

C. *Other Matters*

**1. Act on Recommended Kansas Board of Regents Student Health Insurance Benefit Changes and Premium Rates for Plan Year 2016-2017**

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**Summary and Staff Recommendation**

*Under authorization granted by K.S.A. 75-4101, the Board of Regents has provided health insurance plans for any eligible student attending a state educational institution. The plans are offered through MHECare and are underwritten by UnitedHealthcare – Student Resources. The Board’s Student Insurance Advisory Committee, the Council of Business Officers and the Council of Presidents have received and reviewed the proposal for Plan Year 16-17. A plan design modification is required because of Affordable Care Act metallic banding requirements to determine actuarial value. The annual student only premium decrease is \$15, or 1.1%, due to the positive historical experience of the plan. The Committee recommends accepting the changes. The Councils and staff support the recommendation.*

**Background**

During the 2006 Session, the Kansas Legislature enacted K.S.A. 75-4101 authorizing the Board of Regents to enter into group health insurance contracts to provide voluntary health and accident insurance coverage for students attending state universities and such students’ dependents. Previously, health insurance coverage for student employees was offered through the Kansas State Employees Health Care Commission.

In February 2007, the Board approved the recommendation of Board staff, the Council of Presidents (COPs) and the Council of Business Officers (COBO) to select UnitedHealthcare-Student Resources (UHC-SR) as the provider for the KBOR student health insurance plan.

In February 2012, the Board approved the recommendation of Board staff, COPs and COBO to move away from a stand-alone plan and enter into a consortium contract with MHECare. In addition to retaining the same insurance underwriter, the MHECare plan offered several advantages to students and to the KBOR plan including compliance with federal health care reform regulations, enhanced benefits, participation in a contingency arrangement for premiums, being part of a larger insurance group umbrella (which will help to stabilize rates and spread risk), and an improved target loss ratio. Mercer is the consulting firm that MHECare utilizes to ensure the plan design meets federal and state requirements, to perform analysis of utilization and to negotiate premium renewals.

**Student Insurance Advisory Committee**

The Student Insurance Advisory Committee (SIAC), created in 2007, serves in an advisory capacity to COBO for the student insurance plan. Each of the six state universities, as well as KUMC, has its own university advisory subcommittee and the chair of each of those subcommittees sits on the SIAC. Two student representatives, nominated by the Student Advisory Council, also sit on the SIAC, which is chaired by a member of COBO.

The SIAC has received proposed premium information from MHECare/UHC-SR for Plan Year 16-17. Due to a change in the methodology required by Health and Human Services to calculate the Metallic Banding actuarial value, the current plan design no longer falls within the “Gold” threshold of 78-82% as it calculated to be 83.232%. This requires a design change in order to be compliant as a Gold plan for 16-17. The recommended plan design modification is to change the Tier 2 member coinsurance at the student health centers and UHC Pharmacies from 30% to 40% and to change the out of network Tier 2 member coinsurance from 40% to 50%. These changes bring the plan to a Gold actuarial value of 82%. Without those changes, additional benefits (and corresponding costs) would need to be added to bring the plan to a Platinum level. Mercer, the plan’s consultant stated that these changes impact the least number of individuals and, in the alternative, to make other changes would have impacted more students on the front-end by increasing the copayments and/or deductibles.

The Plan Year 16-17 annual, student only, premium will be \$1,392 which is a 1.1% (\$15) decrease from the prior plan year, reflecting the positive historical experience the plan experienced.

The state universities make a 75% contribution toward the semester premium for any qualifying graduate teaching, graduate research or graduate assistant who enrolls in the plan. An estimate of the universities' per graduate student annual premium for Plan Year 16-17 will be \$1,044 (a decrease of \$12 from the prior plan year). Based on graduate assistant enrollment in the plan as of November 2015 of 2,292 students, the projected annual premium paid by the universities could be \$2,392,848 or a decrease of \$27,504 using the same enrollment number.

**Proposed PY 16-17 Premium Rates**

<i>Group rates (w/student rate included in all categories)</i>	2015/16	2016/17	Annual Rate Change	
Student	\$ 1,407	\$ 1,392	\$ (15)	-1.07%
Student + Spouse	\$ 2,814	\$ 2,784	\$ (30)	-1.07%
Student + One Child	\$ 2,814	\$ 2,784	\$ (30)	-1.07%
Student + 2 or more Children	\$ 4,221	\$ 4,176	\$ (45)	-1.07%
Student + Spouse + One Child	\$ 4,221	\$ 4,176	\$ (45)	-1.07%
Student + Spouse + 2 or more Children	\$ 5,628	\$ 5,568	\$ (60)	-1.07%

**Recommendation**

The Plan Year 16-17 recommendation was presented to COBO at their February 3<sup>rd</sup> meeting and to COPs at their February 17<sup>th</sup> meeting. The SIAC wanted the item to be on the Board's March agenda so that, if the changes are approved, UHC-SR can start updating information in order to make it available to students and families as soon as possible. The Student Insurance Advisory Committee recommends accepting the proposed Plan Year 16-17 plan modifications and premium rates. The Councils and staff support the recommendation.