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**SUBJECT:** University-wide Student Health Insurance Task Force Report

Thank you all for your conscientious and thoughtful efforts in serving on the Student Health Insurance Task Force with the goals of interpreting how the Affordable Care Act (ACA) applies to Penn State’s student health insurance plan; recommending approaches to control costs and ensure equity and prevent hardship during the life of the existing student insurance contract with Aetna and that may be appropriate for future contracts; and identifying recommendations for the University to implement or explore with the goals of ensuring access to quality, cost-effective care for current and future students.

Below are listed the six recommendations provided in the Task Force report, with the University’s response to each following immediately after the respective recommendation. Also included following our response to the last recommendation below is an update on where we are currently on the student health insurance process.

**Mental Health Committee Recommendations**

*Approved unanimously by the Task Force*

Penn State should pursue a public-health stance vis-à-vis student mental health concerns, at all campuses, to facilitate academic success and provide for the health and safety of the individual and community. This stance requires a multi-faceted approach involving multiple stakeholders that actively work to ensure access to a wide-range of services.

- Student health insurance plan: A proportion of Penn State students seek mental health care using the Penn State student health insurance, currently contracted through Aetna. To ensure access to mental health care via this mechanism, Penn State should:

- Eliminate hurdles to mental health care by pursuing a contract that minimizes out-of-pocket expenses. Specific attention should be paid to eliminating the mental health deductible and minimizing copays/coinsurance.
  - Ensure that the provider network is sufficient to meet peak-period demand (during the academic year) by actively advocating for an accessible, clinically appropriate, and robust provider network of professionals known to work with students
  - Ensure access to specialty care, such as psychiatry, by advocating for inclusion of providers who serve students and are within walking distance to campus
- Counseling and Psychological Services (CAPS): Although access to mental-health services via personal health insurance will continue to be a viable treatment option for some students, campus-based mental health services (e.g., crisis response, assessment, consultation, counseling, psychiatry, groups, referral services, case management, community education, etc.) with minimal hurdles to care, remains a critically important service option for all students.
    - To ensure rapid access to short-term campus-based mental care (crisis response, evaluation, and time-limited treatment) for all when needed, we recommend that Penn State University expand CAPS services by implementing a Student Mental Health Fee to augment existing centralized funding. This fee should be applied/utilized at each campus and overseen by a committee of stakeholders.
    - The expansion of campus-based mental health services (e.g., CAPS) will require additional office space that is easily accessible to students, facilitative of mental-health services, and near existing CAPS offices. We recommend that Penn State prioritize a flexible space solution for this purpose.
    - To enable the recruitment and retention of qualified mental health providers, representative of the Penn State student population, in a competitive market and relatively isolated location, we recommend that Penn State perform a salary survey along with indicated salary adjustments for all current and future mental health providers employed by Penn State.

**Response:**

**1. The Student Insurance Administrative Council will be directed to include in their evaluation of plan proposals at least one proposal each year that eliminates or greatly reduces deductibles, co-pays and coinsurance for mental health care; if indicated by student support, a plan option will be selected that maintains cost-sharing for mental health care below that for other types of care.**

**2. The Office of Student Affairs and the Office of Student Health Insurance will request a final summary report from Aetna indicating the final outcome of the changes in the mental health provider network for 2013-14, including an assessment of number of providers of different types and the accessibility to students through walking, bus service, or other transportation modes.**

**3. CAPS and Aetna will be asked to develop an ongoing reporting system to monitor wait lists, appointment delays or other indicators of inadequate provider supply for both on-campus services and off-campus providers, and to present results of that monitoring to the Student Insurance Administrative Council at least once per semester.**

**4. The Office of Student Affairs and CAPS will be asked to establish an ad hoc committee to evaluate the implementation of a Student Mental Health Access fee to provide a longer-term solution to the supply of mental health professionals and access to mental health care for Penn State students. The committee should report back to the VP for Student Affairs with information on the numbers of mental health professionals needed and the cost of their salaries and benefits, the facilities needed and estimated costs for such needs, and the costs and benefits of exploring use of telehealth services for some mental health care needs of students. The report should consider what is needed at University Park as well as at other Penn State campuses, should work with the Office of Student Health Insurance, Office of Human Resources and the Office of Planning and Institutional Assessment to benchmark these issues with peer institutions, and recommend to the President both whether a fee should be instituted and the amount of that fee.**

#### **Provider Network and Relationships Committee Recommendations**

*Approved unanimously by the Task Force*

The current recommendations pending approval from Penn State University, Hershey Medical Group (HMG) and Aetna are two-fold:

- Penn State and Aetna designate HMG as a preferred provider for primary care of Penn State student dependents (children under age 16 only) covered under the Aetna Student Health Plan. This designation would be similar to Aetna's designation of UHS and Fishburn Clinic at Hershey as preferred providers for students and spouses and could provide 100% coverage for primary care visits for children.
- Penn State and Aetna should explore altering the coverage for pediatric visits so that dependent coverage is at 100% or as close as possible. Altering the plan structure to 100% coverage for primary care pediatric visits would be ideal; however, if that is not possible, Penn State should look into instituting a mechanism to achieve a similar result.

