



1



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PROPERTY/CASUALTY

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WHY DO I NEED COVERAGE?



RISK

The chance of
loss



EXPOSURE

Being subject
to loss



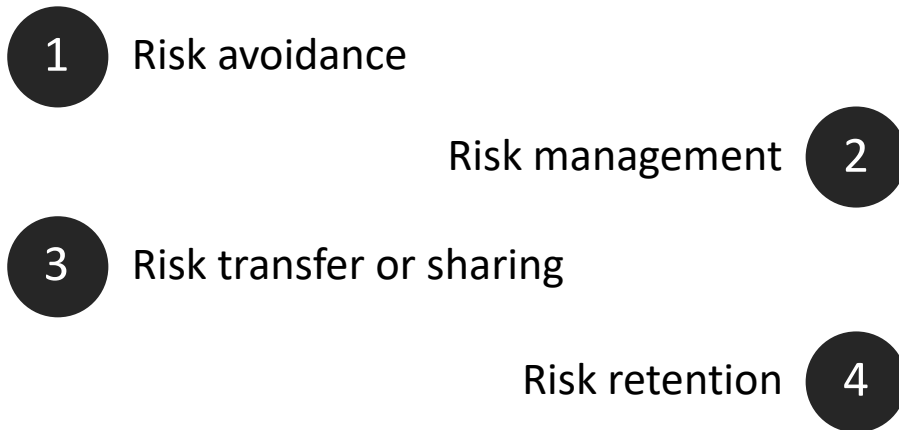
LOSS

Financial
damage, the
basis of a claim



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HOW TO HANDLE RISK



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RISK TRANSFER AND RETENTION OPTIONS

Commercial Insurance	Risk Retention Group/Pool	Self Insured
<ul style="list-style-type: none"> • Owned by stockholders • Annual premium • Standard policy form 	<ul style="list-style-type: none"> • Owned by member districts • Annual contribution • Specialized manuscript coverage form • Net asset return to members 	<ul style="list-style-type: none"> • Deductibles • District determines level of Self Insured Retention (SIR) • Purchases stop loss/excess coverage



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WHAT IS PROPERTY/CASUALTY INSURANCE?

1st Party Coverage

- Property
- Boiler/Machinery
- Inland Marine
- Crime
- Auto Physical Damage

3rd Party Coverage

- Commercial General Liability
- Errors and Omissions/School Board Legal Liability
- Auto Liability
- Environmental Liability
- Excess/Umbrella



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KEY DOCUMENTS

Coverage Form/ Insurance Policy

1

- Legal contract that details what is covered and what is not covered
- Requirements by both parties

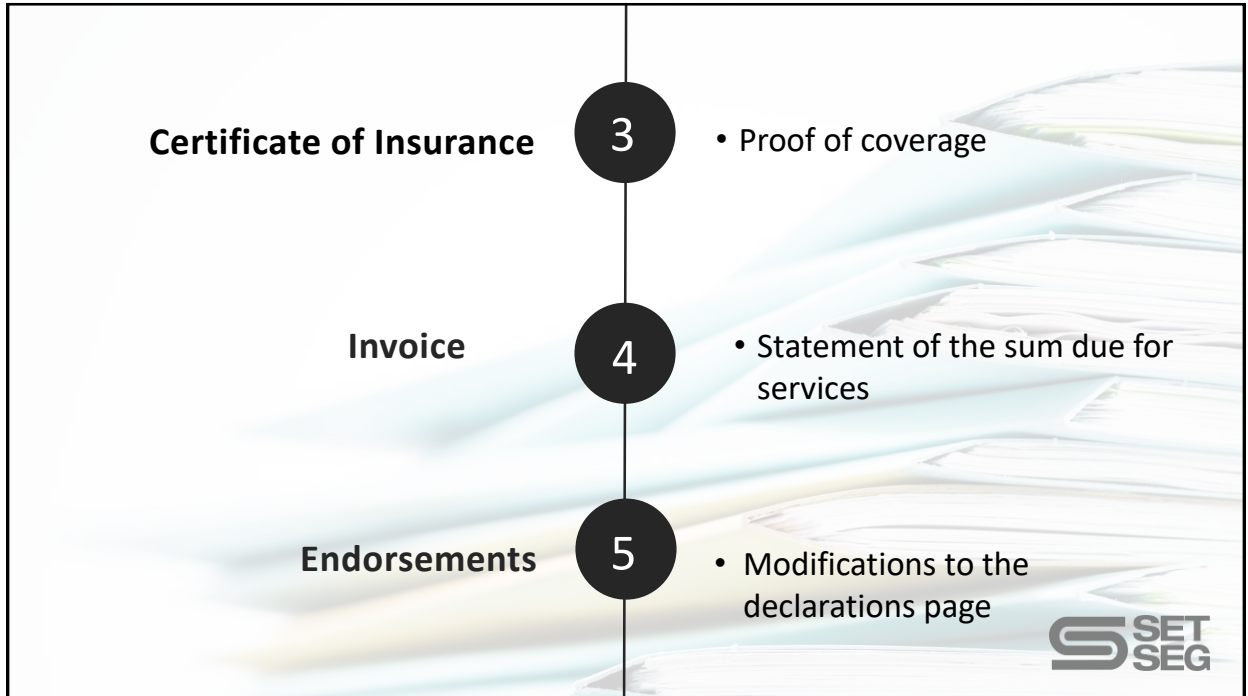
Declarations Page

2

- Outlines specific limits for different coverages within the policy
- Statement of Values and Vehicle Schedule



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PROPERTY COVERAGE

- Specified locations
- Replacement Cost vs Actual Cash Value
- Sub-limits displayed on Declarations Page
 - Valuable papers: \$150,000
 - Business income/extra expense: \$1,000,000
- Statement of Values
 - Buildings
 - Contents
 - Property in the open (PIO)
 - Total Insured Value

SET SEG logo is visible in the bottom right corner of the slide area.

