



MSBO Insurance & Risk Management Webinar



Presentation — Materials



<http://msbo.org/msbo-certification-class-materials>

Agenda

01



Property/Casualty

02



Workers' Compensation

03



Employee Benefits



Property/Casualty



Contact



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Who Is SET SEG?

The risk management expert providing solutions to help meet the unique needs of Michigan public schools



Property/Casualty Pool

530+ members

\$170 million in net
asset returns

Provides: property,
liability, auto, school
violent acts, cyber
protection



Workers' Compensation Fund

520+ members

\$301 million in
contribution
reductions

\$550,000 in Safety
Program returns



Employee Benefits

Healthcare, dental,
vision, long-term
disability

Consulting, compliance,
and administration
services



SET SEG Foundation

\$710,000+ in student
scholarships and grants

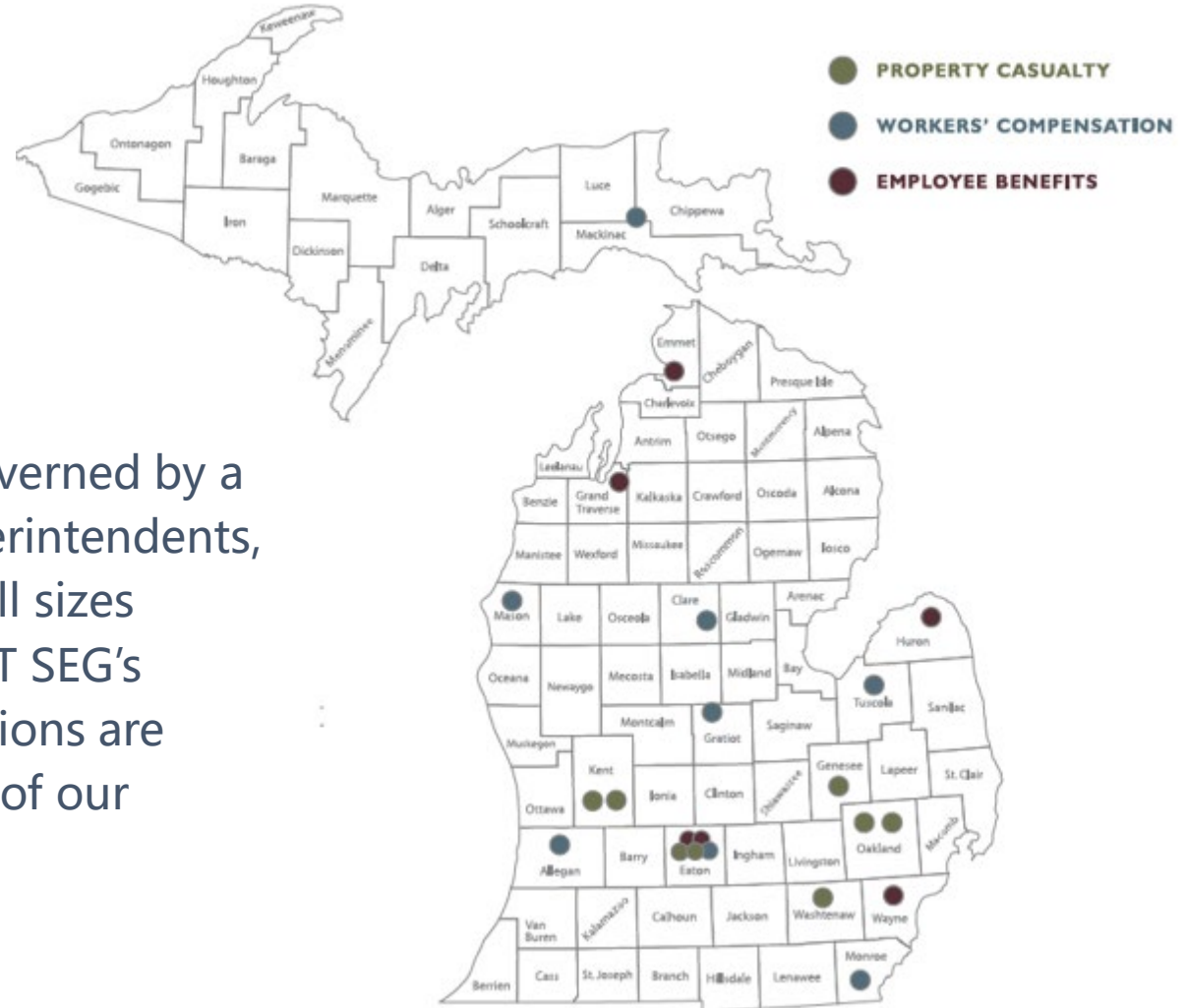
Promotes opportunities in
student leadership, skilled
trades, and risk
management studies



Governance & Service



SET SEG programs are governed by a board of your peers. Superintendents, representing districts of all sizes across the state, sit on SET SEG's boards to ensure all decisions are made in the best interest of our public school members.