#### **Response:**

**1. The Student Insurance Administrative Council will ask that the insurer selected to provide the student plan achieve a contract with Penn State Hershey Medical Group to be a preferred provider for children under age 16 who are covered as dependents of Penn State students, where this provision will specify that cost-sharing for these dependents at PSHMG will be no more than cost-sharing for dependents age 17 and over at University Health Services, or propose an alternative to achieve access for a comparable cost structure.**

### **Health Insurance Requirements and Waivers Committee Recommendations**

*Approved by a 16-1 vote of the Task Force*

Penn State should institute and enforce a requirement for adequate student health insurance such that all full-time students are required to enroll in the student health insurance plan or provide proof of health insurance with coverage in their Penn State community (i.e., “opt out”). The details of this policy, and its implementation, should be carefully developed over the next several years and coordinated with stakeholders and the ongoing Lion Path transition as the implementation will include data collection to identify those with insurance who would be waiver-eligible and *could* include Bursar Account charges for insurance premium costs.

#### **Response:**

**1. The Student Administrative Insurance Council will be directed to request a full actuarial estimate of the impact of a health insurance requirement (hard waiver) on the premium for student health insurance from health insurers who are bidding to provide or providing student health insurance at Penn State each year.**

**2. The Student Administrative Insurance Council will be asked to consult with students during the 2014-15 academic year and make a recommendation whether to implement a health insurance requirement for all Penn State students for the 2016-17 academic year no later than September 2015.**

### **Process, Organization, and Engagement Committee Recommendations**

*Approved 15-0, with 2 abstentions, by the Task Force*

The committee has three primary recommendations for the University.

- The University should work to improve student knowledge and understanding of health insurance:
  - Provide educational workshops to students and parents during orientation or other key periods (e.g. the commencement of each academic year or semester) to help them understand their insurance options, how student or other insurance works at the University, and the coverage and costs of the student health insurance plan
  - The Student Insurance Administrative Council (SIAC) should provide at least two annual town hall meetings, one for undergraduates and one for graduate students, to share information, gather feedback, and answer questions concerning student health insurance.
  - The SIAC should provide electronic updates of agenda and minutes on a Penn State public access website after each of their meetings
  - Student and administrative representatives should plan at least one meeting with student government organizations, including, but not limited to University Park Undergraduate Association (UPUA), Graduate and Professional Student

- Association (GPSA), Commonwealth Campus Student Government (CCSG), and International Student Council (ISC) each year to discuss the progress of negotiations and any expected changes to student health insurance
- The University and Student Health Insurance office should seek to post costs and coverage details of the plan on their website by June 1<sup>st</sup> of each year
  - The Student Health Insurance office should use the document created by the Task Force on “Guide to the Affordable Care Act and Health Insurance for Penn State Students”, and regularly update and make it available to students and parents electronically and in print form (see Appendix C).
  - The University should either regularly communicate information to students about health insurance issues or should enable student government organizations to be able to communicate more easily to students via email

**Response:**

**1. The Student Health Insurance Office will work with the Graduate School, Office of Global Programs, and the Office of Undergraduate Admissions to have the university’s insurance provider develop educational workshops, websites and brochures that can be provided to students and families at a minimum at the following events: International Student Orientation; Graduate Student Orientations; New Student Orientation; and, during the first two weeks of any enrollment period.**

**2. The Student Insurance Administrative Council will post a copy of their meeting agenda prior to each meeting and post a copy of their minutes within one week after each meeting on the Office of Student Health Insurance website, as well as send copies of the agenda and minutes to the leadership of GPSA, UPUA, CCSG, and ISC. The SIAC should archive all reports received from the student health insurance provider under the University’s archival requirements and provide a regular report, no less than quarterly, of premiums, claims, costs, and other data to SIAC members and student leaders in UPUA, GPSA, CCSG, and ISC.**

**3. The SIAC will consult with each of the student organizations, and establish a plan for a regular opportunity to meet with student leaders, hold an open town hall for students, or otherwise communicate ongoing issues to student leaders and students. For important issues related to student health insurance, the SIAC should work with student organizations to ensure that the Office of Student Affairs, Graduate School, and College and Campus communications offices are all engaged to communicate information to students.**

The University should work to improve student engagement in the decision-making process regarding student health insurance.

