



Draft Student Health Insurance Program Regulations

(VOTE)

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Background

History and Current Regulations

Background



- Massachusetts has required students enrolled in higher education programs to be covered by health insurance since 1989 – one of the country’s first individual mandates
- Under this requirement, every school (both public and private, fully insured and self-funded) in Massachusetts must offer a Student Health Insurance Program (SHIP) which is only available to the school’s students and is outside of the Commonwealth’s merged individual and small group market
- All full- and part-time students must participate in their school’s SHIP or else waive participation by demonstrating “comparable coverage”, as defined by the regulations
 - Part-time students are those taking at least 75% of the full-time curriculum
- SHIP was previously regulated by the former Division of Health Care Finance and Policy (now the Center for Health Information and Analysis) at 114.6 CMR 3.00
- Regulatory authority over SHIP transferred to the Health Connector through Chapter 224 of the Acts of 2012
- The Health Connector reissued previous regulations in May 2013 with minor technical changes; now located at 956 CMR 8.00

SHIP Program History

- There have historically been concerns that SHIPs have not provided adequate protection for students at affordable prices, further supported by reports from the Division of Health Care Finance and Policy (DHCFP) (now the Center for Health Information Analysis or CHIA)
 - Relatively low take-up rates
 - 28% for the 2012-2013 academic year
 - Less comprehensive benefits than typical commercial policies
 - Prevalence of low medical loss ratios (MLRs)
- After the release of the first DHCFP report in 2009, the Health Connector began working with the Commonwealth's community colleges, state universities and the UMass system to procure student health insurance coverage
 - Eliminated benefit caps, introduced MOOPs and prescription drug coverage, improved MLRs while managing trend, etc.
- Overall, there is a need for regulatory updates to ensure that SHIPs in Massachusetts provide better value to students

Student Health Insurance Programs and the Affordable Care Act



- The Affordable Care Act (ACA) changes things...
 - Expands Medicaid coverage up to 133% FPL and introduces tax credits and subsidies for persons shopping through Marketplaces, including students that otherwise have access to SHIPs
 - Regulates fully insured SHIPs nationally as a type of individual health insurance coverage
 - As a result, benefit requirements and broader market reform provisions applying to the individual market under the ACA apply to fully insured SHIPs
 - Most SHIPs in Massachusetts are fully insured and are already beginning to comply with the requirements of the ACA
 - Those schools for whom the Health Connector assists (UMass, State Universities, Community Colleges) began comprehensively complying with ACA provisions early
- Self-funded student insurance plans are not regulated by the ACA
 - In Massachusetts, several SHIPs are self-funded and as a result, are not required to implement these coverage enhancements to the extent they are not reflected in the Commonwealth's current SHIP regulations

Request for Public Feedback



- The Health Connector issued a Request for Public Feedback related to SHIP in September 2013
 - Sent to schools, carriers, brokers and other interested stakeholders
 - Requested input on a broad range of issues, including online- and short-term course enrollment, the waiver process, cost-sharing and reporting
- We received responses from roughly 20 stakeholders
- Input ranged from support for current policies to suggestions for improvements or other modifications
- Responses informed Health Connector recommendations regarding amendments to the SHIP regulations



Student Health Insurance: Request for Public Feedback

The Commonwealth Health Insurance Connector Authority (Health Connector) assumed responsibility for the Student Health Insurance Program (SHIP) in November 2012, pursuant to Chapter 224 of the Acts of 2012. In May 2013, Division of Health Care Finance and Policy regulation 114.5 CMR 3.00 was repealed and replaced by 956 CMR 8.00. In May 2013, only technical changes were made to the regulations. The Health Connector now plans to make substantive changes to 956 CMR 8.00 in order to

address policy concerns and align SHIP with the Affordable Care Act (ACA). In advance of issuing draft amendments to the Health Connector's SHIP regulations, the Health Connector encourages and welcomes feedback from various stakeholders regarding the current SHIP regulations.

Please note that once regulations are drafted, stakeholders will have a chance to comment before they are finalized.

