

Student Accident Insurance:

Best Practices to Protect Families in Your District

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Presented by:

Myers-Stevens & Toohy & Co., Inc.

with Andrew Howard, Regional Sales Director – First Health Network



in partnership with



Myers-Stevens & Toohey

Why we are the experts for student accident insurance

- Assisting school districts since 1970
- Working with over 20,000 schools
- Specialized managing general agent (MGA)
- Third party administrator (TPA)



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Why we are the experts for student accident insurance

- Products and services that fit the entire scope of risk for any program your schools offer
- On-site claims adjudication
- Knowledgeable, bi-lingual staff to assist parents and organizations
- Committed staff with 15 average years of service

An enormous percentage of a student's life involves school activities. Unfortunately, every activity comes with risk. Some are easily recognizable, such as interscholastic sports, but others are often overlooked:

- Physical Education
- Student travel
- Playgrounds
- Extracurricular activities, such as drama, band, ROTC, and field trips
- Student work-study
- After school clubs and booster club activities
- Exchange students

“Every single activity that happens within a school district creates risk.”

-Stacey Corluccio, CSRM Academic Director, Risk Management Programs at The National Alliance for Insurance Education & Research

Regardless of the activity, they all share the possibility of:

- Financial loss
- Bodily injury
- Property damage
- Liability risks

Schools have the task of managing these activities, relying heavily on teachers and coaches to be the gatekeepers to apply the districts standard of safety and ensure the well-being of every student.



Many families wishing to have their children participate in school activities or sports are now facing higher premiums, higher deductibles, and lower benefit payouts.

Higher Premium Costs are Forcing Employers to Make Tough Decisions:

- Increasing deductible
- Reducing benefits
- Stop offering coverage altogether

Also troubling for families is the decreased access to care.

Many families are finding themselves in “narrow-network” plans to keep the premiums down and have lost access to top hospitals.

According to U.S. News & World Report’s 2013-2014 top 15 hospitals in California, only one accepted all insurance plans.

“A study by consulting firm McKinsey and Co. defined a narrow-network plan as excluding 30% to 69% of the 20 largest hospitals in an urban area. McKinsey found that 70% of plans on the exchanges were narrow-network.”

-Christopher Gearson

Kiplinger’s Retirement Report,
May 2014

An injured student with primary family medical coverage may already have substantial, and sometimes unaffordable, out-of-pocket medical costs. If that same injured student has to go out of network to access care, those costs can be substantially higher.

Ultimately, someone will have to pay.

“According to the Board’s recent Survey of Household Economics and Decision Making, an unexpected expense of just \$400 would prompt the majority of households to borrow money, sell something, or simply not pay at all.”

- Janet L. Yellen

At the 2014 Assets Learning Conference of the Corporation for Enterprise Development, Washington, D.C.

According to the Department of Health and Human Services(HHS), 85% of all new enrollees into the “metal plans” chose the Bronze or Silver Option.

The Bronze and Silver plans involve co-pay requirements ranging from 40%-30% and individual deductibles of \$5,000 and \$2,000 respectively.

“For families in the bronze plans, the deductible next year will be \$10,545...in silver plans next year...\$6,010.”

-Dan Mangan, CNBC News Nov. 2014

A study by the Kaiser Family Foundation found that 2 out of 3 non-elderly households with incomes above the federal poverty level do not have sufficient liquid financial assets to cover a mid-range annual deductible of \$1,200 for an individual or \$2,400 for a family.

-Daily Kos, March 13, 2015, www.dailykos.com

In addition to the many still uninsured, we now have a growing class of underinsured.

"The Kaiser Family Foundation reveals what should have been intuitive from the outset – many Americans cannot afford these deductibles."

-Daily Kos.com, March 2015



CA Education Code 32221 says, “the governing board of each school district...shall provide for each member of an athletic team insurance protection.”

CA Education Code 32224 says that the insurance provided must, at minimum, have the following provisions:

- Parents will have 60 days to notify school from date of injury
- Medical or hospital care must commence within 120 days
- Must have 52 week benefit period
- \$1,500 or \$100 deductible and 80% to \$10,000?



This is not specific just to student athletes. CA Education Code 35531 addresses field trips and excursions:

“The governing board of any school district...shall provide, or make available, medical or hospital services, or both, for pupils of the district injured while participating in any excursion or field trip under the jurisdiction...of the district.”

Aside from Ed Code requirements, why is insuring students important?

- Access to activities
- Access to care has students well and back to school (injury days lost hurt ADA funding)
- Mitigating potential liability exposures
- Collateral Source
- Fosters positive community relations



A properly designed Student Accident Insurance program can be one of the most effective risk management tools that schools and districts can utilize.

