



Arthur J. Gallagher Risk Management Services, Inc.

Assessing Your College Student Health Insurance Program: How Much is Enough?

Presented by:

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Presentation Objectives



- ◆ Introduction to Gallagher Koster
- ◆ Historical View of College Health
- ◆ Identification of Trends in Healthcare and their Impact on College Health
- ◆ Assessment Tools to Evaluate your Campus Student Health Insurance



Introduction to Gallagher Koster

- ◆ Founded in 1994 by Teresa Koster, Koster Insurance Agency became a division of Arthur J. Gallagher Risk Management Services, Inc. in December 2007.
- ◆ Gallagher Koster offers Student Health and Sports Accident Insurance Plans as well as other Special Risk Insurance products to more than 100 Education Community clients.
- ◆ Gallagher Koster develops customized Plans for Institutions of all sizes, ranging from small, independent colleges to large, nationally-recognized universities, in addition to both public & private secondary and preparatory institutions.
- ◆ Gallagher Koster offers comprehensive account management services to make Plan administration simple and seamless.
- ◆ Our commitment to the Educational Community is demonstrated through student scholarships, health service practice grants and various association memberships.

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Historical View of College Health

- ◆ **1861:** Dr. Edward Hitchcock, Medical Director of Physical Education at Amherst College establishes the first College Health Service.
- ◆ Early health service programs were included under physical education, focused on physical measurement, athletics and personal hygiene.
- ◆ By early 1900's an increasing number of institutions were organizing health services independent of other departments.
- ◆ **1920:** Dr. Sundwall, U of MN encouraged those interested in student health to meet to discuss forming an association specific to student health; 20 representatives attended meeting.
- ◆ **December 31, 1920:** 1st Annual meeting of the American Student Health Association in Chicago.
- ◆ **1948:** Name changed to American College Health Association.
- ◆ **1957:** An anonymous gift was given to Dr. Carl Wise to establish a national office which today is in Baltimore, MD.



Historical View of College Health

- ◆ Today the original ACHA group of 20 has grown to 1,000 higher education institutional members, representing 2-year and 4-year private and public institutions.
- ◆ 85 years since its inception, the topics that are important to today, often drove the agenda back then:
 - Environmental health, health education, physical health and mental health;
 - Importance of coordinating on campus departments towards the goal of providing student health services;
 - Need for a record-keeping system to coordinate care;
 - Need for college administrators to recognize the importance of this work.

Trends in the Health Care Industry

- ◆ Of the 46 million uninsured, young adults between 18-24 remain the group most likely to be uninsured.*
- ◆ In 2006, study done by the U.S. Government Accountability Office (GAO) determined that 67% of undergraduate students covered by an employer health insurance plan.
- ◆ The percentage of people with employment-based health insurance dropped to 62% in 2007; the lowest level in a decade.
- ◆ Due to economy and increasing unemployment, potential for accelerating the number of uninsured persons is even greater.
- ◆ Parents looking for alternative ways to provide health insurance for their students.
- ◆ Reducing number of uninsured is key goal of President Obama.
 - Proposed plan to cover all Americans would be driven by tax increases from upper-income earners and proposed cost-saving measures from Medicare and Medicaid;
 - Healthcare summit of law makers, health insurers, groups and drug industry held on March 5th;
 - Stay tuned...