QUESTIONS:

1. When determining the applicability of various provisions of the SHIP regulations, are there considerations around the nature or size of a school the Health Connector should take into account? Specifically, how should the Health Connector deal with schools that have difficulty procuring insurance because they are too small?
2. Are there considerations around the nature of a student's enrollment that the Health Connector should take into account, including short-term course enrollment (15 days a semester or 30 days a year) and students who do not attend classes on campus?
3. Should students taking online classes be allowed to enroll in a school's SHIP? Why or why not?
4. What are the reasons schools occasionally start and end health insurance coverage mid-month?
5. Under current SHIP regulations, students can enroll in SHIP during the school year if they notify the school within 30 days of the termination of their other health insurance. What is your view on the 30-day rule and how it should be administered?
6. Current SHIP regulations articulate a process for waiving participation in a SHIP due to comparable coverage, 956 CMR 8.05. What is your view on this process and how would you change it? How much discretion should schools have in choosing to grant or not grant a waiver? Should schools be able to outsource the responsibility for such



Proposed Amendments to SHIP Regulations

Key areas of proposed changes to the SHIP regulations, as recommended by Health Connector staff:

- Align with the ACA, which extends requirements to self-funded SHIPs
- Refine certain plan design requirements
- Modify enrollment and refund rules to facilitate access to subsidized coverage
- Change rules related to valid SHIP waivers
- Streamline reporting requirements

Proposed SHIP Regulatory Changes



Align with the ACA, Which Extends Requirements to Self-Funded SHIPs

- We propose to extend the provisions of the ACA regulating fully insured SHIPs to self-funded SHIPs in Massachusetts through these regulations
 - Ensures all schools in Massachusetts are required to provide the same benefits and protections for their students
 - As a practical matter, we anticipate that the self-funded schools in Massachusetts, who we believe currently offer robust coverage options, will easily come into compliance with the relevant ACA requirements and will continue to offer competitive coverage at competitive premiums
- Incorporating ACA requirements on fully insured SHIPs into our SHIP regulations will set a new baseline standard for all SHIPs in Massachusetts that is an improvement relative to our current regulations
 - All SHIPs will be required to offer the same Essential Health Benefits required in our merged individual and small-group market, effectively requiring for the first time that SHIPs cover prescription drug services, maternity care and lab services, to name a few
 - The ACA also provides additional protections to students in Massachusetts that are currently permitted by our SHIP regulations (e.g., yearly/lifetime benefit limits, cost-sharing for preventive care, etc.)

Proposed SHIP Regulatory Changes (cont'd)



Refine Certain Plan Design Requirements

- We also propose removing the \$250-a-year maximum deductible and tying cost-sharing to Minimum Creditable Coverage Standards found at 956 CMR 5.00
 - Responses to our Request for Public Feedback indicated that the \$250-a-year maximum was overly restrictive and limited plan design options, and respondents requested greater flexibility in cost-sharing
 - e.g., the \$250 cap applies to both in-network and out-of-network services
 - At the same time, the \$250 deductible cap did not effectively protect students from high point-of-service costs or support plans with comprehensive coverage
 - Prior to enactment of the ACA, many schools in Massachusetts did not offer any out-of-pocket maximums, creating significant financial exposure for students
 - Similarly, the majority of schools had annual benefit maximums of \$50,000
 - Out-of-pocket costs in 2014 will be tied to Minimum Creditable Coverage cost-sharing limits, and deductibles are capped at \$2,000 (individual) for in-network services

Proposed SHIP Regulatory Changes (cont'd)



Modify Enrollment and Refund Rules to Facilitate Access to Subsidized Coverage

- Amendments clarify that online-only students and students enrolled only in short-term courses are not “Students”, and are therefore not required to participate in a SHIP
 - This amendment codifies a prior administrative bulletin from DHCFP regarding short-term courses and clarifies prior FAQs relative to online courses
 - Responses we received to our Request for Public Feedback informed this choice as well, as many schools expressed a need for clarity regarding these students
- Mandatory premium refunds and partial year coverage
 - Permits students to take advantage of subsidized coverage through the Health Connector if they experience a change in eligibility
 - Shields students from harsh financial outcome if they leave the school and are unable to utilize a SHIP for which they have already paid
- Period of 60 days after loss of other coverage to enroll in SHIP (up from 30)
 - Aligns with commercial market and ACA rules related to triggering and qualifying events, and will reduce the risk of gaps in coverage

Proposed SHIP Regulatory Changes (cont'd)