Risk Management 101

Risk Control Techniques —



Avoidance

Saying "NO"

Sky diving club

Arming teachers with
CPL licenses

1-on-1 time between
teachers and students

15 passenger vans



Loss Prevention

Reduce Frequency of Loss

Playground inspections

Roof inspections

Guards in shop class

Vector Solutions trainings

Vendor call-back verification

Multifactor authentication
(MFA)

Icing sidewalks



Loss Reduction

Reduce Severity of Loss

Active shooter training

Fire suppression system

Roof maintenance plan

Partner with mitigation firm

Building a bus barn



Separation, Duplication, & Diversification

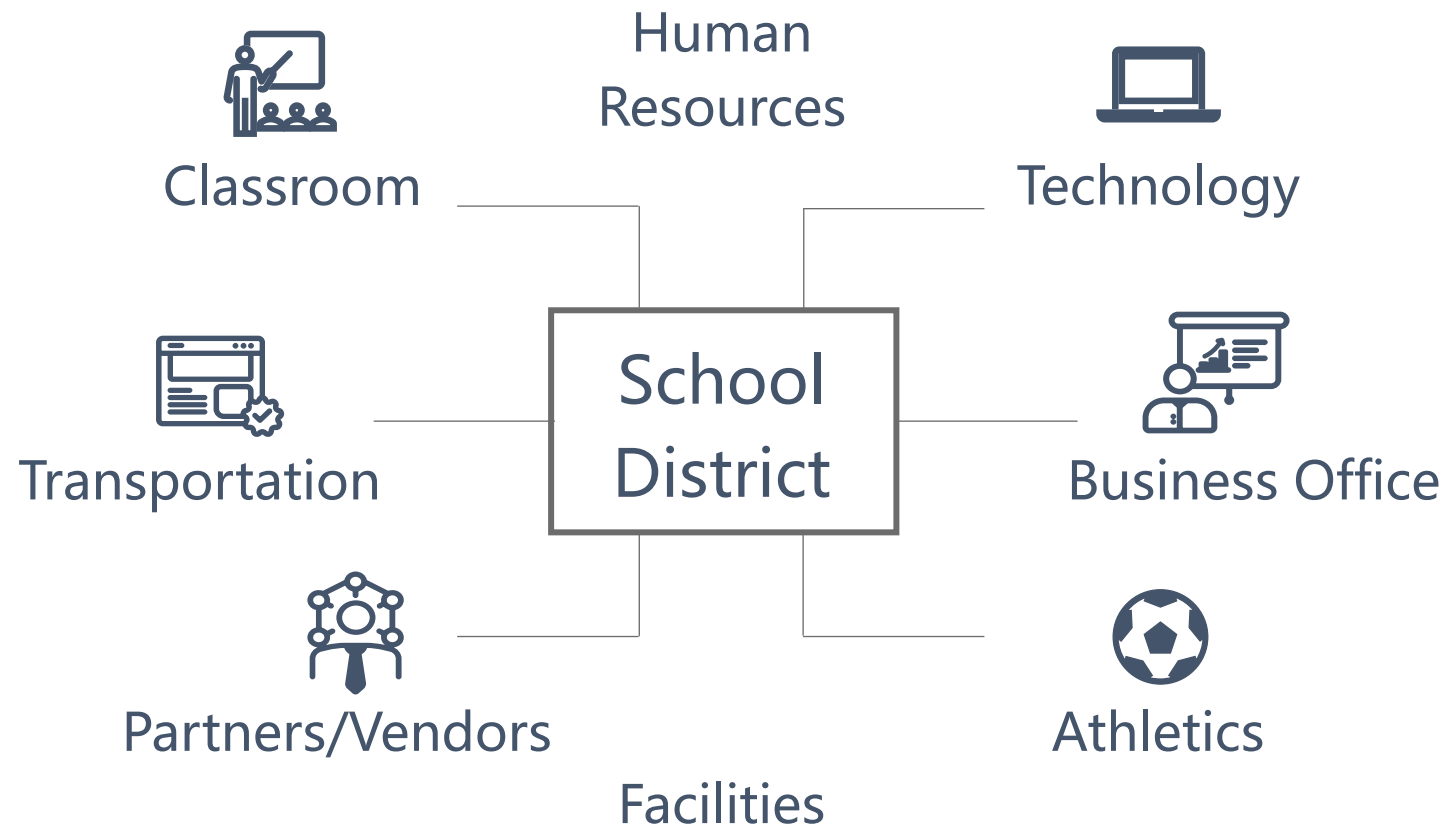
Spread of Risk

Data backups

Separate student/staff IT
networks

Multiple bus yards for large
fleets

Risk Management's Reach





Ramifications



Covered

- Buildings & grounds
- Fleet
- IT infrastructure
- Students
- Volunteers
- Board members
- Hiring/firing/decision making
- Much more ...

May Not Be Covered

- Downtime
- Disruption
- Community relations
- Staff relations
- Reputation



Risk Transfer & Retention Options

...

01

Commercial
Insurance

- Owned by stockholders
- Annual premium
- Standard policy form

02

Risk Retention
Group/Pool

- Owned by member districts
- Annual contribution
- Specialized manuscript coverage form
- Net asset return to members

03

Self Insured

- Deductibles
- District determines level of Self Insured Retention (SIR)
- Purchases stop loss/excess coverage

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
- Excess/Umbrella



Key Documents

01

Coverage Form/Insurance Policy

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

MASB-SEG Property/Casualty Pool, Inc.

SET SEG
School Insurance Specialists

EDUCATORS LEGAL LIABILITY COVERAGE FORM

THIS IS A CLAIMS-MADE AND REPORTED COVERAGE PLEASE READ IT CAREFULLY

Various provisions in this agreement restrict coverage. Please read the entire agreement carefully to determine rights, duties and what is and is not covered.

