Student Health Insurance Advisory Committee
December 14, 2015

Present at meeting: Bahar, Bene, Michal, Marten, Kim
Brian Judy Wells Fargo

MINUTES

Purpose of meeting
● Discuss parity rating ruling
● Member feedback about Insurance Helpline and Transition Fund

From Wells Fargo
● The parity ruling applies to individual health plans (as opposed to group plans). Fully insured student health plans are considered individual health plans. Berkeley SHIP is a fully insured plan.
● If you are an individual health product, you have to pool all of the risk together. You can’t charge different rates for different participants based on their health status, etc.
● The tricky part, “the premium rate charged by an issuer offering student health insurance coverage may be based on a school-specific group community rate. This led to some confusion.
  ○ some carriers interpreted this as can have different rates for UG/Grad or International/Domestic, etc.
● In early September, there is a proposed ruling that clarifies that universities may price them out separately, beginning January 2017. Technically, this would impact us 2017/18 academic year beginning with Fall 2017 plan year if the rule is finalized. Unclear how it will impact 2016-2017.
● Disagreement within the room because the ruling eliminates pricing based on health claims, but pooling in established, school-specific groups (undergraduate/graduate, international/domestic) is still allowed. The original ruling had a multiplier formula for dependents which caused confusion among carriers about whether dependents had to be charged the same or not as student members. Currently decisions are being based on carrier’s own legal interpretation.
The proposed regulation gives insurance plans more clarity but doesn’t go into effect until January 2017. Proposed ruling also says student health plans do not need to follow metallic tiering. Gives universities more flexibility in setting benefit levels and premiums.

Feedback about helpline from one member:

○ Originally consulted Barney and Barney (B&B) help line for dependent coverage. Signed up for EPO plan on Covered CA. Now the plan doesn’t exist after this year.
○ Got quotes from Wells Fargo (WF) that didn’t include mention of Covered California so had to individually research. B&B seemed much more knowledgeable. WF didn’t seem as knowledgeable. B&B was willing to go into Covered CA application as broker and help throughout process.
○ Didn’t get help about questions regarding advice on financial implications.
○ Brian and Bahar will provide that feedback directly to WF. Have only gotten one more compliant, on a different issue that has already been resolved.

Transition fund feedback:

○ Someone signed up for fund, and the exact amount was taken off of his financial aid.
○ The form tells students that there are financial aid implications and that they should consult financial aid before accepting any funding. UHS spent a lot of time looking into this with financial aid. Because of financial aid limitations federally, UHS was told there was no other way to provide these funds.
○ We were told by most people who signed up that they didn’t have financial aid and didn’t care about financial aid loan impact.
○ UHS agrees it’s not ideal, but there was no other option available to us at this time.

Parity Ruling Interpretation email sent by Brian Judy from Wells Fargo


As we have discussed, early in 2015 the student health insurance carrier marketplace had to make determinations on how to implement new rulings issued in the Patient Protection and Affordable Care Act; Health Insurance Market Rules; Rate Review (CMS-9972-F). The crux of the official ruling was that student insurance plans were not subject to the single-risk pool requirement - meaning the insurance carrier would not have to rate all student health plans in the same pool as individual insurance products. This allowed a carrier to continue to price a student health plan based on its own historical performance. The rule also
impacted the long-standing practice of having multiple groups priced out independently based on their relative utilization.

Specifically the passage cited by many carriers was: Student health insurance is subject under these final rules to the premium rating requirements of section 2701 of the PHS Act. We note, however, that given the exemption from single risk pool requirement, the premium rate charged by an issuer offering student health insurance coverage may be based on a school-specific group community rate if, consistent with section 2701, the issuer offers the coverage without rating for age or tobacco use. This provides flexibility to student health insurance issuers with respect to the per-member-rating provisions of PHS Act section 2701(a)(4) and Sec. 147.102(c)(1), while ensuring that student enrollees and their dependents are not charged more based on their health status or gender.

This somewhat vague and imprecise definition led to different interpretations by different carriers. Some read the language literally to mean that there could only be a [single] school-specific community rate, per institution. This led to the position that student sub-groups (i.e. grad and undergrad) could no longer share the same plan design with two different rates. Other carriers interpreted the definition more broadly to mean one of many school-specific group community rates, thus maintaining the status quo in pricing student subgroups separately.

This same ruling also had an impact on the actuarial values and methodology for rating dependents. The common interpretation was that all dependent categories would have to be priced based on a 1X-4X scale relative to the student rates. For example:

- Student 1X
- Spouse 1X
- Child 1X
- Children 2X
- Family 4X

These interpretations varied from carrier to carrier and left much confusion in the marketplace for the 2015-16 plan year. Recently, CMS has acknowledged the unintended confusion and indicated new legislation would be forthcoming that would allow for individual subgroups to be priced independently as of 1/1/2017. It remains to be seen how this will impact the student/dependent price relationships, as well as the positions the carriers will take for the 2016/17 plan year.