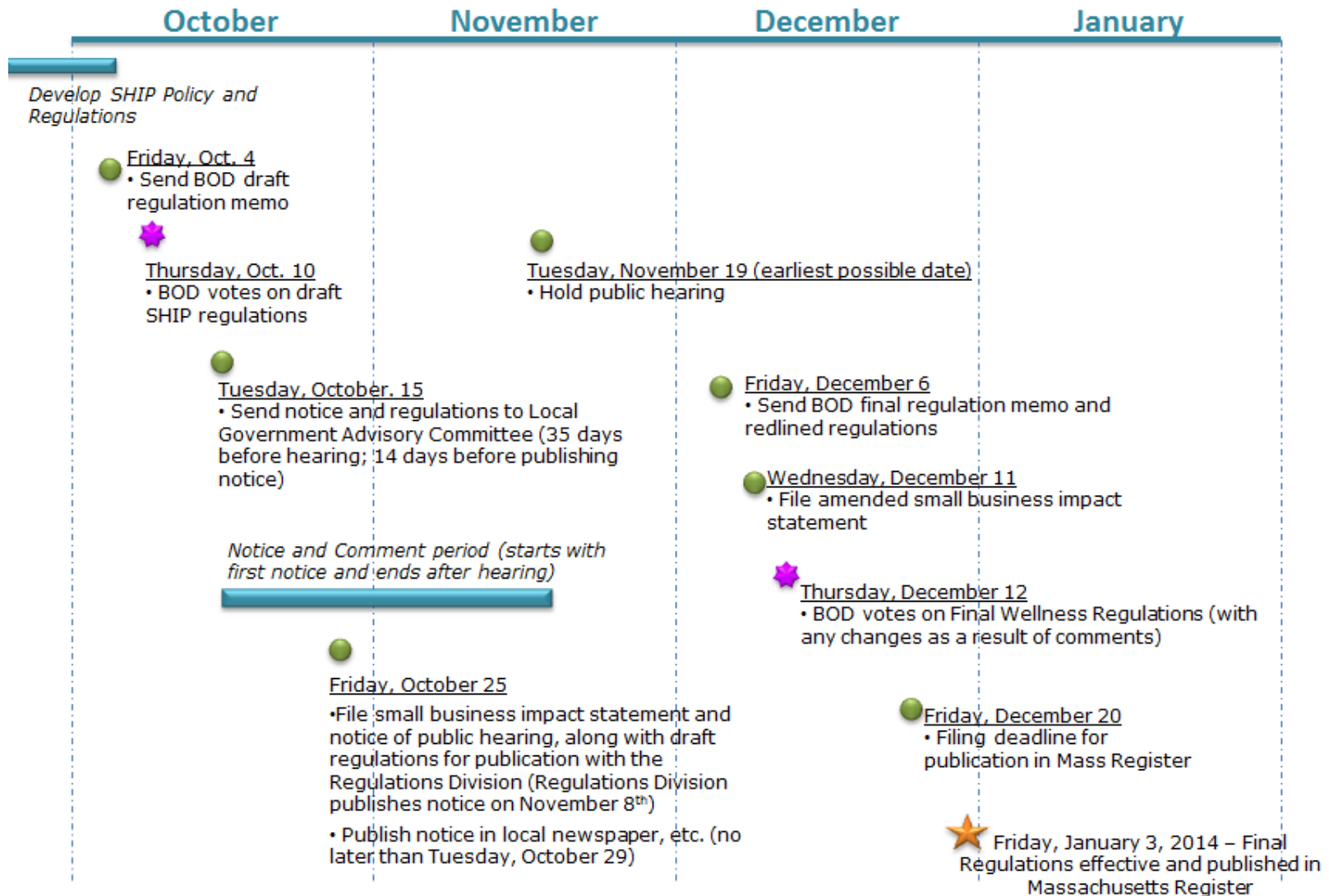
Change Rules Related to Valid SHIP Waivers

- Current SHIP regulations permit students to waive out of their school's SHIP if they have “reasonably comprehensive coverage” of certain benefits
 - We propose amending the core services categories to include prescription drug coverage
 - We also propose allowing schools to require more comprehensive coverage than specified in the regulations in order for a student to be allowed to waive out of the school's SHIP
- In addition, we propose to amend the regulations to require schools to allow students to waive if they are enrolled in MassHealth or in subsidized coverage through the Health Connector
 - Certain types of coverage cannot be used to waive out of SHIPs (e.g., Health Safety Net)
 - We also propose allowing schools to establish additional criteria for plans to be considered “comparable”, so long as the minimum SHIP requirements are satisfied and the per se compliant and non-compliant coverage is permitted

Streamline reporting requirements

- Changed from twice-yearly to a single report in the spring without modifying requested data elements
 - This amendment came directly from responses to our Request for Public Feedback, in which schools expressed a need for reduced requirements regarding reporting

SHIP Regulations Timeline



Proposed Board Motion



Health Connector staff recommend that the Board issue the draft amended Student Health Insurance Program regulations: 956 CMR 8.00 as proposed.