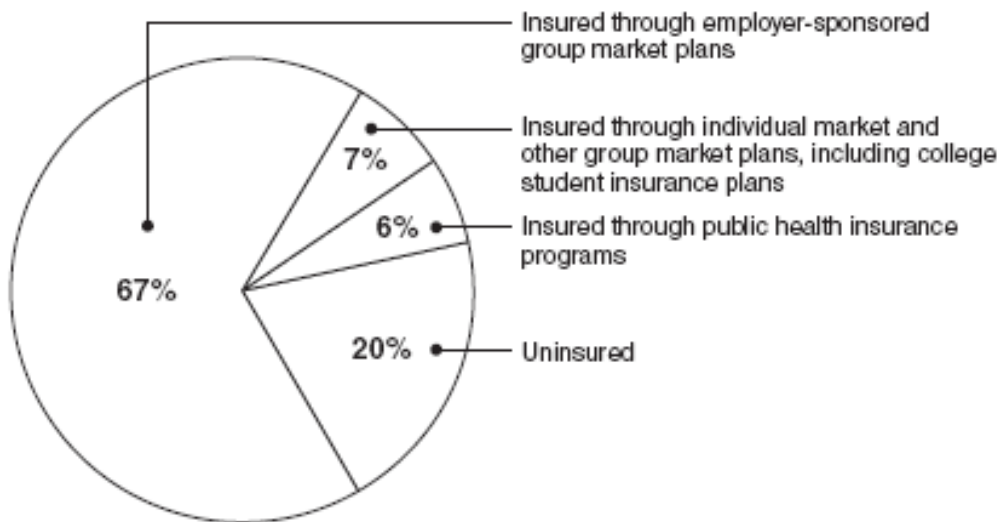
*U.S. Census Report, August 2008



Health Insurance Needs of Students

- ◆ U.S. Government Accountability Office (GAO) 2006 Report.
- ◆ GAO collected data from a random sampling of 340 colleges from the Department of Education Integrated Post-Secondary Data System (IPEDS) on availability of student insurance plans.
- ◆ The participating institutions represented 2 year private and 4 year private and public.
- ◆ Study focused on 18-23 year old students, but did not capture data on graduate or international students.
- ◆ Results showed that about 80% of students had health insurance coverage.

Figure 1: Insurance Status of College Students Aged 18 through 23, in 2006





Health Insurance Needs of Students

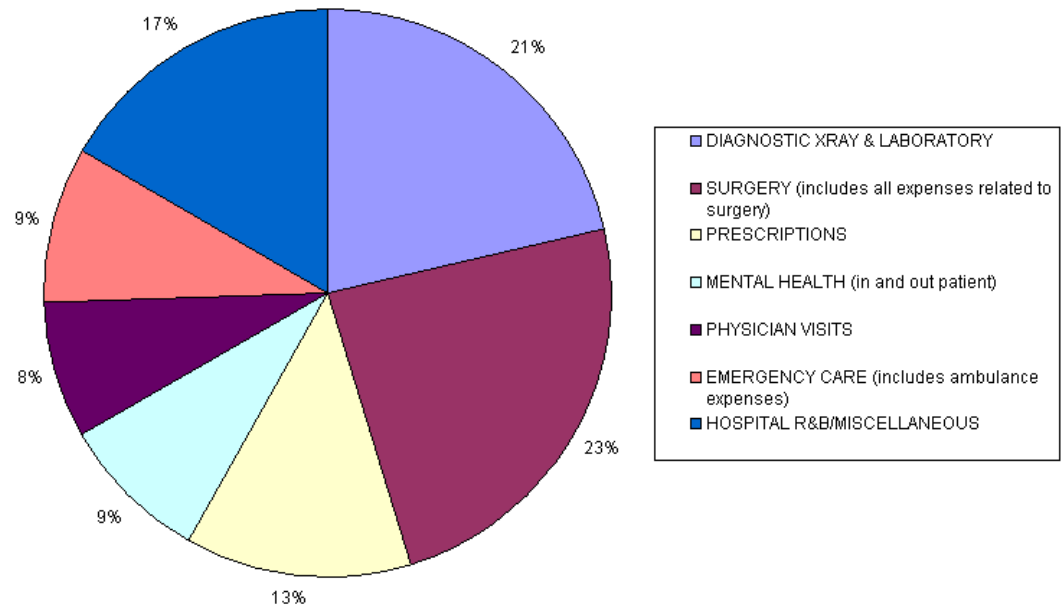
- ◆ However, 20% of the 7 million students included in the report, or 1.7 million, were uninsured.
- ◆ Groups more likely to be uninsured:
 - Part-time students;
 - Students from racial and ethnic minority groups;
 - Students from families with lower income.
- ◆ College students in West (22%) /South (23%) more likely to be uninsured than Midwest (15%) /Northeast (18%).
- ◆ Uninsured students incurred from \$120 million to \$255 million in uncompensated care for non-injury-related medical events (2005).



Health Insurance Needs of Students

- ◆ The majority of students enrolled in the Student Health Insurance Plan are not covered by any other health plan.
- ◆ There has been increased utilization across all benefits provided by both Undergraduate and Graduate students for the past decade.

BENEFIT UTILIZATION BREAKDOWN - STUDENT HEALTH INSURANCE PROGRAM



Data is based on a statistically valid review of Gallagher Koster book of business for 2008 which covers 140,000 lives



On Campus Health Care Trends

- ◆ As a result of institutions moving to a health insurance requirement, the expectations of the student population is for a more comprehensive, 'rich' level of coverage and a higher level of customer service from the health services and the insurance plan.
- ◆ Students are arriving on campus with existing and significant medical and mental health needs.
- ◆ ACHA-National College Health Assessment identified the following top 5 impediments to academic performance:
 - Stress;
 - Cold / flu / sore throat;
 - Sleep Difficulties;
 - Concern for friends or family;
 - Depression / Anxiety Disorder.
- ◆ Greater need for Prescription Drug Coverage, psychotropic drugs, asthma medication and birth control.
- ◆ Requests to expand coverage/services to include greater wellness benefits and services, such as acupuncture, massage therapy, dental care and services for students gender transitioning.