- Allows access to activities for families with little or no other insurance
- Excess coverage works to fill in co-pays and deductibles for families with coverage, while acting as primary for those with no coverage
- Tailored to fit schools needs for large or small claims with voluntary, blanket, and catastrophic plans
- Access to care, families can go to any doctor
- Meets or exceeds California Education Code compliance for student sports and activities

There are three broad styles of coverage

- Voluntary participation (parent-paid)
- Basic blanket for all students (school-paid)
- Catastrophic for students (school-paid)

Schools can implement one, two or all three styles of coverage.



Voluntary Purchase Accident Plans:

- School-Time, Full-Time, Interscholastic Tackle Football, and Student Accident with Sickness
- Plans offer parents/students low cost options for accident insurance that exceed the minimal benefits required by CA Education Code
- Typically offer either scheduled benefits or benefits set at percentages of Usual, Customary & Reasonable charges with or without modest deductibles
- 52 week benefit period from date of first treatment



Voluntary Purchase Accident Plans:

Provide maximum coverage levels from \$25,000 to \$200,000, which is more in line with today's medical/hospital costs

Options for Accident Dental

- Covers injuries to teeth 24 hours a day, anywhere in the world
- Benefits paid at 100% of UCR
- Benefit period for up to one year which can be extended for necessary further treatment



Scheduled Benefits v. Usual, Customary, & Reasonable

Scheduled benefits cap the maximum allowable paid on medical charges per procedure. These benefits can be very limited and do not take into account higher charges based upon geographical local.

Benefits can be as low as:

- \$ 1,200 maximum for surgical facility
- \$ 1,200 maximum for Surgeon's fees
- \$600 maximum for diagnostic imaging services

Scheduled Benefits v. Usual, Customary, & Reasonable

Usual, Customary, & Reasonable (UCR) bases allowable payments for medical charges on the prevailing charges from the specific geographic area where the claim originates.

To accomplish this, Myers-Stevens & Toohey accesses the extensive FAIR Health, Inc. data on medical and dental charges, www.fairhealth.org

- 16 Billion compiled charges in its database
- Non-profit based out of Syracuse, NY
- Independent, unbiased, and objective national network
- Mission to bring transparency to healthcare costs

Myers-Stevens & Toohey pays claims at 85th percentile of FAIR Health, Inc. prevailing charge values.



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For optimal results and to avoid adverse selection problems when using voluntary purchase plans, schools should institute a number of procedures, such as:

- Distributing forms to all families at registration with explanatory cover letters
- Obtain written acknowledgement from mom and dad of district policy regarding student injuries, the availability of insurance and their receipt of information
- Post easy-to-find link on school websites
- Dedicated email blast



But even with the best procedures in place, there are drawbacks to voluntary participation

- Time consuming responsibilities placed on faculty and staff to meet CA Education Code requirements
- Parents with high deductible/low-benefit plans are perceived as having adequate coverage, but represent a serious exposure gap
- Parents can lose insurance mid-season or mid-school year, making the student (and the school district) wholly exposed.
- Many students remain uninsured!

The better alternative by far is to provide blanket “School-Time” coverage.

- More efficient, because coverage is purchased for **all** students regardless of any primary
- Plans can be written to include interscholastic sports and tackle football
- Blanket School-Time plan rates are a fraction of the already low cost voluntary plans
- Reduces/eliminates “fell-through-the-cracks” claims

Blanket School-Time Coverage:

- Parents can still purchase voluntary plans to enhance scope of coverage
- Plans act as excess for parents who already have coverage to fill in gaps
- Schools can opt to set benefits at 80% (CA Education Code Compliant amount) or higher
- Deductibles are generally set at \$0, \$25, or \$100 per injury



Blanket School-Time coverage can be implemented based upon school or district philosophy:

- “Hip-Pocket”
- “911”
- Pre-disclosed

In addition, coverages can be designed to:

- Set maximum benefit levels
- Coordinate coverage with self-funding or self-retention pools
- Set up as excess or primary coverage
- Cover “portal-to-portal” or specific activities only

Catastrophic accidents are most commonly associated with sports participation. In our experience, we have seen:

- Football (subdural hematoma, spinal injuries, death)
- Baseball (head struck by ball, dental reconstruction, death)
- Wrestling (spinal injuries)

Larger Catastrophic Accidents have occurred off the playing field:

- Student Travel (Model UN Conference)
- Before and After School (Students struck by drunk driver in crosswalk)
- Drama (stage collapse)
- Physical Education (Student jumped off platform and struck head on basketball backboard; ICU for 3 days with eventual death)

