

ITEM 123-112-R0504 Student Health Insurance Program as Recommended by Consortium

THAT: The Board of Regents of Higher Education authorizes the campuses to assess the following health insurance fees in FY 2005 and to drop the spouse and dependent coverage option as recommended by the MUSSIP Consortium.

EXPLANATION: Students who have other insurance can waive this fee. Since 1995 the Montana University System Student Insurance Program (MUSSIP) has provided affordable health insurance to students and students' dependents. MUSSIP is a consortium of campuses that now includes all four-year campuses in the University System. Between 7500 and 8000 students are covered by this plan each year.

	Current Rates (FY 03-04)	Admin Fee	Current Total Fee	Plan Year 04-05 Proposed Rates without Admin Fee	% Increase in Premium	Total Increase	Admin Fee	Plan Year 04-05 Proposed Rates
Univ. of Montana	\$492.00	\$6.00	\$498	\$515	104.67%	\$23.00	\$6.00	\$521.00
UM-Montana Tech	\$528.00	\$6.00	\$534	\$551	104.36%	\$23.00	\$6.00	\$557.00
UM-Western	\$534.00	\$0.00	\$534	\$557	104.31%	\$23.00	\$0.00	\$557.00
Montana State University	\$515.00	\$57.00	\$572	\$538	104.47%	\$31.00*	\$65.00*	\$603.00
MSU-Northern	\$534.00	\$0.00	\$534	\$557	104.31%	\$23.00	\$0.00	\$557.00
MSU-Billings	\$528.00	\$0.00	\$528	\$551	104.36%	\$23.00	\$0.00	\$551.00

* Admin fee at MSU Bozeman includes \$58 in FY 2005 for Student Health Service charges for pharmacy, lab, and x-ray services. Rates are \$8.00 higher than in FY 2004 due to higher costs and, particularly, increased utilization of pharmacy items.

Rates vary by campus because of different services available through student health services. More complete health services available on campus translates to lower utilization of the insurance.

The Goal of MUSSIP is to:

Provide an insurance option to students in order to meet a campus requirement to have and maintain health insurance coverage while attending the university.

The Charge to the MUSSIP consortium is to:

1. Maintain the financial viability and stability of the student insurance plan;
2. Determine the eligibility and benefits design of the student insurance plan.

The cornerstone of the MUSSIP is the requirement that all member campuses require students to have and maintain health insurance coverage while attending the university.

This requirement exists to:

1. Protect the local health care community from experiencing significant “bad debt” for services rendered to uninsured students. This in turn, protects residents of the local community (including MUS employees) from increased health care costs that occur to make up the loss due to “bad debt”;
2. Provide financial protection to students who may otherwise be uninsured and who may experience large, unanticipated health care costs that may force the student to discontinue or abandon their studies;
3. Assure that students have access to needed health care services;
4. Provide a sizable “risk pool” to spread the risk of large unanticipated health costs in order to keep premiums as low as possible.

In addition, the MUSSIP allows for a standard insurance benefit for all member campuses regardless of campus or community based services. The MUSSIP also provides portability of coverage if a student transfers to another member campus.

Background on Dependent Coverage Option

The Dependent Program (Spouse/Child(ren)/Family) was developed to provide an option to eligible, enrolled students to have major medical insurance coverage for their dependent(s).

Enrollment Issues include:

1. The Dependent Program is voluntary (as opposed to the requirement for students) and therefore does not inherently create an adequate “risk pool” to share the risk of large, unanticipated health care costs among all dependent members.

2. Historically, dependent enrollment has represented less than 4% of covered lives signifying a low demand for this coverage. In the past two years, dependent enrollment has decreased by about 20%. Currently, there are approximately 60 students on the MSU-Bozeman and UM-Missoula campuses that purchase this optional coverage. The numbers on the smaller campuses average 10 or less.

Rationale for Ending Dependent Option

1. Unfortunately, the option to cover spouses and children is costing the plan 300% of what it collects in premium from this group. To continue to offer this option, Blue Cross/Blue Shield of Montana (BCBSMT) would have to increase premiums to all participants by 9%.
2. BCBSMT has agreed to a premium for the next year that is approx. 4.5% over this year's if dependent coverage is dropped. Included is an agreement to increase the plan maximum from \$100,000 to \$150,000 per year.

Options available for Dependent Coverage

First, those currently covered will be offered a conversion policy to continue coverage. This will assure that those with ongoing health problems will have health insurance.

In addition, Blue Cross Blue Shield offers several individual plans for students with dependents to consider. Because these plans enroll tens of thousands of individuals, the risk of a single claim is spread over a larger pool than is available on the MUSSIP. For this reason, some of the plans offered are even less expensive than the current MUSSIP dependent plan. For example, the BCBS Essential Care Plan would provide major medical/hospitalization coverage with \$200 individual/\$400 family deductible, 70/30 co-insurance, for a family premium of \$3,909 while this year's MUSSIP family coverage is \$4,582. If family coverage is continued by MUSSIP next year, the premium will be almost \$5,000

Besides the BCBS plans, numerous other companies (i.e., Fortis, Celtic, etc.) offer comparable products at comparable prices.

While different plans do have differences in benefits, there are reasonable options available to students with dependents outside of the government-sponsored programs (i.e., CHIP, MCHA, Medicaid, The Caring Program for Children).