Throughout this coverage agreement, the words **you** and **your** refer to the named **Member** shown on the Declarations page. The words **we**, **us**, and **our** refer to the MASB-SEG Property/Casualty Pool, Inc.

All words and phrases that are in bold have special meaning. Refer to section B – DEFINITIONS for their meaning or take note of the reference within the text.

In consideration of the contribution charged, and in reliance upon the statements in the application, which is attached to this coverage and made a part thereof, and subject to the Limits of Liability and Sub-Limits stated in the Declarations and the provisions below, and the terms and conditions contained herein, the MASB-SEG Property/Casualty Pool, Inc., hereafter referred to as “**Pool**”, hereby agrees as follows:

A. COVERAGE AGREEMENTS

1. **WRONGFUL ACTS**

To pay on behalf of the **Member** all **Loss** and **Claim Expenses** which the **Member** shall become legally obligated to pay resulting from any **Claim** or **Claims** first made against the **Member** and reported to the **Pool** during the **Coverage Period** stated in the Declarations for any **Wrongful Act**, as herein defined, of the **Member** or of any other persons for whose actions the **Member** is legally responsible, but only if such **Wrongful Act** first occurs during, or prior to the beginning of, the **Coverage Period** and in the performance of duties for the **Member** named in the Declarations.

2. **DEFENSE COSTS, CHARGES AND EXPENSES**

With respect to such financial protection as is afforded by this agreement, the **Pool** shall have the right and duty to defend any action or suit brought against the **Member** alleging a **Wrongful Act**, even if such action or suit is groundless, false or fraudulent. However, the **Member** shall not, except at their own cost, admit liability for or settle any **Claim**, assume any obligation, voluntarily make a payment, or incur an expense without the **Pool's** written consent.

