Student Health Plan Initiative

MA Community Colleges, State Universities and UMass System

2011 Academic Year

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Board of Directors Meeting
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Agenda

- Background
- 2010 Results
- 2011 Results
- Key Takeaways
- Next Steps
- The Face of Student Health
Background

- Division of Health Care Finance & Policy (DHCFP) issues “Student Health Program Baseline Report” in November 2009
  - First comprehensive overview of student health insurance enrollment and financial performance of insurance carriers serving this market
  - Report pointed to program inefficiencies, excess student costs and modest benefit plan coverage

- Other agencies including Administration and Finance, Department of Higher Education and the Health Connector become engaged in improving student health plan programs
Background (cont)

- Steering Committee led by Nate Mackinnon of the Department of Higher Education was formed in late 2009
  - Consists of 19 members with representation from State Universities, Community Colleges, UMass System, student trustees and state agency officials

- Institutions agree to participate in a consolidated bidding of a new student health benefit plan under the guidance of the Health Connector
  - UMass delayed implementation for the 2010 academic year, but participated in the 2011 academic year procurement
  - The consolidated population from these schools is roughly 25,000 enrolled students
Critical Success Factors

• Steering Committee identified five critical success factors for the procurement:

  – Improved benefit plan design
  – Improved financial value
  – Depth and breadth of provider network
  – Smooth carrier implementation
  – Superior customer service
Request for Response Process

- Formal RFR was released through the state CommPASS procurement system

- RFR specified –
  - Total replacement on a fully insured basis
  - Carriers to provide all front end services such as the hard waiver process either directly or through a broker;
  - Brokers to be paid on a per subscriber per month basis in 2011 versus percentage of premium
  - Health Connector to cover its costs beginning in 2011 (i.e., actuarial consulting services and staff time)

- RFRs scored by a workgroup based on both quantitative and qualitative criteria
  - Actuarial analysis conducted by Oliver Wyman Consulting
2010 Results

- Five carriers submitted bids; three carriers moved on to finalist presentations: BCBSMA, Nationwide and Tufts Health Plans

- Steering Committee members unanimously awarded BCBSMA the contract for the 2010 academic year for Community College and State University students (approximately 11,000 students); previous carrier was Nationwide
• **Plan Design**: Removal of all per illness / per injury caps and annual aggregate maximums

• **Premiums**: 5 to 7% increase in premiums for 10 to 15% increase in plan design features

• **Robust Care Management Programs**: Disease management, health risk assessments, personal wellness plans, personal health records and more

• **Provider Network**: Broad in and out of state network with better discounts for out of state providers

• **Performance Guarantees**: $150,000 at risk for implementation (e.g., delivery of communication materials by May 15th), customized wellness programs by campus, student satisfaction survey and claims and customer service guarantees
2011 Results

- Three carriers submitted bids and all moved on to finalist presentations: Aetna, BCBSMA and Harvard Pilgrim

- Community Colleges for the first time offered Rx coverage and moved from BCBSMA to Harvard Pilgrim with a below trend premium increase of 8%

- State Universities maintained their current benefits and carrier (BCBSMA) with a 7% premium increase
• UMass Highlights
  – The intent of some of the UMass campuses was to blend risk pools and normalize benefit plan designs. Plan designs ranged from 100% to 80% coinsurance levels prior to the procurement.

  • Blending of risk pools was attempted among three of the five UMass campuses, but was not financially feasible for some of the campuses.

  • Post procurement, most plan designs are at an 85% coinsurance level with out of pocket costs capped.
• UMass Highlights
  – All campuses renewed with their current carriers (Aetna, BCBSMA and Harvard Pilgrim)
  – Most campuses renewed at a below trend increase
  – All campuses eliminated or reduced caps on benefits (e.g., aggregate maximums on medical and Rx)
  – Policy and benefit upgrades particularly among UMass Boston and Lowell, such as
    • Elimination of a much disliked referral practice at Boston
    • Increased coinsurance level, coverage for routine annual physicals and elimination of a pre-existing limitation clause at Lowell
Key Takeaways

• Large purchasing group that generated competitive bidding among carriers

• Overriding desire to improve benefits for students among campus representatives

• Role of student trustees imperative to success of improved plan offerings

• More common plan design offerings among UMass campuses will likely make it easier to blend risk pools in the future
Next Steps

• Work with Community Colleges to ensure Harvard Pilgrim implementation goes smoothly

• Keep momentum of Steering Committee members going to plan for potential 2012 / 2013 opportunities

• Look toward working with private institutions to leverage large scale purchasing gains
The Face of Student Health

From Eric Gregoire, State University Student Trustee

“There was delight to many students who were on the previous plan and who witnessed stark improvements to their health coverage. When students ran into trouble with getting the flu shot through one of the campus sponsored clinics, BCBSMA was extremely responsive to the needs of the students and understood how important these flu shots were to college students.

I have heard nothing but good things from students about the quality of the product and the accessibility that this product has been able to exhibit to students.”