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BOILER & MACHINERY

- 1st Party Property Coverage
- Exclusions in property form for pressure vessel exposures
 - Boilers, air conditioning units, refrigeration
- Sub-limits similar to Property Declarations
 - Spoilage
 - Ammonia contamination



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INLAND MARINE

- “Floaters”
- Property that is moving or moveable
 - Athletic equipment
 - Grounds equipment
 - Musical instruments
- Deductible options
- Broader coverage
- Higher premium



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CRIME

Covers money and securities from causes of loss:

- Employee dishonesty
- Named position bond
- Forgery
- Money and securities
 - Inside (break-in, theft)
 - Outside (taking money to the bank)



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COMMERCIAL GENERAL LIABILITY

- Liability to a 3rd party
 - Bodily injury and property damage
- Injury as a result of:
 - Premises
 - Business operations
 - Products
- Common coverage:
 - Sexual misconduct
 - Personal and advertising injury
 - Employee benefits liability
 - Medical payments
 - Students and visitors
- Must prove deliberate indifference

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- Participation guidelines
- Certificates of Insurance
- Facility Use Agreements
- Local agents

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FACILITY USE GUIDELINES

MAJOR SGL PROPERTY/CASUALTY POOL AND
 SGL SELF-INSURED RETENTION/COMPENSATION FUND

FACILITY USE AGREEMENT GUIDELINES

These guidelines should aid a district in creating a signed contract or agreement between the district and a third party that will be using the school's grounds, buildings or facilities for use unrelated to normal school functions. In a facility use agreement, the third party user should agree to abide by the district's usage standards and acknowledge they are using the facilities at their own risk and will:

WHAT TO INCLUDE

- Identify the user.
- Have the user list the name of the person(s) responsible for arranging the facility use and who will be on site supervising the activity.
- Include addresses and phone numbers for these contacts.
- Identify the date and time of use.
- Provide a written set of school district rules, guidelines, and restrictions for using the facility and require user signature to validate that they acknowledge that they have received, read and understood these rules, and they agree to abide by the rules, guidelines, and restrictions (see below).
- **Sample language:** The User will be permitted access to the School District on [Date] from [Time] and will agree to follow all the rules governing use of the School District and any specific guidelines or restrictions at the sole discretion of the School District. Locations used shall be subject to the School District's discretion and the User will be responsible for all expenses related to its presence at the School District.
- Include an indemnification clause or waiver language as part of the agreement (see below).
- **Sample language:** The User agrees to defend, indemnify and hold harmless the School District, its boards, employees, and representatives from any and all claims, actions, suits, judgments and expenses including claims, costs, attorney fees and damages in connection with its activities resulting in or from its liability or personal injury, product liability claims and/or damage to property arising from or out of use by the User or its agents, members, persons, successors or employees, or any person of the School District.
- Require appropriate insurance and clearly detail minimum insurance requirements (see below).
- Insurance requirements can be waived for low risk activities and short term events.
- **Sample language:** The User shall, at its own expense, keep in full force and effect until the cessation of its activity, a commercial general liability (CGL) insurance policy having limits of not less than One Million Dollars (\$1,000,000) for each occurrence and in the aggregate combined single limits for bodily injury, personal injury and property damage. In addition, the policy shall name the School District as an Additional Insured on the policy.
- Require that the user provide the school district evidence of in force coverage with a Certificate of Insurance prior to the facility use.
- Verify that the Certificate is in force for the date, time and year of the event.

ADDITIONAL ACTION ITEMS

Unusual or long-term facility users may need a modified facility use agreement. The school district should involve the assistance of their legal counsel for these agreements.

Noting: this document contains a legal notice or notice. The information contained in this document reflects the management policy of the SET SEG. For more information, please contact the SET SEG. For more information, please contact the SET SEG.

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ERRORS & OMISSIONS/ SCHOOL BOARD LEGAL LIABILITY

- **Wrongful acts**
- **Monetary coverages:**
 - Employment related practices: harassment, discrimination, FMLA violation
- **Non-monetary coverages:**
 - Individual education plan – due process hearing
 - Failure to educate
 - Equal Employment Opportunity commission
- **Defense costs**



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AUTO COVERAGE

- Auto Property Damage (APD)
- Deductible options
- Auto Liability (AL)
 - Bodily injury
 - Property damage
- Michigan No-Fault-CHANGES
 - Personal Injury Protection (PIP)
- Hire/non-owned autos
- Uninsured/underinsured motorists
- Garage operations



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AUTO COVERAGE

Michigan No-Fault Insurance Order of Priority changes:

For pedestrians, it is now: If no household insurance, “a person who suffers accidental bodily injury while not an occupant of a motor vehicle shall claim personal protection insurance benefits under the assigned claims plan.” MCL 500.3115.

For uninsured occupants in most vehicles: First household insurance, and then assigned claims plan. MCL 500.3114(4)

For passengers on a public school bus: First priority remains household. Second priority is the carrier for bus owner. MCL 500.3114(2)



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EXCESS OR UMBRELLA

- Increases limits for primary liability coverage
- **Minimum Limit Recommendation \$5MM**

- Claims example:

Bus driver fails to stop at a stop sign and strikes and severely injures a pedestrian. Injured party is awarded \$3.5 million.

- Current limits:
 - Auto liability: \$1 million
 - Excess liability: \$3 million
 - Total: \$4 million



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OTHER COVERAGES

Builders' Risk <ul style="list-style-type: none"> • New construction • Renovations 	Student Accident <ul style="list-style-type: none"> • Broader coverage than Med pay • Can cover athletic injuries 	Storage Tank Liability <ul style="list-style-type: none"> • Under ground • Above ground
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CYBER INSURANCE AND PREVENTION




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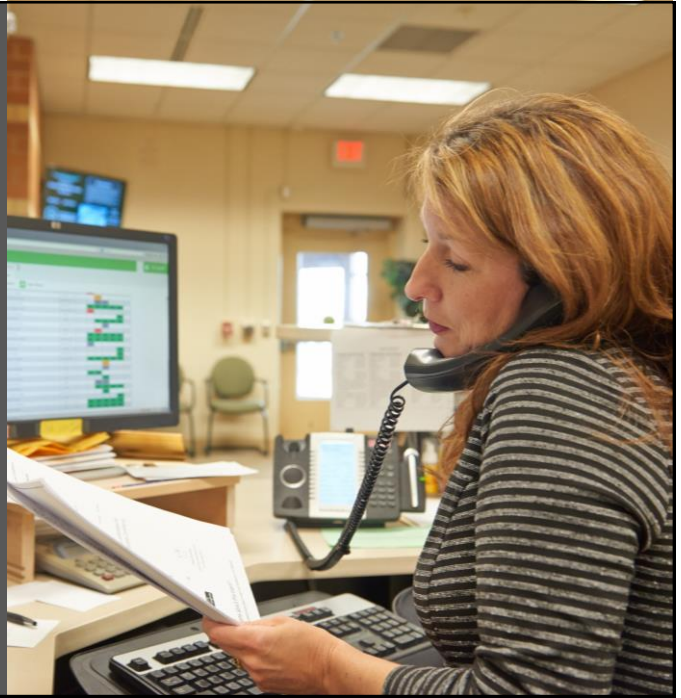
DATA BREACHES & COMPUTER ATTACKS

