

SUS Student Health Insurance Workgroup
2011 Summary Report

For Information Only

Board of Governors Academic & Student Affairs Committee

State University System Student Health Insurance Workgroup

June 23, 2011 Report

Overview

- The Board of Governors Student Affairs Committee approved a State University System (SUS) Task Force on Student Health Insurance report and recommendations in March 2010 that included the call for a SUS Workgroup to develop a plan for the establishment of 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 includes vice presidents, health center directors, and representatives from university business affairs, general counsels, financial aid, counseling, and students (see list on page 4).
- The SUS Workgroup met biweekly via conference calls beginning summer 2010.

SUS Workgroup Activities

- The SUS Workgroup established a Model Plan for Student Health Insurance based on the American College Health Association (ACHA) best practice guidance and previous work of the SUS Student Health Insurance Task Force.
- As the consortium was developed, there was no mandate by the Board of Governors to require participation in a SUS Consortium, so 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.
- The University of South Florida agreed to staff administrative functions for the development of a system consortium.
- The SUS Workgroup established an Invitation to Negotiate (ITN) to be managed by USF to identify a broker to serve as manager of consortium negotiations with insurance carriers.
- The SIWG reviewed 14 proposals and heard four presentations leading to the selection of Gallagher Koster as the Broker for the SUS Consortium.
- In initial discussions, six state universities considered membership in a consortium for the 2011-12 year. Two institutions were unable to continue due to existing contracts and three chose not to continue for other reasons.
- Gallagher Koster sent a RFP out to seven carriers specializing in underwriting of student health insurance plans. Due to the historically poor claims experience of the six interested institutions, several of the carriers declined to quote. Three carriers presented proposals and, of those companies, two were the most

competitive and were evaluated positively by state university representatives. The voluntary format for the initial SUS Consortium reduced the amount of data submitted to carriers and may have limited interest of potential carriers.

- United HealthCare was selected as the carrier that best served the needs of SUS students.

SUS Consortium for 2011-12

- Senior administrative leadership at five state universities (USF, UCF, UNF, UWF and FGCU) approved participation in the SUS Consortium for the 2011-12 policy year.
- United HealthCare provided the SUS Consortium with a “composite rate” for all institutions and individual rates for each institution. Because claims history at each institution was used to determine the rates proposed, the different loss ratios at each institution impacted the rates and differential costs were apparent between institutions.
- Consortium members agreed to use the individual rates this year, as the negative impact on several of the smaller institutions would be significant if the composite rate were to be used.
- United HealthCare is underwriting two plans (Hard Waiver and Voluntary) and is finalizing marketing materials on the coverage benefits and the premium payment options for students.
- The SUS Consortium structure is similar to other statewide consortia in that it will mix hard waiver and voluntary participation by students in the plans. Hard waiver coverage options provide lower costs to students.
- Each SUS Consortium institution has begun to work independently with Gallagher Koster to establish the respective campus student health insurance coverage plans that were activated on June 1 for the 2011-12 policy year. Gallagher Koster has assigned a six person Client Service Team to work with university representatives and this team has visited all five campuses.
- Gallagher Koster has established a customized Website for the SUS Consortium that will link to each participating university and their individual web pages. Each institution’s webpage will provide the specific enrollment requirements for the university and access to all enrollment forms, coverage summaries, and FAQ information.

The SUS Consortium website is: www.gallagherkoster.com/Floridausystem.

Observations and Plans

- The model plan as a basis for the SUS Consortium will provide more comprehensive coverage and services to participating SUS students.

- Despite the lack of a shared composite rate structure, there will be administrative savings through this plan that will lead to reduced costs for participating students.
- Program benefits and cost savings will include:
 - Improved Coverage
 - Higher plan maximum per condition
 - Lower out-of-pocket expense
 - Increased pharmacy benefits
 - Wellness benefit
 - Reduced Administrative Costs/Profit Sharing Arrangement
 - Lower fees to manage both the account management and claims process functions
 - Higher underwriting targeted medical loss ratio for both the Hard Waiver and Voluntary Plans
 - A retrospective arrangement that will allow the Consortium to retain some premium based on the entire program's favorable claims experience.
 - Better Provider Discounts through a Financially Strong Carrier
 - United HealthCare is a strong and committed carrier and is well-positioned to respond to national health care reform movements.
 - United HealthCare's average discounts in Florida are approximately 55 percent.
- When the campus plans are complete, there will be a consistent set of coverage plans across the consortium universities although specific coverage prices may vary.
- There will be clear potential to build on the SUS Consortium by adding additional institutions in subsequent years through the ability to develop and utilize a claims history as a purchasing consortium. The fall 2011 enrollments will establish a baseline for subsequent consortium negotiations.
- To ensure viability for the SUS Consortium, education will be ongoing during the initial 2011-12 policy year and planning will begin this fall for the 2012-13 policy year. Non-participating universities will be involved and work will continue with United HealthCare to propose new consortium rates in early January for the 2012-13 year based on the initial policy year.

SUS Student Health Insurance Workgroup

FGCU	J. Michael Rollo, Chair	Vice President for Student Affairs
	Richard Pence	Assistant Director of Procurement
UCF	Sheryl Gamble	Assistant Director, Health Services
	Kyle Simpson	Student, Chair, Pres. Leadership Council
	Youndy Cook	Associate General Counsel
UNF	Doreen Perez	Director, Health Services
FAU	Cathie Wallace	Director, Student Health Services
UF	Barbara Wingo	Associate General Counsel
UWF	Tony Nguyen	Assistant Athletic Director
	Savannah Lewis	Vice President of Student Government
USF	Diane Zanto	Senior Director, Health Services
FIU	Rosa Jones	VP Student Affairs & Undergraduate Education
FAMU	Tanya Tatum	Director of Health Services
FSU	Lesley Sacher	Director, Health Center

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<u>Koster</u>	Teresa Koster	Division President, Insurance Broker
Board of		
<u>Governors</u>	Jon Rogers	Director, Academic & Student Affairs

Additional SUS Input and Assistance

FAU	Charles Brown	Senior Vice President for Student Affairs
	Dave Speciale	Assistant Director, Health Services
FIU	Oscar Loynaz	Interim Director, University Health Service
FSU	Judith Russell	Administrative Assistant
UCF	Maribeth Ehasz	Vice President, Student Development & Enrollment Services
	Greg Robinson	Associate Director, Purchasing
UF	Phil Barkley	Director & Clinical Associate Professor
UNF	Evelyn Burton	Assistant Purchasing Director
USF	Marisol Amarante-Hernand	Associate Director, Student Health Services
	George Cotter	Associate Director, Purchasing
	Michael Hernandez	Purchasing Administrator
	Susanna Perez-Field	Health Services Insurance Department
Board	Dale Bradley	Assistant Director, Budgets
of	Chris Kinsley	Director of Facilities
Governors	Marion Merzer	Educational Policy Analyst
	Vikki Shirley	General Counsel

www.gallagherkoster.com/floridausystem/