The **Pool** shall have the right to investigate and negotiate any **Claim** or suit. The **Pool** may settle any **Claim** or suit with the **Member's** consent in writing. The **Member** may refuse to consent to the settlement of a **Claim** and elect to contest the **Claim** or continue any legal

ELL-101-0723 © 2023 MASB-SEG Property/Casualty Pool, Inc. Page 1 of 9

02

Declarations Page

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

MASB-SEG PROPERTY/CASUALTY POOL

SET SEG
School Insurance Specialists

PROPERTY DECLARATION

Member's Name: Airport Community Schools
Member's Address: 11270 Carlton Rd | Carleton, MI 48117-8992
Coverage Reference #: HC 00000603 35 as of 7/1/2023
Coverage Period: 12:01 am on the dates of 7/1/2023 - 7/1/2024

BASIC COVERAGE(S):	COINSURANCE / LOSS SETTLEMENT:	LIMIT(S):
Buildings Business Personal Property (BPP) Property in the Open (PIO)	No Coinsurance Replacement Cost	Blanket Limit of Coverage shown on the Property Statement of Values minus a \$5,000 deductible

ADDITIONAL COVERAGE(S):	DEDUCTIBLE / OCCURRENCE:	LIMIT(S):
Business Income and Extra Expense	\$5,000	\$1,000,000 / Occurrence
Debris Removal	\$5,000	25% of loss or \$250,000 / Occurrence, whichever is less
Fire Department Service Charge	\$0	\$25,000 / Occurrence
Fungus, Wet Rot, Dry Rot	\$5,000	\$100,000 / Occurrence
Pollutants Clean-Up and Removal	\$5,000	\$50,000 / Occurrence

COVERAGE EXTENSION(S):	DEDUCTIBLE / OCCURRENCE:	LIMIT(S):
Accounts Receivables	\$5,000	\$250,000 / Occurrence
Earth Movement	\$5,000	\$100,000 / Occurrence \$100,000 / Coverage Year
Fine Arts - Non-Scheduled	\$5,000	\$50,000 / Occurrence
Library Restocking Cost	\$5,000	\$25,000 / Occurrence
Newly Acquired Business Personal Property	\$5,000	\$1,000,000 / Building
Newly Acquired Real Property	\$5,000	\$1,000,000 / Building


The Declarations are an integral part of your coverage, and, along with the coverage forms, common conditions and any applicable endorsements, complete the coverage identified by the Coverage Reference # above.



Key Documents

03 Certificate of Insurance

> Proof of Coverage

CERTIFICATE OF INSURANCE						
Insured SET SEG 1520 Earl Avenue East Lansing, MI 48823		<small>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.</small>				
		COMPANIES AFFORDING COVERAGE				
Insured Kent ISD 2930 Knapp St NE Grand Rapids, MI 49525		A MASB-SEG Property/Casualty Pool, Inc. B SEG Workers' Compensation Fund				
<small>THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE COVERED HEREIN HAVE BEEN REVIEWED BY THE POLICY WRITER'S OFFICE, "WORKERS COMPENSATION" REQUIREMENT, HAVE AN EXPIRATION DATE AND CONTRACT OR OTHER AGREEMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR THE METHOD, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES.</small>						
CO. LTR	TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	LIMITS	
A	GENERAL LIABILITY [X] Comprehensive Form [X] Premises/Operations [X] Incidental Medical Malpractice [X] Carriage [X] Products/Completed Operations [X] Contractual [X] Independent Contractors [X] Broad Form Property Damage [X] Personal Injury	PC-0000333	7/1/23	7/1/24	BI & PD COMBINED OCCURRENCE \$1,000,000 BI & PD COMBINED AGGREGATE \$1,000,000 PERSONAL INJURY OCCURRENCE \$1,000,000 PERSONAL INJURY AGGREGATE \$1,000,000	\$1,000,000 \$3,000,000 \$1,000,000 \$1,000,000
A	AUTOMOBILE LIABILITY [X] Any Auto [X] All Owned Autos (Priv. Pass. & Other) [X] Hired Autos [X] Non-Owned Autos [X] Garage Liability COMBINATION DEDUCTIBLE: \$1,000	PC-0000333	7/1/23	7/1/24	BODILY INJURY & PROPERTY DAMAGE COMBINED	\$1,000,000
A	AUTOMOBILE PHYSICAL DAMAGE [X] Hired Autos [X] Non-Owned Autos	PC-0000333	7/1/23	7/1/24	PHYSICAL DAMAGE	\$150,000
B	WORKERS' COMPENSATION & EMPLOYERS' LIABILITY	EWIC 009496	7/1/23	7/1/24	WORKERS' COMPENSATION EMPLOYERS' LIABILITY	STATUTORY \$1,000,000
<small>DESCRIPTION First Steps Kent is hereby added as an additional insured for general liability but only as respects to the activities performed by or on behalf of the named insured as it represents the District's use of facilities from July 1, 2023 through July 1, 2024.</small>						
CERTIFICATE HOLDER First Steps Kent 401 Hall St SW #285 Grand Rapids, MI 49503		<small>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL endeavor TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER HANDS TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.</small>				
AUTHORIZED REPRESENTATIVE  Katie Lehman PROPERTY/CASUALTY DEPARTMENT		DATE 06/07/2023				

