



News Release

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New Student Health Insurance Plan Approved

ABERDEEN, S.D. – Students at South Dakota’s public universities will soon have the option to purchase better health insurance coverage at more affordable rates. The South Dakota Board of Regents Friday approved a new managed care product to be available to students this fall.

A managed care product operates much like a non-commercial, government health care plan, said Janice Minder, human resources director for the Board of Regents. The new student health plan will be managed by the Associated School Boards of South Dakota, which has years of experience managing similar plans for local school districts across the state. Avera McKennan in Sioux Falls is the designated third-party administrator for all claims and insurance products.

“Based on the negotiations just completed, students will see a decline in their insurance rates of approximately 14 percent, and this includes all administrative costs,” Minder said. “This means our rates will return to about where they were three years ago.”

Minder said with such attractive pricing, she is hopeful that more students will take advantage of this option to purchase insurance. “We certainly encourage students to take responsibility for their health care and having insurance coverage is an important part of that,” she said. The Board of Regents is preparing informational materials that will be given to all students prior to fall enrollment, and a new web site is also being developed to provide more details.

With fewer students purchasing the optional commercial health insurance that had been offered in the past, Minder said managing costs had become difficult. Over the past decade, the system’s response was to attempt to contain growth in premiums by reducing coverage and creating age-adjusted premium structures. “Unfortunately, this strategy had reached the point where further adjustments were impractical,” Minder said.

She said the advantage to a managed care product is that a local manager, like the school boards’ group, can work with hospitals and clinics to secure negotiated rates for many procedures. A non-commercial plan does not need to set rates that generate both reserves and profits, and it is free from the costs for regulatory compliance and taxes that commercial insurance providers must build into their premium structure.