Why Are These Trends Occurring?

- ◆ Shifting demographics on college campuses:
 - More non-traditional students;
 - Older students;
 - Students who previously didn't have health insurance or who inadequate insurance;
 - Veterans.
- ◆ Institutions actively seeking to diversify student population:
 - Adjusted financial aid packages to be 'need' based vs. 'merit' based;
 - More diverse students/more diverse needs.
- ◆ Students starting out in college with pressure/stress to succeed in college and beyond.
- ◆ Students simply adjusting to college living: being away from home and family, juggling new responsibilities, one of many 'big fish' in the pond, academic pressure, cultural pressures for international students.

General Principles for Offering a Student Health Insurance Plan

- ◆ Provides access to affordable health insurance for students; the largest group of the uninsured population.
- ◆ Coverage for Medical Expenses incurred outside of the Health Services, regionally, nationally or internationally.
- ◆ Improves student retention through confidential treatment of unexpected health conditions.
- ◆ On average, 30-35% of eligible students participate in the Student Health Insurance Plan under a “hard waiver” requirement.
- ◆ Guarantees that all students have some form of health insurance; eases liability of institution.
- ◆ Assists in student retention due to available health insurance to treat unexpected health problems.
- ◆ Students without health insurance are more likely to not seek proper care or may have issues accessing care; this impacts the public health community at large.



Assessing Your Student Health Insurance Plan

- ◆ The overall goal of a student health insurance plan is to supplement on campus student health services and provide a healthcare ‘safety net’ when students seek medical services.
- ◆ **Step One: Understand the profile of your student population –** Undergraduate/Graduate, Domestic/International, Residential/Commuter, Male/Female.

Some generalizations can be made:

- Graduate students tend to want greater benefits as it is frequently their only source of insurance, which increases utilization of the Plan.
- International students often purchase international policies that provide inadequate coverage which makes referring them for treatment difficult.
- Undergraduate students may be covered as dependents, but by plans with high deductibles.
- Commuter students often do not utilize on campus health services and can be underserved and an unknown risk factor.



Assessing Your Student Health Insurance Plan

- ◆ **Step Two: What services are offered on campus?** - Health services, Counseling services, Health education?
 - Do all students pay a health service fee to utilize or have access to the health service?
 - What services are covered under this fee?
 - What are the most expensive services provided on campus? Can these be supported through the student health insurance plan or other insurance plans?
 - What relationship does your institution have with providers within your community? Preferred Referral Network?
 - Do you have the staff or systems to manage a referral requirement for the student health insurance plan?



Assessing Your Student Health Insurance Plan

- ◆ **Step Three: Understand Enrollment Methods** - Voluntary, Hard Waiver, Mandatory
- ◆ Identify the Pros and Cons of how these enrollment methods impact:
 - Premium Cost;
 - Level of Benefits;
 - Address the number of uninsured population on campus;
 - Partnership with local provider community.
- ◆ The recommended Enrollment Method by the American College Health Association is a Hard Waiver:
 - “Which requires a full-time student to demonstrate that he/she has a comparable insurance plan in force by completing a ‘waiver’ form or is automatically enrolled in the plan.”
- ◆ Universities moving to web-based applications to successfully manage enrollment and implement an insurance requirement.
- ◆ An insurance requirement allows for institutions to control plan provisions and provides comprehensive coverage at an affordable premium cost to students and their dependents.



Assessing Your Student Health Insurance Plan

- ◆ **Step Four: Review Plan Design**
- ◆ Student Health Insurance Plans typically do not offer the same level of coverage as an employer-sponsored plan.
 - Frequently referred to as “Accident and Sickness” Insurance Plans.
- ◆ How is Your Plan Structured?
 - PPO plan with In and Out of Network Benefits;
 - Benefits paid on an Allocated Basis (i.e. benefits are capped at a specific dollar amount);
 - Indemnity Plan.
- ◆ How Does Your Plan Design Control/Manage Claim Costs
 - Plan Maximum per Condition
 - Internal Limits per Benefit Type
 - Health Services Referral Requirement
 - Large Claim Pooling Protection
 - Preferred Provider Discounts



Assessing Your Student Health Insurance Plan

(Step 4 Continued)

- ◆ What's Covered under Your Plan?
 - Hospital services (inpatient and outpatient);
 - Surgery Services;
 - Emergency Services;
 - Doctor and Specialist Visits;
 - Diagnostic testing, lab, x-ray;
 - Mental Health Services (inpatient and outpatient);
 - Prescription Drug Coverage;
 - Wellness/Preventive Benefits;
 - Medical Evacuation/Repatriation of Remains.
- ◆ Impact of State Mandated Benefits
 - Frequent state mandated benefits: annual cytological screening, annual mammogram, prostate cancer screening, diabetes treatment, mental health and child health preventive services.
- ◆ Exclusions and Limitations.
 - Review and Evaluate;
 - Fairness to the Insured;
 - Impact on University's Liability.