Data Breach

- Personal information
- Breach or unauthorized disclosure
- Responding to legal notification requirements

Computer Attack

- Operational data and systems
- Responding to events that make data and system unusable
- Defense and liability for security failure (including third-party)

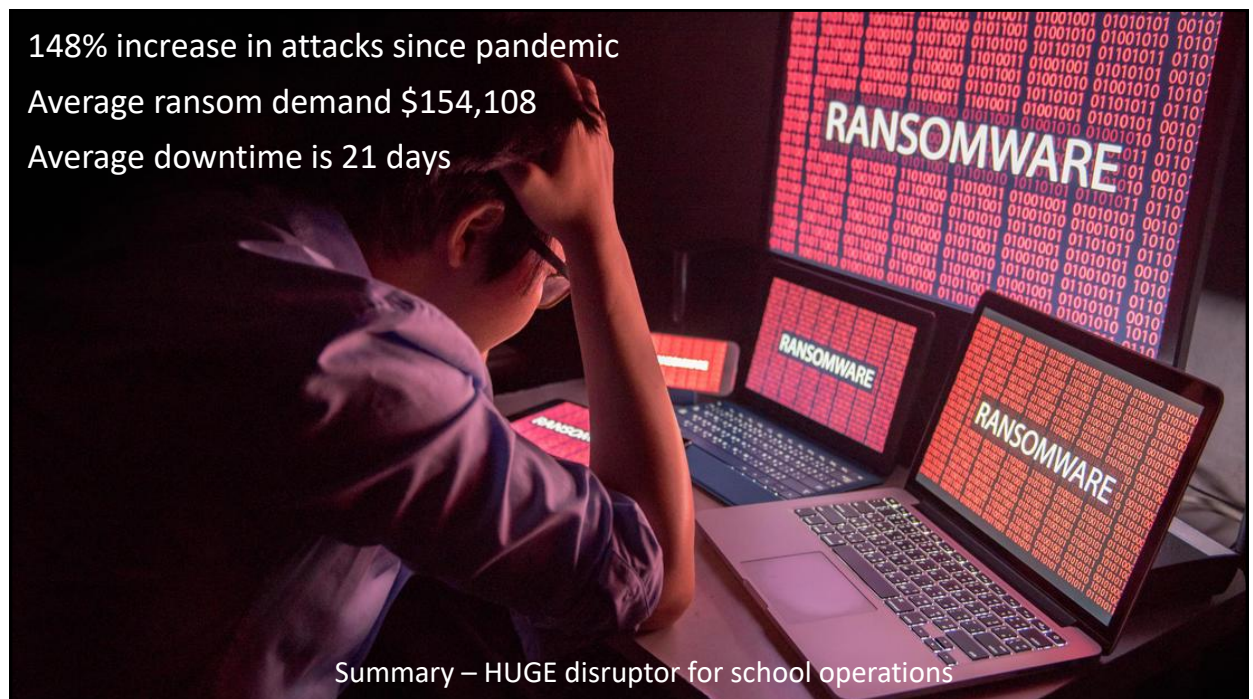


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148% increase in attacks since pandemic

Average ransom demand \$154,108

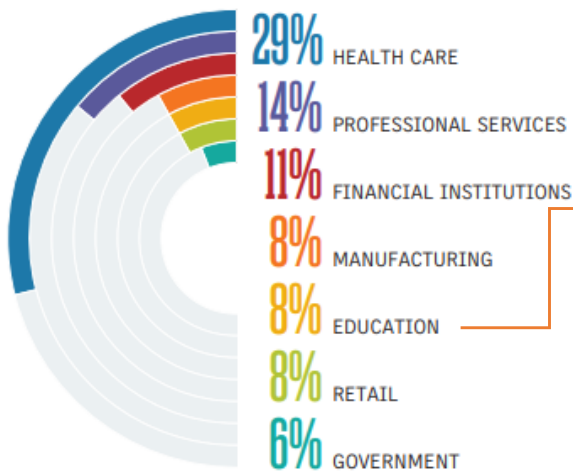
Average downtime is 21 days



Summary – HUGE disruptor for school operations

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RANSOMWARE ATTACKS BY INDUSTRY



- 28% of all reported ransomware cases between January-July 2020 involved K-12 schools
- That statistic increased to 57% for August and September 2020.



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QUESTION...

How many of you have received a phishing or suspicious email over the past three months?



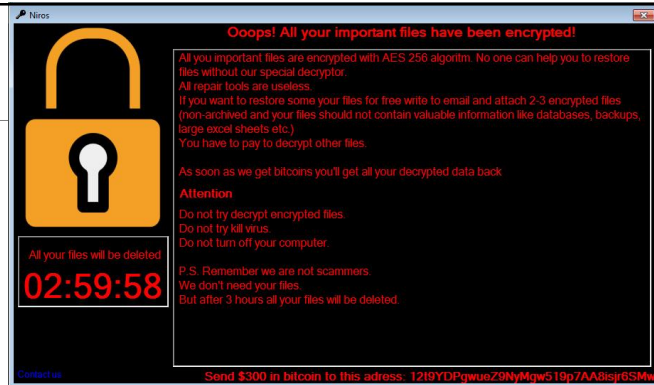
26

RANSOMWARE

The Process

Pre-Incident

Develop Response Plan
Performing backups
Conducting training
External Vulnerability Reports



Evaluate and assess damage
Viable backups
Do NOT pay ransom
Recover from backups



Evaluate and assess damage
Backups not viable
Decide to pay ransom or not?
Payment should provide encryption key
Recover



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WHAT IF....

