

Healthcare Reform: How is Healthcare Reform Impacting Your Secondary Insurance for Student-Athletes?

Healthcare Reform has created both positive and negative impacts to secondary insurance plans for student athletes. Athletic Directors and Trainers need to understand how Healthcare Reform will impact your budgets.

The Positive: Healthy Student-Athletes and Lowered Claim Experience

The areas of Healthcare Reform that may have a positive impact on your secondary insurance plan are:

- Increased minimum coverage of essential health benefits
 - No limit on Lifetime Benefit amounts
- Preventive Care covered with no cost sharing
- No limitation on pre-existing conditions
- Individual Mandate effective January 1, 2014
- Dependents now insured up to age 26
- Healthcare Exchange Marketplace

Increased minimum coverage of essential health benefits & preventive care coverage:

If the student-athlete is insured under a plan meeting all the standards of the Patient Protection and Affordable Care Act (PPACA), they will have access to more essential benefits. This should lead to the student-athlete having fewer health issues that may impact their ability to perform effectively and safely.

No limitation of pre-existing conditions:

In the past, a student-athlete with a health insurance plan that did not insure for any pre-existing conditions may have tried to get services paid for under the secondary sports coverage. PPACA compliant plans cannot limit coverage for a pre-existing condition.

Individual Mandate – Effective January 1, 2014

Now that the Individual Mandate requires all student-athletes to be insured or face a penalty, colleges should have fewer athletes with no health insurance. Even International student-athletes may be impacted by the Individual Mandate. Fewer uninsured student-athletes should decrease claims to the secondary sports coverage.



Dependents now insured up to age 26

Even though many of the student-athletes are between the ages of 19-23, there is the occasional athlete who will be older. PPACA requires employer provided health plans to insure dependents up to age 26. This should lower or eliminate claims from student-athletes that may not have been covered in the past.

Healthcare Exchange Marketplace

The exchanges give those that may not have had coverage in the past to review various options, possibly qualify for subsidies or qualify for benefits under Medicaid. Allowing individuals to secure coverage should lead to fewer uninsured student-athletes.

The Negative: Quality and Cost of Coverage

The following issues will force your secondary policy to pay a larger percentage of claims and in some situations act as primary coverage:

- Changes to Employer Provided Health Insurance
 - High Deductible Plans
 - Lower Co-insurance Reimbursements
 - HMO Plans
 - Health Savings Accounts
 - Increased premiums are forcing parents to think about putting their child on the college provided student health insurance plan
- Expansion of Medicaid
- Healthcare Exchange Market
 - Catastrophic plan has \$6,350 deductible
 - Most plans offered are high deductible plans

High Deductible Plans & Lower Co-insurance Reimbursements

A 2013 Kaiser Foundation Employee Health Benefits Survey shows 43% of US employees work for employers that offer a high deductible plan. The Department of Health & Human Services released results showing 68% of adults between the ages of 18-34 that enrolled through the Federal or State Health exchanges selected a “Silver” plan with deductibles of \$2,500 and a co-insurance rate of 70%.

As premiums continue to rise, high deductible plans will remain popular as they lower the premium cost. However, the high deductible plan or a plan with a lower co-insurance reimbursement rate places more pressure on your secondary sports coverage as the secondary plan will be required to pay for expenses not covered by the high deductible.

HMO Plans

The 2013 Kaiser Foundation study shows 34% of US employees work in firms that offer HMO plans. The HMO plan is designed to limit protection to the insured's residence state. Coverage may be limited to only emergency care if the student-athlete is enrolled in an out-of-state college. This would require the student-athlete to return to their home state for any additional care.

Even if the student-athlete is a resident of your state, are your preferred medical providers participating in their HMO? Did you know a majority of plans offered through the Health Exchange Marketplace are HMO plans?

Your trainers will want to make sure the student-athlete is receiving the proper care for their injury. It is unlikely the student will return to their home state for treatment. These claims will now be paid under your secondary sports policy.

Health Savings Accounts

Health Savings Accounts (HSA) have gained popularity over the past few years. An employer offering a high deductible plan may offer a HSA to allow the use of pre-tax dollars to pay for the deductible expenses. This leads to additional challenges for your secondary sports plan and the administrator paying claims for the plan.

HSA participants fund the account with pre-tax dollars. Your secondary sports policy reimburses for expenses not covered by the student-athletes personal health insurance plan. If the parent paid the expenses with HSA contributions, should your plan reimburse them? What tax implications does that create?

Increased Interest in Student Health Insurance

Student health insurance plans continue to offer affordable options to students and their parents for quality health insurance. As premiums continue to rise on employer provided or personal health insurance, parents are reviewing the student health plan to determine if purchasing that plan is more affordable than placing their child under the employer provided plan.

In a review we completed of over 150 colleges in the Mid-Atlantic, the average annual premium for a PPACA compliant student health insurance plan was slightly more than \$1,700. This is often much less than adding a child under the family option to an employer provided or personal health insurance plan.

In the past, student health insurance plans offered limited benefits for injuries resulting from intercollegiate sports participation. PPACA required the student health plan to either pay the same benefit for all injuries or to exclude specific injuries. Most insurance carriers decided to exclude the injuries resulting from intercollegiate sports participation. A recent review by the Insurance Commissioner's office in Virginia of a new student health insurance filing disallowed the student health plan from excluding coverage for injuries resulting from participation in intercollegiate athletics.

Even with the recent ruling in Virginia, most student health plans continue to exclude benefits for injuries from intercollegiate sports. So, instead of a portion of the claim being paid by the student health insurance plan, the secondary sports policy is acting as primary insurance.

Expansion of Medicaid

Last year, during the open enrollment period for the Federal and State Health Exchange, there were 6 million new enrollees in Medicaid. In the State of Maryland, 80% of the people obtaining coverage through the Maryland Health Exchange enrolled in Medicaid.

Student-athletes insured by Medicaid that requires care from injury have to use the secondary plan as Primary insurance. The Medicaid program mandates that if there is any other insurance in place, it will be primary payer for the claim. The same issue occurs if the student-athlete is insured by TriCare.

Conclusion

Accurately predicting how much impact these issues will have on your secondary sports policy is very difficult. The final determination will be based on how these issues will impact your claims. The claims have the most influence on your premium each year.

Our recommendation is to gather data that will give you an early indication of where the risk may come from each year. The key is gathering information on all students when they submit proof of insurance. You can determine how many of your student-athletes are covered by HMO plans, have high deductibles and are insured by Medicaid & TriCare. Colleges cannot control the results, but the information will allow you to gather data to budget for the following year.

There are solutions for those student-athletes insured under an out-of-state HMO plan. We work with colleges and universities to set up guest memberships, so claims to the secondary sports policy can be limited.

For More Information

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