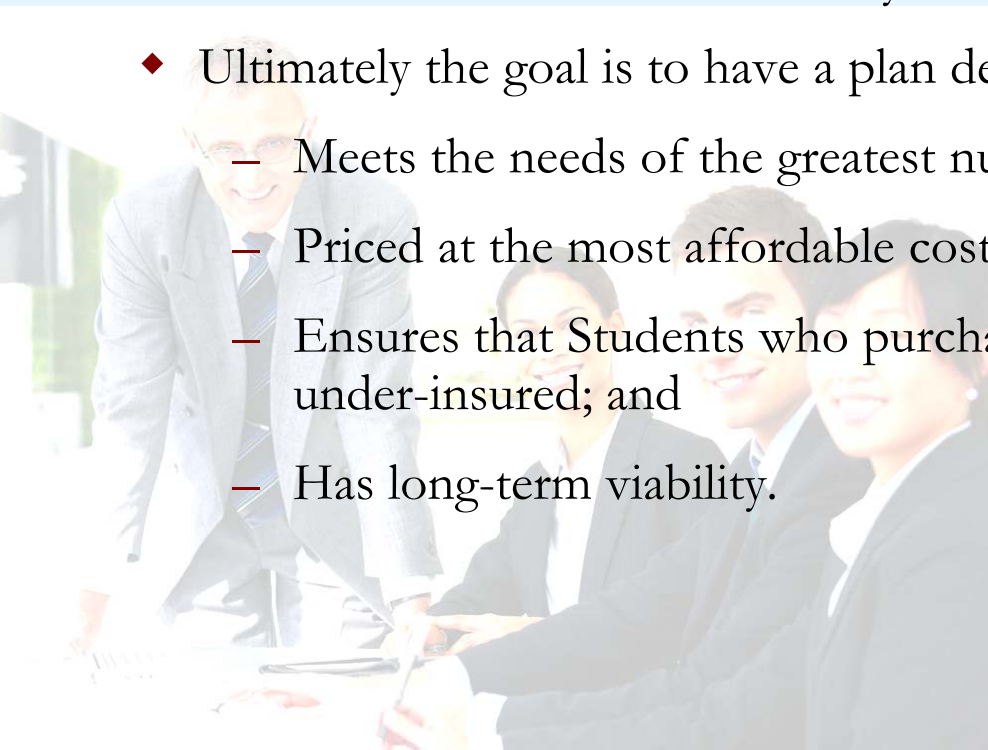
Evaluating Your Student Health Insurance Plan

- ◆ What are generally accepted standards?
 - In March, 2008 ACHA instituted standards as a guide to establish appropriate, credible student health insurance programs.
- ◆ What are your peer institutions doing?
 - Consider Benchmarking with other schools.
- ◆ Understand your regulatory and environmental context:
 - Not every state allows a plan to be self-insured.
 - How is your policy filed within your state?; a blanket policy or as a trust product?
 - Is your plan primary, Coordination of Benefits or Excess Provision?
- ◆ Obtain Data / Full Disclosure:
 - Insurance Company's Retention Costs
 - Compensation with Broker/Determine expectations
 - Detail claim utilization reports on monthly/quarterly basis to educate key campus constituents
 - Preferred Provider Network Comparison- what are the real discounts?
 - Reasonable / Customary Reimbursement Provisions for Out of Network Providers
 - What are the key drivers affecting your paid claims loss experience: frequency or severity?



How Much is Enough?

- ◆ Know your students, their needs and what is important to them.
- ◆ What services are available on-campus and how can the health insurance plan work with you?
- ◆ Use claims data to evaluate adequacy of levels of coverage.
- ◆ Use Peer Institutions and industry standards to benchmark your plan.
- ◆ Ultimately the goal is to have a plan design that:
 - Meets the needs of the greatest number of students;
 - Priced at the most affordable cost for all;
 - Ensures that Students who purchase the health insurance plan are not under-insured; and
 - Has long-term viability.





Questions?

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