, underwritten by UnitedHealthcare. Each university achieved an improved plan design, flexible enrollment process, and competitive pricing compared to staying “status quo” with their previous broker/carrier. The SUSF offered two plans; both provided greater coverage than the expiring plans and also included many of the “proposed” PPACA requirements.
- Since there is no mandate for the campuses to participate, the structure of the program is more of a purchasing group of shared services than a traditional “consortium.” Therefore, it was decided by the participating universities that they would determine their own “individual rates” for the Voluntary and Hard Waiver Plans due to various enrollment levels and demographics by campus. Though there is no shared composite rate structure, this arrangement has benefited the institutions with reduced administrative expense, profit sharing arrangement, improved coverage, quality of partners and responsive customer services for all campuses/students.

Overall enrollment for all campuses is approximately 8,800. The majority of the enrollment is driven by UCF and USF sponsored students. The SUSF program has allowed participating institutions, with small enrollment, to offer options to students that would not be available if they purchased a plan on their own. Many of the insured students are over the age of 26, and therefore would not be eligible to stay enrolled on their parent's plan as part of the PPACA mandate. Campus contacts have reported that enrollment is down for the voluntary group, due to premium cost for this plan.

Gallagher Koster creates monthly claims reports that are shared and discussed with each institution's contacts during our monthly conference calls. At this time, the aggregate claims loss ratio is 69% for all schools and plans. This percentage is the combined results of the voluntary plan, 92% and the hard waiver plan, 59%.

Voluntary plans continue to be subjected to adverse selection and fortunately the Hard Waiver Plans are available to "subsidize" the entire program. In addition, the program has paid for several claims over \$25,000, which are considered to be 'high dollar' claims. As of July 30, high dollar claims represented 29% of total paid claims. The University of South Florida experienced the highest percentage of high dollar claims. Fortunately, the program offers a \$250,000 plan maximum per condition which has guaranteed that these students have not been "uninsured" when these medical situations have occurred.

On behalf of the SUS Program, Gallagher Koster negotiated with UnitedHealthcare to underwrite the program at a 78% targeted permissible claims loss ratio. This permissible claims loss ratio is higher than the industry standard for the 11-12 policy year and helped all campuses when establishing the initial rates and the 12-13 renewal. The underwriter will consider the claims loss ratio to be completed as of March 1, 2013. It is anticipated that the final loss ratio percentage will be in the high 80s.

2012-13 Renewal and PPACA Requirements

Initial renewal discussions began in January with the existing institutions. In addition, two other campuses expressed an interest in getting a quote for the SUSF program; FIU and FAU. Both campuses were contacted by Gallagher Koster to discuss the requirement of participating in the program, i.e. standardized plan designs and enrolling students in the correct plan based on hard waiver versus voluntary enrollment. Both FIU and FAU provided us with the claims data available to them from their current broker.

On March 15, 2012, the final version of the HHS rule governing student health plans compliance with PPACA was released. The Rule mandated the following changes to the existing plan designs:

1. Eliminated all internal benefits limits/caps on essential benefits; pharmacy, outpatient physician/lab/x-ray services, mental health, etc.
2. Added coverage for Preventive Care Services, including immunizations at no cost sharing (100%) for in network providers.
3. Added 100% coverage for contraceptive services.
4. All other aspects of the existing plan design were maintained, which meet and exceed PPACA requirements, including pre-existing conditions covered immediately under the hard waiver plan.

The impact of these expanded benefits, current plan experience, and applied medical care trend, resulted in required rate actions to be in the range of 3% to 24% based on Voluntary and Hard Waiver enrollment. The percentage increase was different for each campus. The final rates summary is attached.

UNF was the only campus to seek alternative quotes, all other campuses committed to the SUSF program understood that the rate action was needed for the long term viability of the program. Although UNF received alternative quotes, they decided to stay with the SUSF program for the best interest of their students. The group also selected some copayment changes to continue improving the overall premium cost. FAU decided to stay with their incumbent broker and maintain one plan design for their campus. FIU requested to participate in the SUS purchasing group with only their voluntary domestic plan. It was decided to allow FIU to join the group, since this was a significant improvement for their domestic students.

Future Considerations - Going Forward

Although the cost of the voluntary plans continues to increase due to the PPACA requirements and adverse selection, these plans still offer students a better option than individual plans offered in the marketplace.

After a brief review of the various plans offered through the major underwriters (Cigna, Humana, and UnitedHealthcare) we have found the following to be true of these plans:

- Age rated
- Minimum of \$1,000 In-Network deductible
- High co-pays and no coverage for maternity
- Limited or no coverage for mental health expense
- Individual plans do not have comply with PPACA until 2014

PPACA now mandates that both domestic and international plans offered through an institution require compliance with the coverage standards. Therefore, the current Board of Governors guidelines for international students should be reviewed and revised to ensure international students are not becoming “underinsured” by enrolling in stand-alone plans offered through various companies. A reference document has been provided for further information.

The 2013-2014 Plan maximum will be increased to \$500,000 to accommodate Phase Two of the HHS rule on student health plans. The participating student health centers (SHC) will maintain the preferred status with deductibles being waived and eligible expenses covered at 100 %. This is a very important component since other health plans do not consider the SHC to be an In-Network provider, especially for preventive care services.

All institutions will continue to benefit from this collective purchasing arrangement due to the demands for insurance coverage by the students and regulatory requirements.



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2012-2013
State University System of Florida
Student Health Insurance Program
Annual Student Rate Comparison

School Name	Coverage Dates	Hard Waiver Rate	Voluntary Rate
Florida Gulf Coast University	8/15/12-8/14/13	\$1,374	\$2,166
Florida International University	8/20/12-8/19/13	N/A	\$3,054
University of Central Florida	8/15/12-8/14/13	\$1,537	\$2,086
University of North Florida	8/20/12-8/19/13	\$1,924	\$2,867
University of South Florida	8/17/12-8/16/13	\$2,173 ¹	\$3,284
University of West Florida	8/15/15-8/14/13	\$1,256	\$2,038