**Illinois State**

**University**

Board of

**Trustees**

**Resolution No. 2014.02/07**

**Renewal of Student Health Insurance**

**Resolution**

Whereas, the University’s Student Health and Accident Plan will expire August 17, 2014, and

Whereas, a request for proposal was issued on November 7, 2011, to secure a student insurance contract for the 2012-2013 policy year, and included a provision for up to nine renewals upon mutual agreement between Illinois State University and the successful vendor Aetna Student Health, and

Whereas, this is the second renewal between Illinois State University and Aetna Student Health:

Therefore, be it resolved that the Board of Trustees awards to Aetna Student Health the renewed contract for the 2014-2015 policy year, and

Be it further resolved that the Board of Trustees approves the student health insurance rate of $233 for the fall 2014 and spring 2015 sessions and $175 for the summer 2015 session.

Board Action on: Postpone:

Motion by: Amend:

Second by: Disapprove:

Vote: Yeas: Nays: Approve:

ATTEST: Board Action, February 21, 2014

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 Secretary/Chairperson

Recommendation for Vendor Renewal

ISU Student Health Insurance Plan

For Policy Year 2014-2015

The current Student Health Insurance Plan (SHIP) contract will expire on August 17, 2014. Representatives from the current vendor, Aetna Life Insurance Company (Aetna), visited the ISU campus on October 16, 2013, for a renewal presentation. The ISU negotiating team (ISU team) included Assistant Vice President for Student Affairs Dwayne Sackman, Director of Student Health Services Laura Knoblauch , Associate Director of Student Health Services Theresa David, Manager Student Insurance Jason Hartzler, and Robert Schlomann of Schlomann & Associates LLC, the ISU student insurance plan consultant. A second renewal presentation, via conference call, occurred on October 28, 2013. The ISU team also met with the Student Health Advisory Board, Vice President of Student Affairs Dr. Larry Dietz, and Student Trustee Aaron Von Qualen regarding the renewal.

Due to changes mandated by the federal Affordable Care Act (ACA), the SHIP is required to add coverage for additional essential benefits (prescription drugs, habilitation services, pediatric dental and vision services) for the 2014-2015 policy year. The ACA also requires the removal of the pre-existing condition exclusion and the aggregate plan maximum, along with a taxes and fees increase. The ACA requirements were included in the November 7, 2011, Request For Proposal issued by Illinois State University.

The SHIP will be rated as a “platinum” plan under standards established by the Department of Health and Human Services, the highest plan rating under the ACA. The new prescription drug coverage includes a separate $50 deductible and 80% benefit. Beginning 2014-2015 the SHIP will be considered a PPO plan instead of an indemnity policy enabling students to obtain additional discounts and incur lower out of pocket costs on medical expenses. The change allows benefit percentages paid by the SHIP to remain the same as current policy with no negative impact to students.

Aetna’s renewal offer on October 28th proposed a 46.7% increase over its 2013-2014 rates. The renewal percentage was developed using a mathematical formula that estimates medical trends, pooling charges (and adjustments for high dollar claims), the impact of plan changes, and any rate increases experienced by the plan. The formula incorporates a blend of the plan’s most recent two years of claims and premium data that has been used for more than ten years on ISU renewals.

After reviewing the numbers, the ISU team suggested trend factors and pooling charges that more accurately reflected recent SHIP experience. This negotiation resulted in a revised Aetna renewal offer of a 31.1% increase.

Due to previous years premium planning and favorable claims experience, funds from the Premium Stabilization Reserve (PSR) can be used to help manage this significant increase in benefits and premium. Accordingly, the ISU team recommends $30 per student/per semester be taken from the PSR to help stabilize the premium increase. This brings the annual published increase to 6.9% for fall/spring semesters and 6.1% for summer coverage.

The proposed Aetna rates and use of the Premium Stabilization Reserve are as follows:

Premium Comparison: Current and Proposed

|  |  |  |
| --- | --- | --- |
|  | 2013-2014 current | 2014-2015 proposed |
| Semester Premium | 190 | 250 |
| On Call Premium | 3 | 3 |
| Administrative charge | 8 | 10 |
| Subsidy to PSR  Subsidy from PSR | 17  NA | NA  30 |
| Fee assessed to student | 218 | 233 |
|  | 2013-2014 current | 2014-2015 proposed |
| Summer Premium | 144 | 192 |
| On Call Premium | 1 | 1 |
| Administrative charge | 0 | 5 |
| Subsidy to PSR  Subsidy from PSR | 20  NA | NA  23 |
| Fee assessed to student | 165 | 175 |

The ISU Team recommends that the Board approve the above rates for 2014-2015.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | NIU | SIU | EIU | WIU | **ISU** | U of I Undergraduates | U of I  Graduates |
| **Carrier** | Blue Cross Blue Shield | Self Insured | Self Insured | Self Insured | **Aetna Student Health** | United Healthcare | United Healthcare |
| **Semester fee** | $530 fall;  $530 spring/summer combined;  $262 summer only | $405 fall;  $405 spring/summer combined;  $186.95 summer only | $110 fall;  $110 spring;  $88 summer | $413 fall;  $413 spring/summer combined; $138 summer only | **$218 fall;**  **$218 spring;**  **$165**  **summer** | $254 fall;  $254 spring;  $254 summer | $328 fall;  $328 spring; $328 summer |
| **Deductible** | $250 annual in network, $700 out of network  (& additional $150 each ER) | $100 in-network,  $150 out of network | $50 per condition | $200 annual | **$50 annual; waived if other insurance** | $150 outpatient, $100 inpatient | $150 outpatient,  $100 inpatient |
| **Stop Loss (student maximum out of pocket per policy year)** | $5000 | $1100 in-network, $2150 out of network | None | None | **$1000** | $2000 plus deductible Inpatient, none outpatient | $1800 plus deductible |
| **Plan Maximum** | $500,000 annual | $250,000 lifetime | $25,000 per condition;  $5,000 mental health | $250,000 lifetime | **$1 million annual** | $500,000  per condition | $1 million annual |

Consortium Insurance Plan

No State schools offer prescription drug coverage for 2013-2014 policy year.

Compiled spring semester 2014.