04 Invoice

> Statement of the sum due for services

05 Endorsements

> Modifications to the declarations page



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

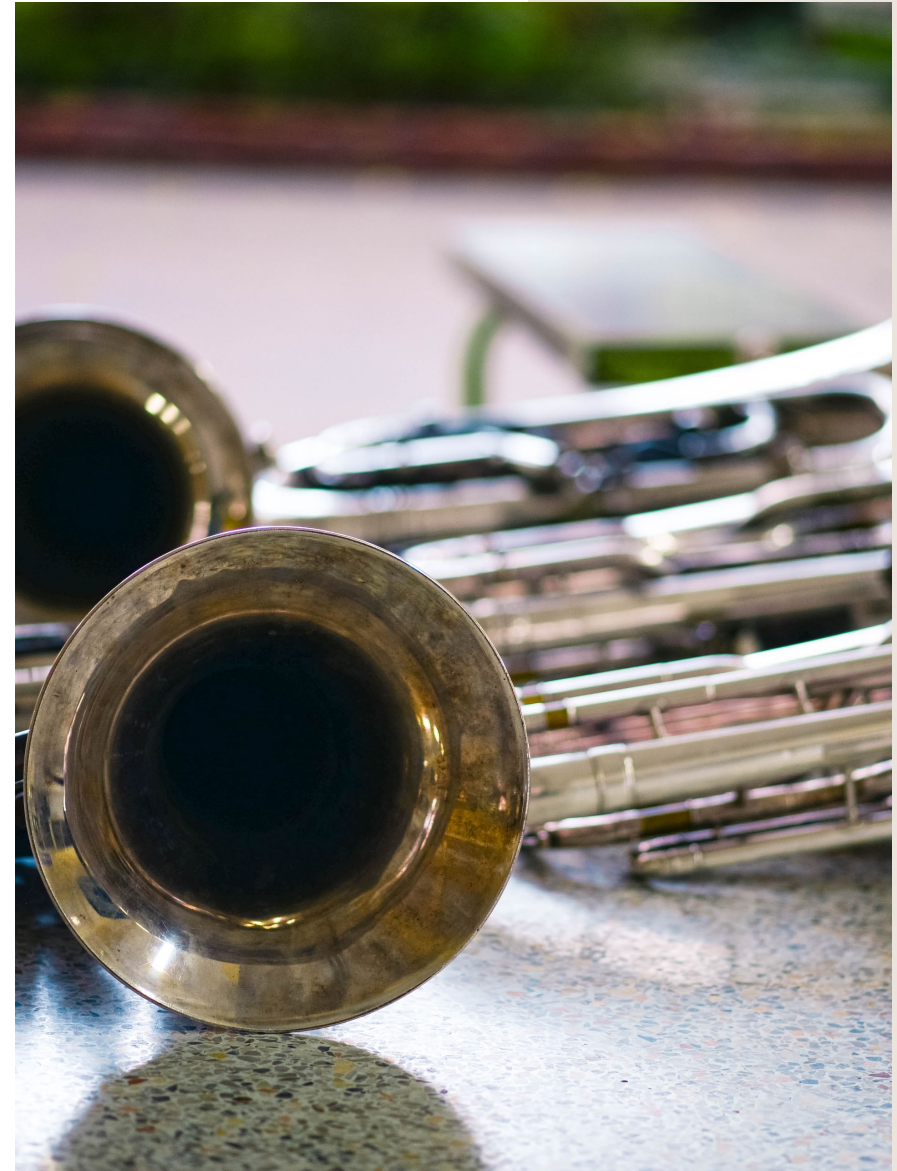


Boiler & Machinery

- 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

Inland Marine

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



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)



— 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

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 users
 - 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 understand 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 loss of life, bodily or personal injury, product liability claims and/or damage to property arising from or out of use by the User or its agents, members, partners, associates or employees, or any portion 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.

