

**University Health
Plans, Inc.**

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ANNOUNCEMENT:

UHP's article, "How Health Care Reform Really Affects Student Health Plans," has been selected for publication in the 2011 URMIA Journal.

NPRM Comment Period Closed

The comment period for the NPRM on Student Health Insurance Coverage (CMS-9981-P) ended on Tuesday, April 12, with over 100 public comments. You may view the comments online at:

www.regulations.gov.

Although several people posted comments arguing that the proposed rule should be void because the PPACA has been deemed "unconstitutional," the majority of those who commented discussed the potential effects of the proposed rule itself.

Most concerns were either financially motivated or questioned the impact on students. Below is a summary of common concerns among the posted comments.

Financial Concerns

Not surprisingly, the majority of comments included financial concerns. Among the most popular financial concerns were:

- Premium Increases
- Implementation Costs
- Administrative Costs & MLR requirement
- Impact on Financial Aid Distribution
- Use of Tax Credits for SHPs

Impact on Students

A number of posts noted the importance of quality, affordable health insurance coverage for students and questioned how students would be affected by the NPRM. In particular, commentators expressed concern about:

- SHP Affordability
- Discontinuation of SHPs
- Impact on International Students

Other Concerns

Several posts explained that SHPs fill a market need and expressed concerns that did not fall neatly into either of the previous categories. These topics include:

- Coordination of SHPs with Student Health Centers
- Impact on Waiver/Enrollment Processes

Per the NPRM, CMS/HHS will not respond to each comment individually. They will, however, respond to the comments as a whole at some point in the near future.

Milliman Actuarial Report

Milliman, Inc., an independent actuarial and consulting firm, recently published a report examining the "financial implications" of implementing the proposed rule for SHPs.

For the analysis, Milliman used prototypes of current low, medium, and high benefit SHPs to illustrate the expected premium increases necessary to meet the requirements set forth in the proposed rule.

According to the report, SHP premiums will need to increase by between 6.9% and 97.0% to meet the 2014 standards described in the NPRM. In 2010-2011 dollars, the

estimated premium increases range from \$134 to \$642.

The report also included highlighted benefit summaries to illustrate the annual benefit changes that will be necessary for current low, medium, and high benefit SHPs to meet the proposed requirements for each of the 2012-2013, 2013-2014, and 2014-2015 academic years.

A copy of this report was posted with UnitedHealth Group's comment (#2011-0016-0070.1) on the proposed rule.

NPRM Comments to Consider

"SHIPs are important as they provide coverage to students when no parental coverage is available, when student coverage is better than available parental coverage, or when out of network coverage makes parental coverage prohibitively expensive."

Nationwide Life Insurance Company

"Student health insurance coverage is generally designed to complement the university health services and academic medical centers. Leveraging these state-of-the-art centers is one of the ways that colleges and universities are able to keep the costs of student health insurance coverage low...If the Department does not recognize student health center's preventive services as satisfying the requirements of section 2713, issuers will be forced to duplicate this coverage and the cost of student health insurance coverage will rise unnecessarily."

Aetna

"While these reforms will undoubtedly enhance the coverage available to students under such plans, we remain cautious about whether they have struck the right balance in protecting one of the most important benefits provided by student health insurance plans – cost security for students."

American Council on Education (ACE)

"Given the transient nature of the student population and the common practice of billing premium charges through institutional student accounts, the administrative burden and cost of refunding directly to the individual, in many instances would exceed the value of the rebate."

American College Health Association (ACHA)

States Requesting MLR Waivers

Nine states have applied for waivers of the 80% minimum MLR requirement for individual plans.

To date, only Maine has received a temporary MLR adjustment. Maine's minimum MLR requirement for individual plans will be 65% through 2013, provided that the State continues to submit the requisite supporting documentation each year. The other States' applications are still under review.

States requesting a waiver of the MLR requirement for individual plans must submit a large amount of data to support their request. SHPs as a whole do not have this sort of data available, so it is unclear whether a process will be developed to allow SHPs to request similar MLR waivers after the NPRM is passed.

About Our Organization...

University Health Plans (UHP) is a leading benefit brokerage/consulting firm specializing in the design, brokerage, and service of College and University student health insurance programs.

Using a team approach, UHP currently manages the student health insurance programs for over seventy-five colleges and universities.

We specialize in managing student health insurance programs, in addition to offering ancillary programs such as sports and travel assistance. Student health insurance is our only line of business so we devote 100% of our energies and resources to ensure cost effective student health insurance with superior customer service.

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