

BERKELEY SHIP CHANGES

GA Meeting

November 6, 2014

SHIP today

- Medical portion of premiums:
- Grad = 2,736
- Undergrad = 1,788
 - Doesn't include dental, etc.
 - Undergrad current annual total SHIP premium is \$2190 and grad is \$3154
- Aetna was expecting a loss ratio (aka ratio of claims paid to premiums earned) of 84% for 2013-2014
 - Actual ratio was 96.8%
- Bottom line: claims cost more than expected and we are in the **red**

Main drivers of high costs in 2013-2014

Compared to other UCs and comparable schools, we were higher on:

- Inpatient costs per day (avg. \$2,746)
- 53.3 inpatient days per 1000 members
- Average length of stay (5.8 days)
- Inpatient behavioral health was double both in cost and in number of cases
- Higher ER costs
- Higher outpatient lab costs

Note:

- Higher costs are due in large part to provider options in the area (e.g. Sutter has a monopoly and charges a lot)
- Dependents and volunteer plan members are some of costliest users

	Paid Claims <i>to date</i>	Ultimate * <i>Estimate for year</i>	Ultimate with Pooling Adjustment**	Premium***	Medical Benefits Ratio
Total	\$31,565,447	\$41,294,558	\$42,004,387	\$43,412,373	96.8%
<u>Total Medical</u>	<u>\$25,801,057</u>	<u>\$33,801,372</u>	<u>\$34,511,201</u>		
Tang Student Health Center	\$3,359,317	\$4,420,154	\$4,512,978		
All Other Providers	\$22,441,739	\$29,381,218	\$29,998,223		
<u>Total Drug</u>	<u>\$5,764,390</u>	<u>\$7,493,186</u>	<u>\$7,493,186</u>		
Tang Student Health Center	\$4,278,931	\$5,485,810	\$5,485,810		
APM	\$1,485,459	\$2,007,376	\$2,007,376		
<u>Undergraduate Plan</u>	<u>\$14,639,014</u>	<u>\$19,148,729</u>	<u>\$19,480,659</u>	<u>\$22,991,202</u>	<u>84.7%</u>
Students	\$14,616,800	\$19,119,477	\$19,450,811	\$22,972,100	84.7%
Dependents	\$22,214	\$29,252	\$29,848	\$19,102	156.3%
<u>Graduate Plan</u>	<u>\$16,550,226</u>	<u>\$21,651,085</u>	<u>\$22,020,202</u>	<u>\$20,199,591</u>	<u>109.0%</u>
Students	\$14,870,523	\$19,437,969	\$19,762,990	\$19,479,716	101.5%
Dependents	\$1,679,703	\$2,213,115	\$2,007,376	\$719,875	313.6%
<u>Continuation Plan (All Members)</u>	<u>\$376,207</u>	<u>\$494,745</u>	<u>\$503,525</u>	<u>\$221,580</u>	<u>227.2%</u>
Taxes and Fees				\$2,905,093	
Net of Taxes and Fees	\$31,565,447	\$41,294,558	\$42,004,387	\$40,507,281	103.7%

Dependents and continuation/
volunteer plans

Possibilities for next year's SHIP:

- A. Aetna can raise premiums to be more in line with our costs/utilization
 - Pooled for grad and undergrad this would be about 31% premium increase
 - Assumes UG continue to subsidize grads
- B. We can lower our benefits to reduce premium increase
 - Several options of what we can change
 - We currently have one of the richest benefits plans on the market
- C. We can drop coverage of dependents and voluntary plans
 - It's actually cheaper for many if not all of these dependents on Covered California and MediCal
 - Filing fee and withdrawn students could still buy voluntary plan

A. Projected SHIP increase for 2015-2016

Description	Current Plan Year 2014 - 2015	Approximated Increase for Plan Year 2015 - 2016	
		Percentage	Amount
Undergraduate Students	\$ 1,788	31.07%	\$ 2,344
Graduate Students	\$ 2,736	31.07%	\$ 3,586
<u>Continuation:</u>			
Undergraduate	\$ 3,492	31.07%	\$ 4,577
Graduate	\$ 5,075	31.07%	\$ 6,652
<u>Dependents:</u>			
Spouse	\$ 4,622	31.07%	\$ 6,058
Children	\$ 3,966	31.07%	\$ 5,199

Note: Health exchange rates for Gold to Platinum Plans range from \$3,757 to \$5,100 per individual and \$6,158 to \$12,218 per family.

B. Reducing Benefits – Options:

Description	Undergrad Premium Reductions	Graduate Premium Reductions
1. Increase ER copay from \$100 to \$200:	0.3% (\$7)	0.3% (\$11)
2. Increase Dr. office copay from \$15 to \$20:	0.6% (\$14)	0.6% (\$22)
3a. Lower plan coinsurance from 90%/60% to 85%/60%, keep OOP Max at \$3200/\$6500	0.9% (\$21)	0.9% (\$32)
3b. Lower plan coinsurance from 90%/60% to 85%/60%, raise OOP Max to \$6350/\$12700:	2.2% (\$52)	2.2% (\$79)
4. Increase Rx copay from \$5/\$25/\$40 to \$10/\$25/\$40: .	0.1% (\$2)	0.1% (\$4)
5. Increase Deductible from \$200 to \$300:	1.7% (\$40)	1.7% (\$61)

Note: Max OOP in Covered CA plans is also \$6,350/\$12,700

C. Dropping Dependent and Continuation Plans

- In aggregate would decrease premium increase by 4.43% (or \$104 for UG and \$159 for Grads)
- Filing fee and withdrawn students can still buy plan through SHIP
- Gold and Platinum level plans on Covered CA offer cheaper options than SHIP for these members
- Many of these members will qualify for subsidies on Covered CA or may qualify for MediCal which are even cheaper
 - International dependents can also buy insurance on Covered CA

What's your opinion?

- We want your feedback to accurately represent you during these SHIP advisory meetings.