- Save your insurer's contact info in your phone
- Be cautious when contacting provider (emails may be compromised)
- Provide your contact information (phone, alternative email)
- **Do NOT initiate conversation with threat actors**
- Preparation – IF district does have to pay ransom, **district must front payment and get reimbursed**. Dollars will be converted to Bitcoin.
- Isolate the security threat



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PROTECTING YOUR DISTRICT

- Multi-Factor Authentication (MFA) – remote access, laptops, privileged access
- Data backups (daily)
- Offline backups/testing of backups
- Employee training



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**ESSENTIAL
CYBERSECURITY
PRACTICES FOR K12**

Produced by WETL (Michigan Education Technology Leadership) - a WISCAP affiliated Organization.
Created for Michigan schools,
by Michigan technology experts.



FOR MORE INFORMATION | [WISCAP.ORG](#)








MI Secure.org

VECTOR | **SafeSchools**
SOLUTIONS

EduPaths Training

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Visit setseg.org to enter the **SET SEG Cyber Security Giveaway for \$1,000** and to access our helpful cyber security resources!



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FUTURE REQUIREMENTS

From the Insurance Industry

Phishing Training

Multi Factor Authentication (MFA) – remote access / critical information

Backups offline / inaccessible to outsiders / encrypted / regularly scheduled

Limiting administrative access

System security patches updated

Close open ports

Vulnerability scans are coming...



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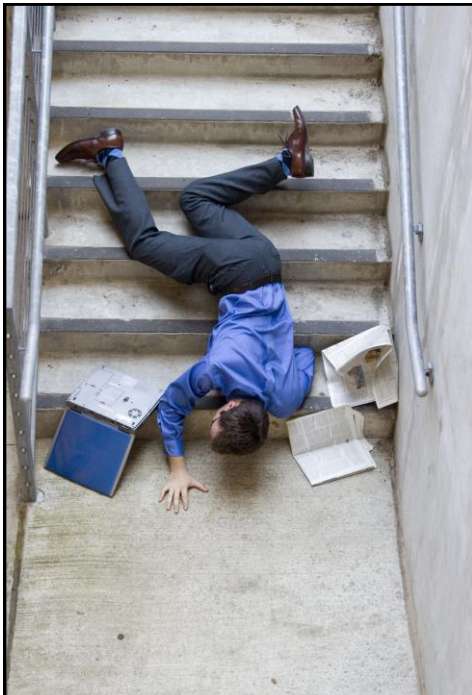
BREAK



When we return, we'll spin the wheel for a gift card prize!



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WORKERS' COMPENSATION



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LOSS CONTROL VIDEOS



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WHAT IS WORKERS' COMPENSATION?

A Brief History

Problem

Prior to 1912, workers injured on the job could sue employer in a tort action

- Difficult for workers to recover

Solution

A no-fault system that requires employer to compensate employee injured on the job regardless of the existence of any fault

- Limited amount worker can recover



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WHAT IS WORKERS' COMPENSATION?

Required insurance coverage which pays benefits to injured employees in the event of injury, disability or death resulting from occupational hazards

- Michigan Workers' Compensation Agency
 - Responsible for overseeing Michigan's workers' compensation
- Provides coverage for:
 - Wage loss
 - Medical expenses
 - Vocational rehabilitation
 - Death benefits



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WORKERS' COMPENSATION OVERVIEW

When are workers covered?

Workers' compensation is designed to cover only injuries which:

“arise out of and in the course of employment.”

“In the course of”

the connection of the event with the employment

“Arising out of”

the causal relationship between the event and disability



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EXAMPLES

Custodian slips and falls on wet floor while mopping.
Covered?

YES or NO

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EXAMPLES

Finance Director falls in parking lot of a convenience store
on the way back from the MSBO conference.
Covered?

YES or NO

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EXAMPLES

A school nurse is traveling from one of her schools to another and is in a car accident.

Covered?

YES or NO

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EXAMPLES

A teacher walks down the school hall to the restroom and trips over his own feet- an idiopathic fall.

Covered?

YES or NO

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WHAT BENEFITS ARE COVERED?

1 Wage Loss

Medical benefits 2

3 Rehabilitation benefits

Death benefit 4



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WAGE LOSS BENEFITS

- **Average Weekly Wage (AWW)**
 - Highest 39 of 52 weeks
- **Payment Timeline**
 - Days 1-7 waiting period
 - Day 8 benefits begin
 - Day 14 (consecutive) waiting period waived
- **Fringe Benefits**
 - If discontinued cash value added to AWW
 - Health care insurance
 - Employer contributions to a pension (MPERS)
 - Vacation/Holiday pay



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MEDICAL BENEFITS

- Reasonable and necessary medical care
- Treating physician
 - Day 1-28, employer directs care
 - After 28 days, employee elects physician of their choice
- Responsibility continues indefinitely as long as need for care is related to workers injury



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VOCATIONAL REHABILITATION BENEFITS

- Difficult in challenging economy
- Allows payment for retraining or job placement
- Used on specific cases which would allow a return to work
- Workers' Compensation wages cease if employee returns to a job at equal or greater pay



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PRICING OF WORKERS' COMPENSATION

- Rates filed with Agency and approved by State Regulators
- Employers report estimated payroll to coverage provider
- Rates based upon employee classifications
 - 8810 Clerical
 - 8868 Professional
 - 8829 Parapro
 - 7380 Drivers
 - 9101 All Other
- Experience Modification
- Payroll Audit conducted after policy term



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SAMPLE INVOICE

Estimated Premium Statement for Fund Year _____ to _____

CODE	CLASSIFICATION	ESTIMATED PAYROLL	RATE	ESTIMATED PREMIUM
7380	Drivers, Garage Employees	\$404,672	3.46	\$14,001
8810	Clerical	\$1,945,533	.42	\$8,171
8868	Professional, Teachers	\$12,986,103	.20	\$25,972
9101	All Other Employees	\$1,163,692	3.50	\$40,729
	SUBTOTALS	\$16,500,000		\$88,873