Nothing in this document constitutes a legal opinion or advice. The information contained in this document reflects risk management advice that is in the public domain. A member school district is encouraged to seek legal advice before finalizing any document.

Facility Use Guidelines





Educators Legal Liability

- Errors & Omissions / Failure to Educate
- 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



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





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)



Excess/Umbrella

- Increases limits for primary liability coverage
- 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

Other Coverages



Builders' Risk

- > New construction
- > Renovations



Student Accident

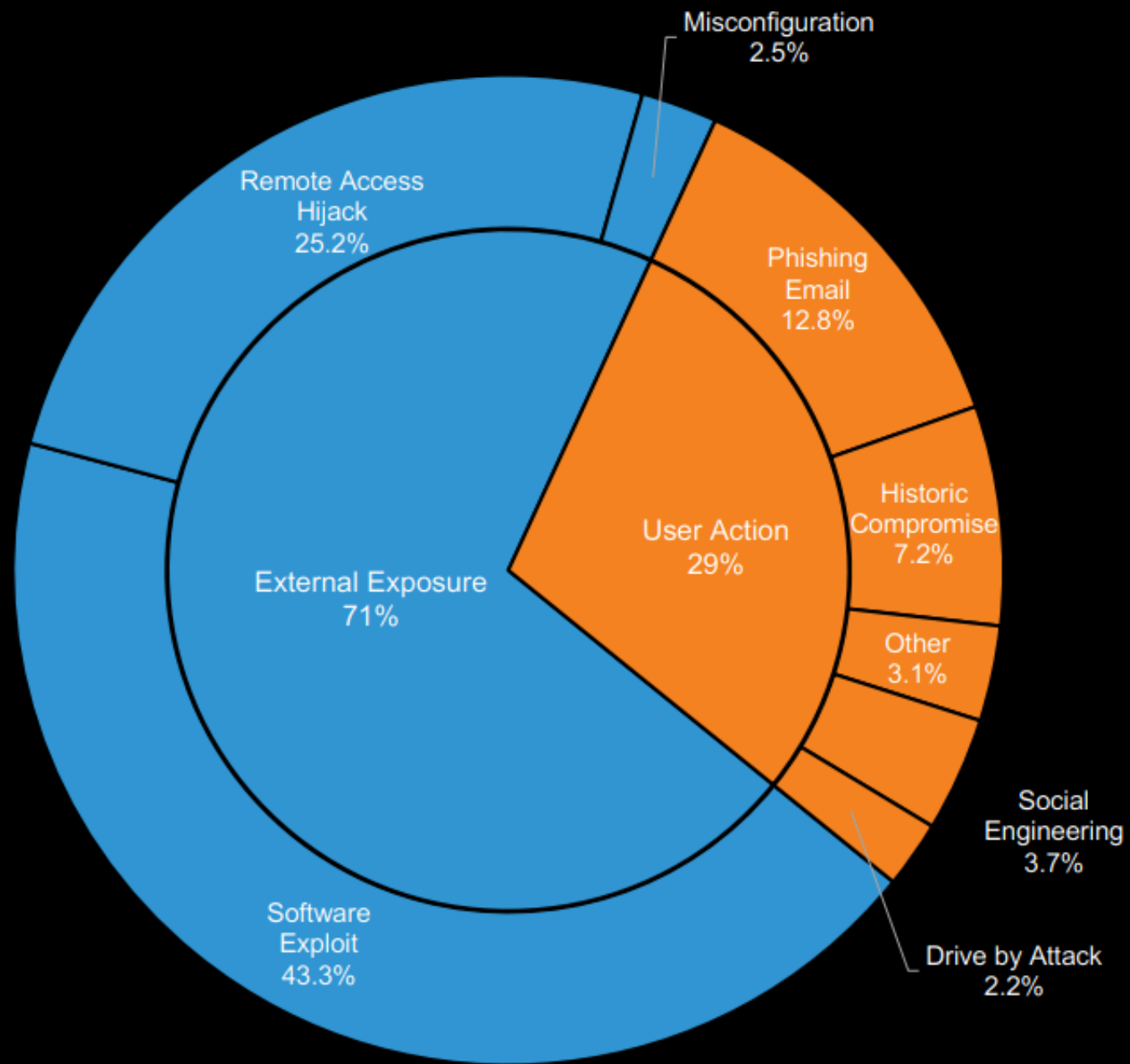
- > Broader coverage than Med pay
- > Can cover athletic injuries