Utilizing Catastrophic Accident Coverage can give students access to specialized care:

- Catastrophic Accident Plans can enhance the accident medical coverage from \$25,000 to \$1,000,000 or even \$5,000,000
- Blanket and Voluntary plans already carry the CA Education Code compliant 52 week benefit period from date of first treatment, and catastrophic coverage can increase the benefit period to 10 years... sometimes longer

“Although death from a sports injury is rare, the leading cause of death from a sports-related injury is a brain injury”

-Children’s Hospital
Pittsburgh

- For the most severe injuries, there are cash assistance benefits of up to \$ 1,000,000
- In addition, if a student does suffer a presumptive injury, the \$25,000 deductible is waived and accident medical benefits are paid from dollar one
- Catastrophic accident coverage also provides blanket accidental death for **every student**

“Injuries associated with participation in sports and recreational activities account for 21% of all traumatic brain injuries”
-Center for Disease Control

Catastrophic Accident Coverage:

Sometimes size does matter... ACE American, an A++ rated company, is the underwriter of our catastrophic coverage.

Important additional features:

- Coverage in private vehicles when at the direction of the school
- No aggregate maximum for multiple injuries or deaths
- Catastrophic Crisis Management Benefit, provides additional funds to help the school or district deal with the aftermath of a fatal attack



A PPO component can make a program even more valuable to families.

Parents should remain free to seek the provider of their choice but utilizing network contracted providers can often result in deep discounts, further reducing out-of-pocket expenses.

The optimal PPO or Provider Network should:

- Be geographically broad based and extensive
- Have deep discounts; especially for primary care sports and physical medicine providers
- Maintain NCOA accreditation
- Provide access to a high percentage of the best hospitals listed in the US News and World Report ranking
- Have a high percentage of urgent care and specialists under contract



The optimal PPO or Provider Network should:

- Offer multi-lingual client support and easy access
- Maintain a high retention rate and minimal provider “push-backs”.
- Not impose benefit differentials.
- Offer multi-lingual client support and easy access



Claims Administration-

Fast, accurate and professional claims handling is key to the success of any student insurance program.

Features and capabilities should include:

- Well designed and integrated systems
- 1099 issuance to providers
- EDI/HIPAA compliance
- ICD 10 capability
- OFAC (Office of Foreign Assets Control) compliance
- Regular fraud prevention training
- PPO repricing
- Excess insurance investigation
- Personal and knowledgeable assistance to parents and providers

Some kids are at school from 6am until 8pm, or later. Determining a school's responsibility for its students outside of the regular school day is often problematic.



- Before & after school daycare
- 7th period PE (after school conditioning)
- Off-season sports & conditioning
- Summer League
- Youth Sports Camps, Clinics and Tournaments
- Teacher led educational/cultural trips during school breaks
- Booster Clubs, PTOs, Foundations



Insurance coverages to contemplate:

- General Liability (including participant injury)
- Blanket Accident for Athletic Participants and Volunteers
- Spectator Medical Payments
- Sexual Abuse & Molestation Liability
- Hired & Non-Owned Auto Liability
- Inland Marine/Equipment Coverage
- Host Liquor Liability vs. Liquor Liability

Thank you!

Following today's presentation you will receive an email with a link to a short survey. We will appreciate your feedback.

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Kevin Toohey – President of Myers-Stevens & Toohey

Kevin Toohey finished his studies in Political Science at UCLA in 1983. He joined Myers-Stevens & Toohey in 1978 and has been President of the firm for over 25 years. His responsibilities include research, plan design, carrier negotiations, legal compliance and quality assurance in the Claims Department.

Monica Toohey – Director of Specialty Risk at Myers-Stevens & Toohey

Monica Toohey is a former travel agent for 28 years. After teaching travel careers at Cypress College she decided in 2003 it was time to join the family ranks in insurance and settled into the Special Risk lines. The department's focus is youth sports and recreation teams, clubs and leagues, after school enrichment programs, booster clubs, educational foundations and arts & culture groups.

Eric Swartz –Western Region Sales Director at Myers-Stevens & Toohey

Kevin Toohey finished his studies in Political Science at UCLA in 1983. He joined Myers-Stevens & Toohey in 1978 and has been President of the firm for over 25 years. His responsibilities include research, plan design, carrier negotiations, legal compliance and quality assurance in the Claims Department.

Andrew Howard – Regional Sales Director for First Health Network

Andrew Howard is responsible for new business sales as well as expanding existing customer relationships for First Health...one of the country's largest preferred provider networks. He joined First Health in 1989 and has served in several account management and sales management roles during his tenure. Andy has spent much of his career developing and managing relationships with medical claims payers within the California Market.