- The University should improve involvement on and input to the SIAC through the development of formal appointments for representation of key groups on the SIAC. For example, the Office of Student Affairs might work with UPUA, CCSG and the ISC to appoint undergraduate student representatives and

international student representatives; the Graduate and Professional Student Association might appoint graduate and professional student representatives in consultation with the Dean of the Graduate School.

- SIAC should meet monthly to review data from the insurer and address any ongoing student health insurance issues
- The University and SIAC should require that monthly premium, claims, cost, and other insurance data be archived under The Pennsylvania State University archival requirements

**Response:**

**1. The Office of Student Affairs will work with UPUA, GPSA, CCSG, and ISC to have each create, if not already created, a position of student health insurance representative(s) and have individuals appointed or elected to represent students on the SIAC. In the absence of a student representative from any of those groups, the VP for Student Affairs will be empowered to appoint students to the SIAC so that the group has at least one representative from the following groups: graduate students, undergraduate students at University Park, undergraduate students from Commonwealth Campuses, international students.**

- The University should improve organizational structure and processes in the following manner:
  - The University should contract on an ongoing basis with a health insurance consultant for contract and annual rate and benefit negotiations, allowing the SIAC to focus on assessing the proposals and taking advantage of the greater expertise of the consultant
  - The University should require the consultant and insurer to present at least 2 options for contract and annual rate and benefit plans to SIAC no later than October 15
  - The University should have student representatives from the SIAC share information on those proposals for discussion; student organizations may choose to express a preference for proposals through consensus, vote, or other forms
  - The University should have SIAC make a final decision and forward a recommendation simultaneously to the Vice-President of Student Affairs, The Dean of the Graduate School and Senior Vice-President for Finance and Business by December 15. The Senior Vice-President for Finance and Business would be responsible for seeking budgetary and risk management consultation to be shared with the Vice-President of Student Affairs, who may also seek further consultation with the SIAC, student organizations, the Graduate School, and the health insurance consultant, as needed. The final decision on the insurance plan should be made by the Vice-President of Student Affairs no later than February 15 and communicated to all interested

groups (UPUA, GPSA, CCSG, ISC, all undergraduate and graduate students, The Graduate School, UHS, the Student Health Insurance office, the SIAC, and the Vice-President for Business and Finance) as soon as possible following the decision.

**Response:**

**1. Student organizations involved in SIAC will be asked to consult with their respective student constituencies during the contract process and express a sense of their preferences for health insurance plan and premium to the SIAC.**

**2. The SIAC will be directed to make an annual recommendation to the VP for Student Affairs, preferably before the end of fall semester, and share this recommendation simultaneously with student organizations, the Dean of the Graduate School, the Budget Office, Corporate Controller, and the VP for Finance and Business.**

**3. The VP for Student Affairs will be directed to make a final decision on the student health insurance plan no later than April 15, with the decision to be communicated to all interested groups (UPUA, GPSA, CCSG, ISC, all undergraduate and graduate students, The Graduate School, UHS, the Student Health Insurance office, the SIAC, the Budget Office, Corporate Controller, and the Vice-President for Business and Finance) by that date.**

**Premiums and University Contributions Committee Recommendations**

*Approved unanimously by the Task Force*

In order to mitigate students' costs, the committee recommends that the University maintain, rather than decrease, contribution levels for students on graduate appointments moving forward.

Moreover, this committee recommends that graduate student organizations be consulted during the decision making process if contribution levels will be reevaluated in the future. Any decisions and/or information should be communicated to students in a timely fashion.

The committee further recommends that students' experiences be incorporated to approach a plan design that minimizes future premium increases while limiting potential costly surprises in the form of coinsurance and emergency department costs.

**Response:**

**1. The University cannot commit in perpetuity to the idea that premium contribution levels will never change for graduate appointments. Such a rigid policy would make it impossible to respond to changes in the health insurance market that cannot be anticipated.**

**However, the University does commit to robust engagement and consultation with graduate and undergraduate students through the Student Insurance Administrative Council and other means to discuss all aspects of student health**

**insurance, including any changes in premium contributions, cost-sharing, and emergency department costs, and incorporate graduate and undergraduate student experiences and preferences into the decision-making regarding student health insurance.**