Experience Modification Factor 0.99

Modified Premium \$87,984

Less: Dividend \$35,378

Equals Total Net Premium \$52,606

Quarterly Premium Payments Due \$13,151

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IMPACT OF MOD FACTOR

Assume Schools A & B have the same payrolls:

CODE	CLASSIFICATION	ESTIMATED PAYROLL	RATE	ESTIMATED PREMIUM
7380	Drivers, Garage Employees	\$404,672	3.46	\$14,001
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9101	All Other Employees	\$1,163,692	3.50	\$40,729
	SUBTOTALS	\$16,500,000		\$88,873

Experience Modification Factor (School A) 1.10
 Experience Modification Factor (School B) .87
 Final Premium (School A) $1.10 \times \$88,873 = \$97,760$
 Final Premium (School B) $0.87 \times \$63,491 = \$76,449$
Difference in premium **\$21,311**



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INDIRECT COSTS FOR A SCHOOL TO CONSIDER



Loss of injured workers' productivity



Cost to hire and train new employees (temporary or permanent)



Wages of replacement employees to cover for injured worker



Overtime costs



Time investment of supervisors/managers to investigate the accident, complete necessary paperwork, and provide ongoing follow-up

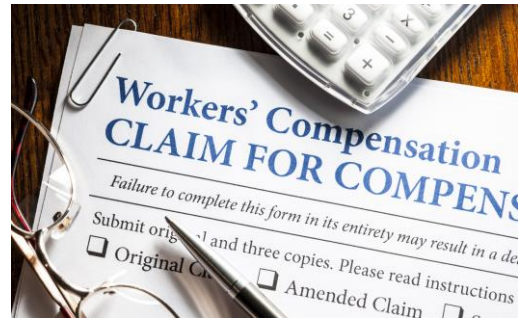


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WORKERS' COMPENSATION

Success Factors

- Promptly report claims
 - Delays cause chain reaction
 - Injuries become worse, details become less clear
 - Claims unreported for more than four weeks cost 45 percent more
- Designate health clinic for cost savings
- Establish return to work program



Effective communication is critical!

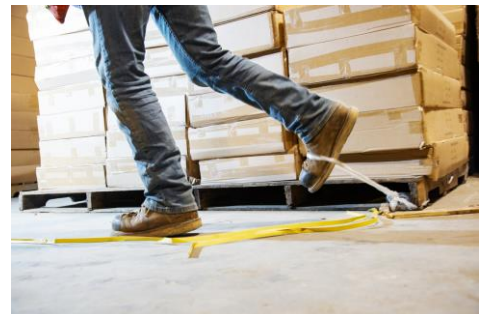


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WORKERS' COMPENSATION

Success Factors

- Employer has 28 days to control medical treatment
- Know the name of your clinic
- Know which injuries are compensable
- Define disability and partial disability
- Obtain employee's burden of proof
- Understand the importance of a return to work program



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BREAK



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EMPLOYEE BENEFIT SERVICES

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DISCLAIMER

The content in this presentation is based on proposed IRS guidelines. Information related to health care reform is rapidly changing. Participants should consult their legal counsel or benefits professional regarding situations specific to their organization.



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EMPLOYEE BENEFITS

- Health Insurance 101
- Review PA 106/152
- ACA Update
- Benefit Landscape and COVID-19



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HEALTH INSURANCE

Insurance is paying someone to assume risk on your behalf.

Three primary elements to consider:

1. **Cost:** Premium amounts
 2. **Flexibility:** Provider/facility choice
 3. **Coverage level:** services and procedures covered
- Employees can generally pick 2 of 3 elements.
 - Which two are most important to you?



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MEDICAL PLAN TYPES

Traditional

- Higher premium, lower deductible
- First dollar coverage with copays

High Deductible Health Plan

- Lower premium, higher deductible
- Paired with tax-advantaged HSA

Healthy Lifestyle

- Incentivized benchmarks for higher coverage



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HIGH-DEDUCTIBLE HEALTH PLAN BASICS (HDHPs)

- Deductible of at least **\$1,400** for a single person and **\$2,800** for two-person or family coverage
- Employee pays 100% (except preventive care) of medical and prescription drug costs (less any carrier discounts) until deductible is met
- Copays do not apply until deductible is met
- Generally lower coverage level and lower cost
- Compatible with FSA or HSA



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HEALTH SAVINGS ACCOUNT BASICS

- The account and its contents belong to you
- Money goes in tax free, can grow tax free and come out tax free (if spent on approved medical expenses)
- Rolls over year after year (no “use it or lose it”)
- Fully portable if you leave the high-deductible plan or the district
- Accessible in retirement



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HSA LIMITATIONS

- Only available with tax-qualified HDHP
- May not contribute to an HSA if enrolled in other coverage that is not a tax-qualified HDHP (including Medicare or a medical FSA)
- May not contribute to an HSA if claimed as a dependent on someone else's tax return



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HSA LIMITATIONS

- Annual contribution limits for 2022:
 - \$3,650 for single person
 - \$7,300 for two person/family
- \$1,000 catch up allowed annually for account holders 55+
- Operates as a debit account (not front loaded)



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HSA PENALTIES

- Improper use of funds before retirement (Medicare-eligible age): Pay taxes on dollars used, plus 20% penalty
- Contribution beyond IRS maximums: Pay taxes on excess contributions, plus 10% penalty
- Use of funds for non-qualified expenses after reaching Medicare-eligible age: Pay taxes on funds used without additional penalty



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IRS PUBLICATION 969: HSA DOLLARS

Can't treat insurance premiums as qualified medical expenses unless the premiums are for:

- | | | | |
|---|--|---|--|
| 1 | Long-term care insurance | 3 | Health care coverage while receiving unemployment compensation under federal or state law |
| 2 | Health care continuation coverage (such as coverage under COBRA) | 4 | Medicare and other health care coverage if you are 65 or older (other than premiums for a Medicare supplemental policy, such as Medigap) |



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PA 106

School districts must solicit bids for their health insurance programs at least once every three years from at least four carriers, one of which must be a Voluntary Employee Beneficiary Association (VEBA).

