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In This Issue:

Final Rule Delayed	1
Walgreens	1
Mandate	
Controversy	1
State Exchanges	2
MLR Adjustments	2

Final Rule on Student Health Plans Delayed

Several of the requirements set forth in the proposed rule on Student Health Insurance Coverage (CMS-9981-P) were to be in effect for plan years beginning on or after January 1, 2012. The final rule, however, has been officially delayed with no estimate as to when it will be issued.

The delay of the final rule may cause problems for student health insurance plans as many are currently in the process of renewing their policies for the coming 2012-2013 academic year.

Without knowing what will be required of SHPs in the 2012-2013 policy year, plan administrators will have to decide whether to

play it safe and meet the requirements set forth in the proposed rule or take a "wait and see" approach, replicating potentially noncompliant 2011-2012 benefits in an effort to keep premiums low until a final rule is issued.

If a final rule is issued after renewals have been signed and any component(s) of the final rule is required to be in place for the 2012-2013 policy year, contracts will have to be renegotiated and premiums will likely increase.

Given that the final rule is being issued after January 1, 2012, mandating changes to Student Health Plans for the 2012-2013 policy year would be difficult.

Walgreens Leaves Express Scripts Network

As of January 1, 2012, Walgreens (including Walgreens-owned affiliates Duane Reade, Happy Harry's, and optionsCare) has ended its relationship with Express Scripts.

Over 80 million Express Scripts prescriptions were filled at a Walgreens pharmacy during the fiscal year 2011, making up about 10% of Walgreen's prescription business.

According to Walgreens, Express Scripts pays below-average rates for prescriptions, making their relationship unsustainable in the long-run.

Although Express Scripts is open to working with Walgreens in the future, Walgreens has made it clear that the company has no intention of reinstating their relationship with Express Scripts in the near future.

Controversy Over Mandated Contraceptive Coverage

Although some religious organizations have been exempt from the mandate of offering contraceptive coverage with no cost-sharing, Catholic religious leaders in particular are unhappy with the stringent criteria for exemption.

Currently, only non-profit organizations that employ mostly people of that faith and whose main purpose is to instill religious values in individuals of that faith are exempt from the mandate for contraceptive coverage.

Employers with moral objections to offering contraceptive coverage who do not meet the exemption requirements have been given an additional year to comply with the mandate, but are not satisfied with the compromise.

The current exemption guidelines essentially apply only to churches, leaving other religious institutions (including religious colleges and universities) to fight for themselves. Two colleges have already filed federal lawsuits and others are expected to follow.

States Make Progress Developing Exchanges

According to recent reports, 28 states and the District of Columbia have made progress toward developing their own Affordable Insurance Exchanges. Massachusetts and Utah had their own exchanges prior to the ACA requirement.

Other states, however, have decided to wait until the Supreme Court ruling has been issued and the next President has been elected.

In the meantime, The Department of Health and Human Services (HHS) has been working toward developing a Federally-Facilitated Exchange that will be available for those in

States that do not choose to develop their own State-based Exchange.

States will also have the option of participating in a "Partnership" Exchange in which the State and HHS would work together and be responsible for different aspects of the Exchange.

States may also elect to try a Partnership Exchange first and then develop their own State-based Exchanges once they have a better idea of the work involved.

States Continue to Request MLR Adjustments

To date, 17 states and Guam have applied for MLR adjustments. Of those, 6 have been approved, 3 are still under review, and 9 have been denied.

Despite accepting most of the initial requests (6 of the first 8 states submitting requests were granted an adjustment of some sort), CMS/HHS has declined to offer MLR adjustments to the next 7 states submitting requests.

The states who have been allowed MLR adjustments are Maine, New Hampshire, Nevada, Kentucky, Georgia, and Iowa.

The applications submitted by Texas, North

Carolina, and Wisconsin are currently under review.

No adjustment was granted for Florida, North Dakota, Louisiana, Guam, Kansas, Delaware, Michigan, or Oklahoma. For most of the denials, CMS/HHS stated, "This determination will ensure consumers receive a better value for their premium dollar."

Of the nine states whose applications were denied, three (Florida, Louisiana, and Indiana) submitted appeals, requesting that the decision be reconsidered. Upon review of the appeals, however, CMS/HHS did not elect to modify any of the decisions.

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 sixty-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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