### **Plan Structure and Benefits Committee Recommendations**

*Approved unanimously by the Task Force*

- Decisions about the plan structure, benefits, and coverage would best be made with the help of consultants with the needed expertise. Penn State should obtain bids with various contract durations and coverage options such as coinsurance, copayments, deductibles, out-of-pocket limits and compare combinations of these coverage options in light of their corresponding premiums.
- Since insurance is so specialized, a consultant specializing not just in health insurance, but in student health insurance should be chosen by Penn State for designing and negotiating student health insurance.
- Since self-funding of student health insurance appears to be complex due to Pennsylvania law, Penn State should seek to obtain expert advice on how this would be accomplished and the costs and benefits of such an approach. This may include determining whether it could be in the University's best interest to join other universities to encourage changes in Pennsylvania law to make self-funding easier.
- Annual decisions about plan benefits should not be made until the coverage and premium options obtained by the consultants are known and vetted through the SIAC and others. Penn State should maintain the current plan while exploring other options with consultants. Longer term, the University should continue to monitor the developments of the ACA market to assess whether offering student health insurance remains a sustainable approach.

### **Response**

**1. The Office of Student Affairs, the Student Administrative Insurance Committee, and the Office of Student Health Insurance will be directed to make regular and ongoing use of the University benefits consultant (currently Towers Watson) in soliciting and evaluating insurance contract bids from competing insurers. Whenever possible, bids from 2 or more insurers should be solicited to any open contract, and contract length and conditions should attempt to limit sudden changes in coverage and premiums throughout the length of the contract. In addition, the Student Administrative Insurance Committee will request an annual presentation by the consultant regarding the development of the ACA health insurance markets and their potential impact on student health insurance at Penn State.**

**2. The Office of Governmental Affairs will be asked to explore the possibility of requesting that the Pennsylvania Department of Insurance re-evaluate the option for universities to self-insure student health insurance benefits and/or to seek legislative changes that would allow self-insurance of student health insurance benefits.**



## **UPDATE ON STUDENT HEALTH INSURANCE CONTRACT**

As an update on recent steps taken to seek the most competitive student health insurance plan for the new contract period beginning in the 2015/16 fiscal year, a "Request for Proposals" (RFP) was released by the University, and a total of five (5) proposals were received from different insurers. After review of these proposals by University administrators and the Student Insurance Advisory Board, three (3) companies were asked to prepare full proposals and present them to students, faculty and administrators, which occurred the week of March 16<sup>th</sup>. The University's insurance consultant, Towers Watson, led a debriefing with all parties involved in the vendor presentations and one vendor was unanimously selected by representatives of the Student Insurance Advisory Board (SIAB) and the Student Insurance Administrative Council to propose two plan options for consideration. The Senior Associate Director of University Health Services then met with the SIAB on March 23<sup>rd</sup> to discuss the plan options and student preferences for plan design. This information was conveyed to Towers Watson for a final premium quote from the insurer and the quote submitted to the VP for Student Affairs, Damon Sims. A final decision has been made to approve the plan and plan information has been released (see <http://gpsa.psu.edu/healthcare/healthcare/#2015>), with more information to be distributed in the near future regarding plan details and University contributions to graduate assistant health insurance premiums.

As a result of the RFP process and information provided by both the insurers and the University's consultants, Towers-Watson, new information has been obtained that indicates individual health insurance plans are now being required to have "premium parity" - which means charging the same premium to students and dependents - and, as a result, individual student premium rates have increased, while spouse and family rates have decreased with new plans moving forward. As an example, the current rates for an individual student, student plus spouse, student plus child, and family plan are \$2,838, \$9,894, \$7,086, and \$14,142 respectively. Under the new legal requirement for premium parity, and with the premium for an individual student under the new plan at \$3,054 for Undergraduate/Graduate/Graduate Assistant/College of Medicine (other than first year) students, the premium parity rates for student plus spouse would be  $\$3,054 \times 2 = \$6,108$ ; for student plus child would also be  $\$3,054 \times 2 = \$6,108$ ; and for a family (four or more individuals) coverage would be  $\$3,054 \times 4 = \$12,216$ .

In addition, Penn State's Office of Governmental Affairs is seeking to explore with the Pennsylvania Department of Insurance the possibility of self-funding student health plans. In conjunction with this is a related effort to seek legislative action to allow low-income students and families who are eligible for Medicaid funding to use these funds to purchase student health insurance. These two are related. Being able to meet the needs of low-income students and families would require an expansion of student health insurance benefits beyond the levels allowed by the Affordable Care Act; self-funding student health insurance, currently not permitted in Pennsylvania, would allow those expanded benefits to be offered to all students. As additional developments occur, they will be shared with the University community.

I would like to take this opportunity to thank the members of the Task Force with special thanks to the chair of the Task Force, Dr. Dennis Shea, for the hard work and diligence in putting together a thorough and comprehensive report and recommendations. I trust that our response to the concerns and recommendations, along with the update on current processes, will meet the expectations presented by the Task Force.

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