- Includes medical, dental, and vision
- "All employees" quote



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PA 152- HARD CAP or 80/20

Limits the amount public employers can pay toward employees' health insurance

2022 Hard Caps—3.7% increase

- Single Coverage: \$7,304.51
- Two-Person Coverage: \$15,276.01
- Family Coverage: \$19,921.45

80/20

Option dependent on board decision



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COST SHARE STRATEGIES

- **PA 152**
 - Hard Cap
 - 80/20
- **HSA**
 - Deductible funding
- **Cafeteria options**
 - Employee choice
 - Willingness to look at alternative options



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EMPLOYEE ENGAGEMENT



EMPLOYEE TASK FORCE/INSURANCE COMMITTEE

- Include all positions and pay levels



EFFECTIVELY COMMUNICATE WITH UNION LEADERSHIP

- Transparency



PROMOTE COST-CONSCIOUS DECISION MAKING

- Generic vs brand name
- Talk to doctor about treatment options and costs
- Use online tools



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COBRA

Chart shows the max period for which coverage must be offered for a specific qualifying event.

<u>Qualifying Event</u>	<u>Qualified Beneficiaries</u>	<u>Maximum Period of Continuation of Coverage</u>
Termination (for reasons other than gross misconduct) or reduction in hours of employment	Employee Spouse Dependent Child	18 months
Employee enrollment in Medicare	Spouse Dependent Child	36 months
Divorce or legal separation	Spouse Dependent Child	36 months
Death of employee	Spouse Dependent Child	36 months
Loss of "dependent child" status under the plan	Dependent Child	36 months



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ACA UPDATE



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ACA

A quick refresher...

- Signed into law in 2010
- Passed in an effort to reduce the number of uninsured Americans
- Requires employers to offer coverage to their employees
 - Must be “affordable”
 - Must provide “minimum value”



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ACA

Employer Requirements:

1. Offer requirement
2. Affordability and minimum value requirements
3. Reporting requirement



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ACA

Offer Requirement

If an employer has 50 or more full-time equivalent (FTE) employees, they are required to offer affordable coverage to at least 95% of their full-time employees.

What does the ACA consider full-time?

An employee working at least 30 hours each week.



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ACA

Affordability and Minimum Value Requirement

1. Minimum essential coverage must be offered
2. It must be “affordable” – meaning that it can’t cost the employee more than 9.61% of their household income
3. It must meet or exceed “minimum value” – meaning that it must pay for at least 60% of an average person’s average annual medical expenses



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ACA

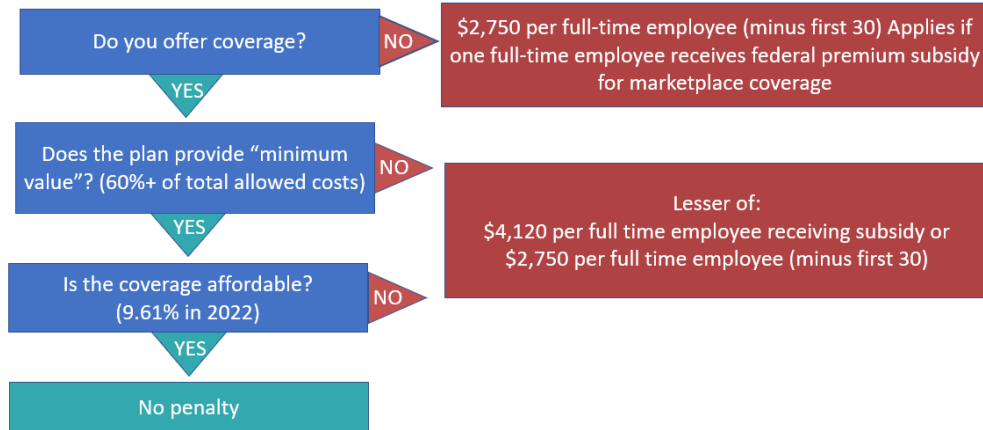
Employer Shared Responsibility Penalty

Tax Filing Year	2021	2022
4980H(a) penalty		
• Annual Amount (per employee)	\$2,700	\$2,750
• Monthly Amount (per employee)	\$225.00	\$229.17
• Required Med offer % of full-time	95%	95%
• Full-time Exemption	30	30
4980H(b) penalty		
• Annual Amount (per employee)	\$4,060	\$4,120
• Monthly Amount (per employee)	\$338.33	\$343.33
• Affordability Safe Harbor %	9.83%	9.61%
• Applicable 100% FPL (prior year)	\$12,760	\$12,880
• FPL Affordability Annual Amount	\$1,254.36	\$1,237.68
• FPL Affordability Monthly Amount	\$104.53	\$103.14
Employer assessments would only be imposed if at least one employee seeks and receives a Marketplace subsidy		



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ACA Employer Mandate



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Examples of Employer Penalties

The employer does not offer coverage to 95% of full-time employees

The penalty is \$2,750 per full-time employee, excluding the first 30 employees.

Employer	Trigger	Penalty
500 full-time employees	One employee purchases coverage on the marketplace and is eligible for a federal premium subsidy	\$2,750 per full-time employee (minus first 30) $500 - 30 = 470$ employees $470 \times \\$2,750 = \\$1,292,500$ penalty



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Examples of Employer Penalties

The employer offers coverage that does not meet the minimum value and/or affordability requirements.

The penalty is the lesser of the two results, as shown in the example below.

Employer	Trigger	Penalty
<p>100 full-time employees</p> <p>Employer offers coverage, but coverage is not affordable and/or doesn't provide minimum value</p>	<p>Penalty is triggered if one employee purchases coverage on the marketplace and receives a federal premium subsidy</p> <p>25 employees purchase coverage on the marketplace and are eligible for a subsidy</p>	<p>Lesser of \$2,750 per full-time employee (minus first 30)</p> <p>OR</p> <p>\$4,120 per full time employee receiving a federal premium subsidy</p> <p>$70 \times \\$2,750 = \\$192,500$ penalty</p> <p>$25 \times \\$4,120 = \\$103,000$ penalty (lesser penalty applies)</p>



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ACA

Employer Shared Responsibility Penalty

- Most employers will work to ensure they avoid the \$2,750 on every employee - 4980H(a) Employer Mandate
- Some employers may be comfortable with the \$4,120 assessment potentially applying to the marketplace-subsidized employees – 4980H(b) Employer Mandate
 - Can be more cost effective than offering coverage
 - Can be more favorable to employees as they remain eligible for federal subsidies



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ACA

Reporting Requirements – IRS Form Filing Dates

Calendar Year 2021 forms will be filed in year 2022

Generally, you must:

- Mail 1095-C forms to your employees by 1/31
- Paper file 1094-C and 1095-C forms with the IRS by 2/28
- Electronical file 1094-C and 1095-C forms with the IRS by 3/31



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BENEFIT LANDSCAPE AND TRENDS



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PA 579

PA 579

An amendment to PA 106 that improves access to and standardizes claims data that can be accessed by MI public schools.

- Medical, dental, and vision plans
- Effective 3/29/19
- Improves districts' ability to shop for competitive coverage
- Allows carriers/TPAs to provide more accurate quotes
- Allows districts to do a simple Medical Loss Ratio (MLR) analysis



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PA 579

Medical Loss Ratio (MLR)

What is the district paying in premium vs. what the carrier is paying in claims?

Medical Loss Ratio
(difference)*

*This is the carrier's
profit!



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THE CURRENT LANDSCAPE

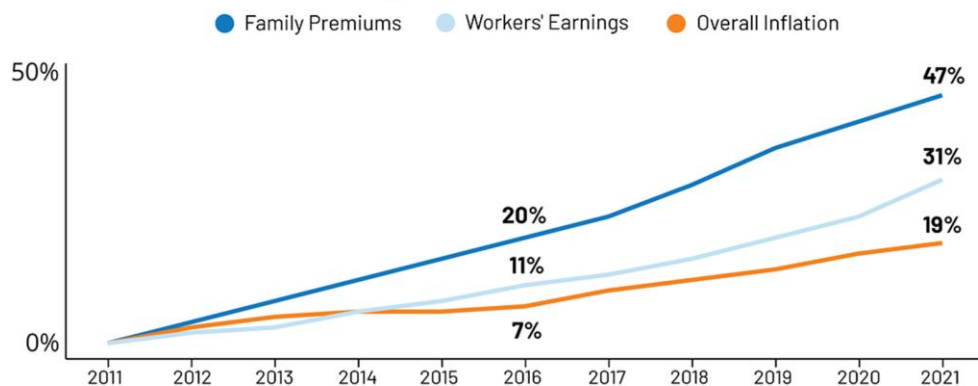
Still seeing increases in all aspects of healthcare costs at rates higher than:

- Inflation
- Wage Increases



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Over Time, Family Premiums Have Risen Faster than Wages and Inflation

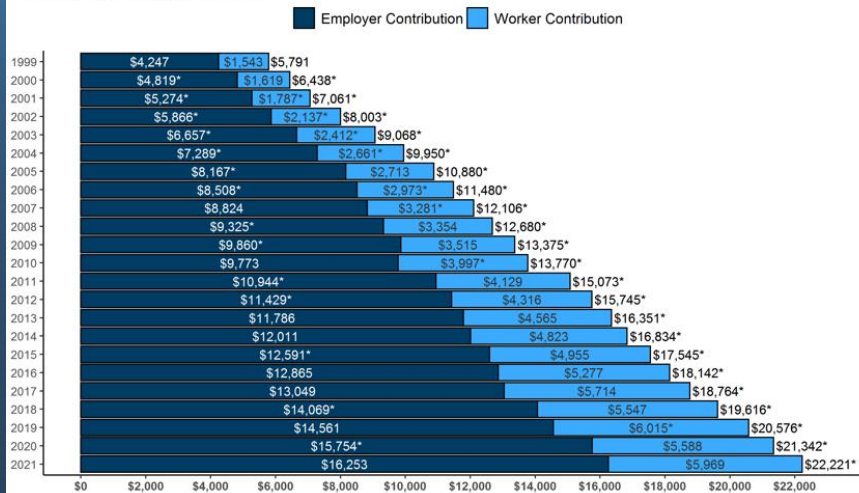


SOURCE: KFF Employer Health Benefits Survey, 2018-2021; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation, 2011-2021; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2011-2021.



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Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2021



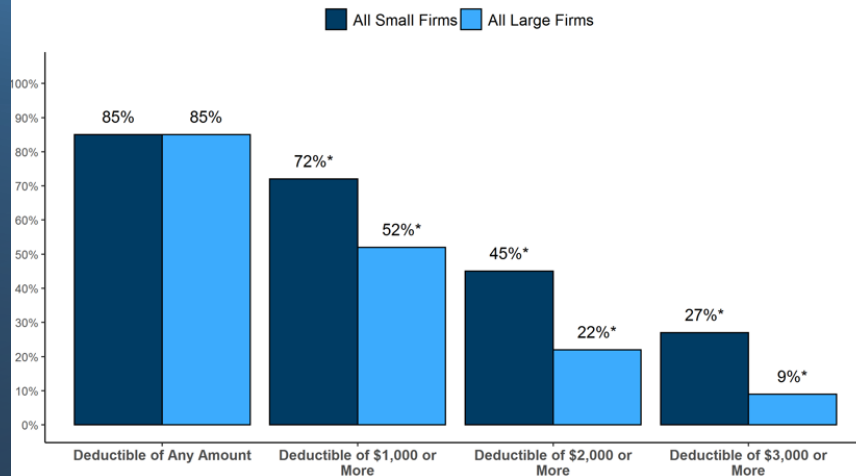
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

SOURCE: KFF Employer Health Benefits Survey, 2018-2021; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

KFF

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Percentage of Covered Workers Enrolled in a Plan with Any General Annual Deductible or a High General Annual Deductible for Single Coverage, by Size, 2021



* Estimate is statistically different between All Small Firms and All Large Firms estimate ($p < .05$).

NOTE: Small Firms have 3-199 workers and Large Firms have 200 or more workers.

SOURCE: KFF Employer Health Benefits Survey, 2021

KFF

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THE CURRENT LANDSCAPE

Zolgensma – The \$2M Medicine

- The FDA recently approved a medicine that is priced at \$2.125 million per treatment
- Treats a rare disorder that destroys muscle control in infants
- The manufacturer will let insurers make payments over five years, at \$425,000 per year, and will give partial rebates if the treatment doesn't work



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THE CURRENT LANDSCAPE

Humira – The “Miracle Drug”

- \$5,000 per month
- Prescribed to treat everything from plaque psoriasis to rheumatoid arthritis
- Fighting to keep stranglehold on the market and blocking generic competition.



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TRENDS

Self-Funding Health Benefits

- Requires employers pay directly for medical and Rx claims rather than through an insurance company
- The major advantage of self-funding is to provide this level of control to the district.
- Self-funding is not gambling
 - Insurance companies eventually get their money
 - District purchases insurance to protect against catastrophic situations
 - District hires professionals to pay claims– no change to business office operations



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TRENDS

Enhanced Primary Care

- Same day or next day appointments
- No waiting
- 20+ minutes with the doctor
 - Fewer referrals
 - More coordinated care
 - Improved health outcomes
- Lab, pharmacy, and X-ray on site



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TRENDS

SET SEG Family Healthcare Center

Serves:

- 6 School Districts
 - Plans for 2 more in upcoming year
- 5 Michigan School Associations
- 1,881 Employees
- 4,220 with Dependents



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TRENDS

SET SEG Family Healthcare Center

Average cost of a Primary Care visit = \$135

Average cost of an Urgent Care visit = \$178

Cost of a SET SEG Family Healthcare Center visit for an acute care reason = \$40*

*IRS mandate for HDHP



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SET SEG FAMILY HEALTHCARE CENTER



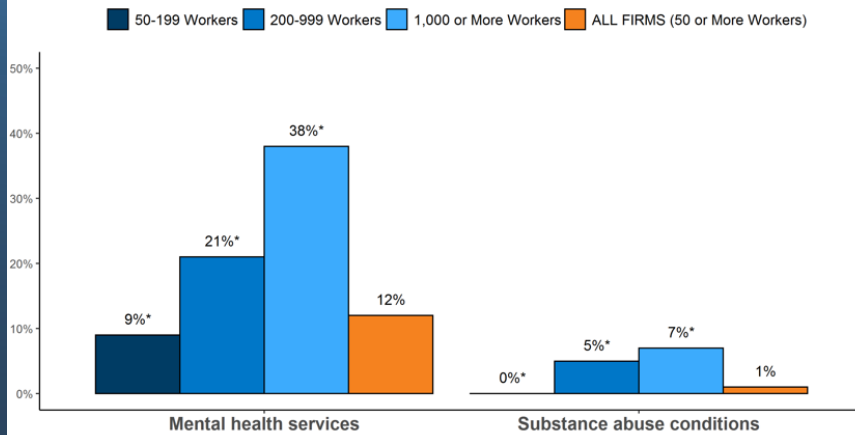
95

COVID-19 TRENDS AND MANDATES



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Among Firms Offering Health Benefits, Percentage of Firms Which Have Seen an Increase in Employees Seeking Mental Health and Substance Abuse Services Since the COVID-19 Pandemic Began, by Firm Size, 2021



* Estimate is statistically different from estimate for all other firms not in the indicated size category ($p < .05$).

NOTE: A significant share of employers did not know whether there was an increase in employees seeking mental health (24%) and substance abuse services (22%) since the COVID-19 pandemic began.

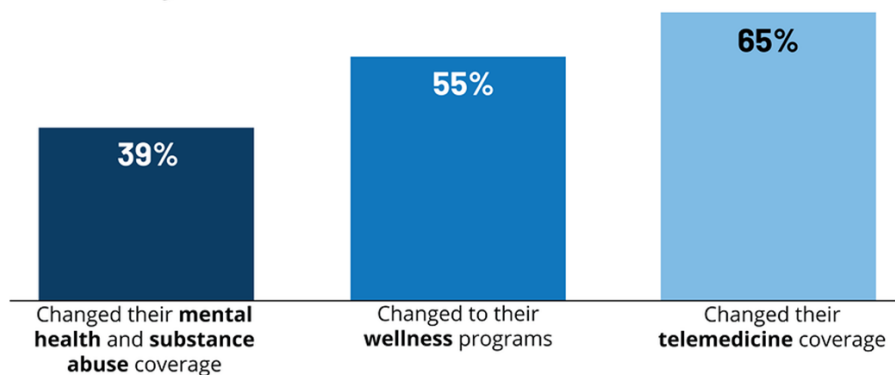
SOURCE: KFF Employer Health Benefits Survey, 2021

KFF

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Many Employers Changed Health Benefits in Response to COVID-19 Pandemic

Among firms with at least 50 workers that offer each



SOURCE: 2021 Employer Health Benefits Survey, KFF

KFF

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- **Some care deferred during the pandemic returns** - Healthcare spending by employers in 2020 was lower than expected, in large part because of the deferral of care as a result of the pandemic. Some of this care is expected to rebound in 2022, and some of it likely will increase healthcare spending.
- **COVID-19 costs are likely to persist** - The costs of testing for COVID-19, treating patients and administering vaccinations for the disease likely will continue into 2022.
- **The mental health and substance use crises show no signs of waning** - The pandemic substantially increased demand for mental health services. Increased substance use also likely will increase healthcare spending in 2022.
- **Population health worsened during the pandemic** - Poor pandemic-era health behaviors such as lack of exercise, poor nutrition, increased substance use and smoking may lead to deterioration in US population health and increase healthcare spending.

15%

of American consumers with employer-sponsored insurance said they had deferred some care between March and September 2020.

Source: PwC Health Research Institute consumer survey, September 2020



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COVID-19 MANDATE

- Beginning January 15, 2022, individuals covered by a group health plan who purchase an over-the-counter COVID-19 diagnostic test authorized, cleared, or approved by the FDA will be able to have those test costs covered by their plan or insurance.
- Insurance companies and health plans are required to cover 8 free over-the-counter at-home tests per covered individual per month. That means a family of four, all on the same plan, would be able to get up to 32 of these tests covered by their health plan per month.
- Most insurance carriers are currently using the reimbursement method

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Finalize Credit for Attendance

Return form to MSBO by January 31, 2022

- ✓ Return form to MSBO by January 31, 2022
 - E-mail – cbyam@msbo.org
- ✓ Receive e-mail from MOECS-noreply@michigan.gov to fill out an evaluation for SCECHs.
- ✓ Receive an email from survey monkey for the MSBO evaluation.

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