Storage Tank Liability

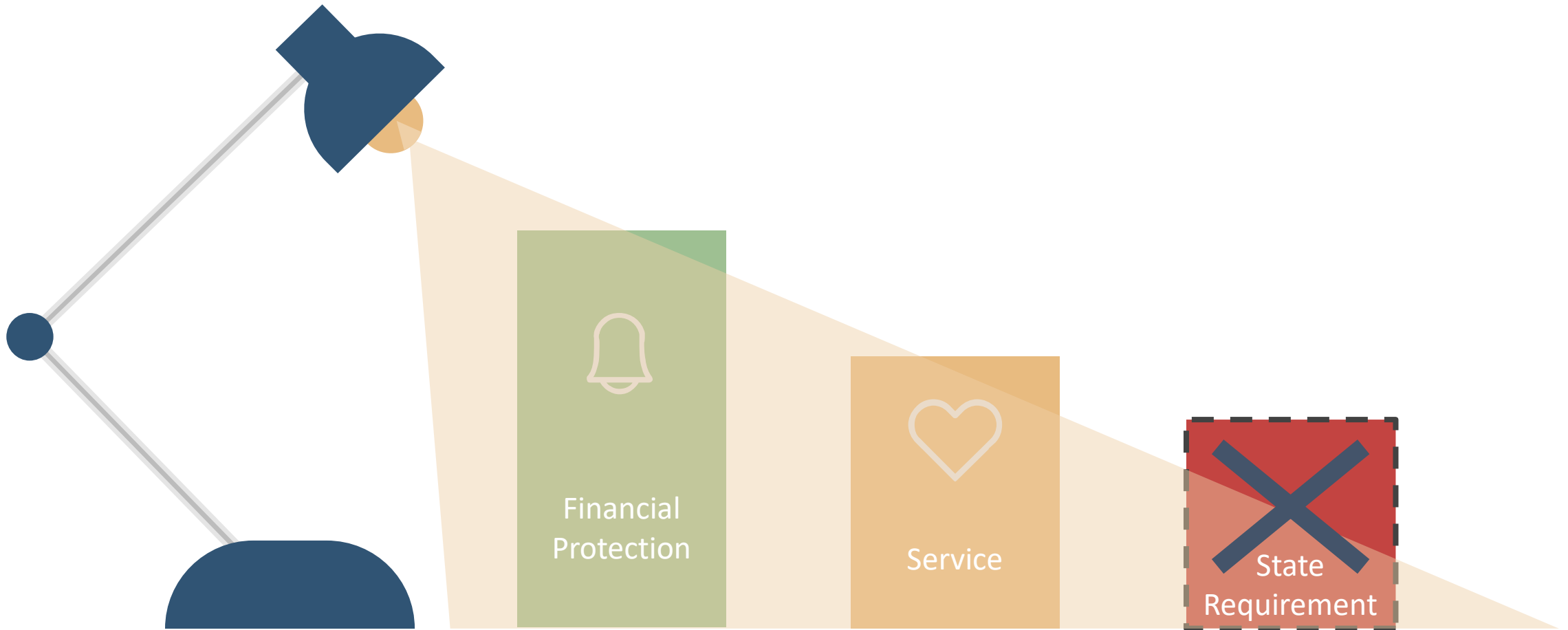
- > Under ground
- > Above ground

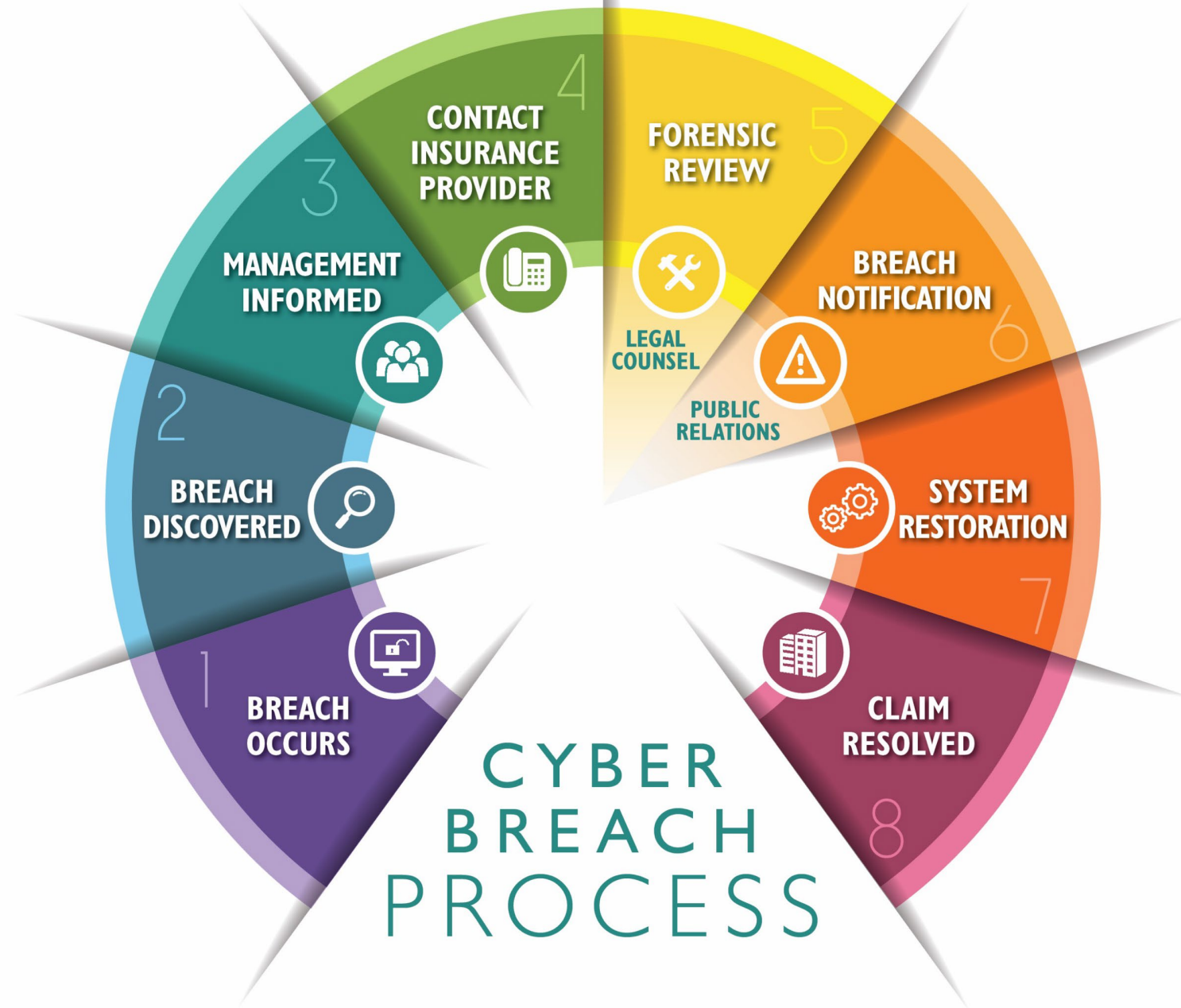
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What is — Cyber Insurance?





Cyber Attack Cases

Impact to Schools:

Attack Vectors

- Email phishing
- Clicked on malicious link
- Social engineering
- Gaining student credentials
- Monitoring & access open RDP port

Issues

- Secondary attack-manage breach yourself
- Wire transferring money to fraudulent vendor
- Servers, workstations & backups non operable
- Disruption & loss of student data

Reminders

- Timely reporting
- Phishing Training
- Use VPN/MFA
- Have & follow business office process
- Backups segregated & tested
- Network segmented/ EDR detection

Results

- Ransom demand increase with more systems locked up or secondary attack
- Wire transfers can be risky
- Higher deductibles upon renewal
- Time & reputational damage

Organizations of different types, sizes and budgets have had breaches:
K-12 w/ enrollments of 1,200-10,000+
ISDs w/ annual revenue of \$20M-\$170M



Why So Challenging?

ANN ARBOR

‘Data-rich, resource-poor.’ Why Michigan schools can be a ‘soft target’ for ransomware attacks

Updated: Mar. 06, 2023, 2:44 p.m. | Published: Nov. 20, 2022, 6:30 a.m.



Horizon

- > Electric buses
- > Proposed Legislation (WC)
- > Artificial Intelligence
- > Economic Impact
 - > Reduced budgets
 - > Layoffs
 - > Workers' compensation injuries
 - > Lawsuits
 - > Theft



Break



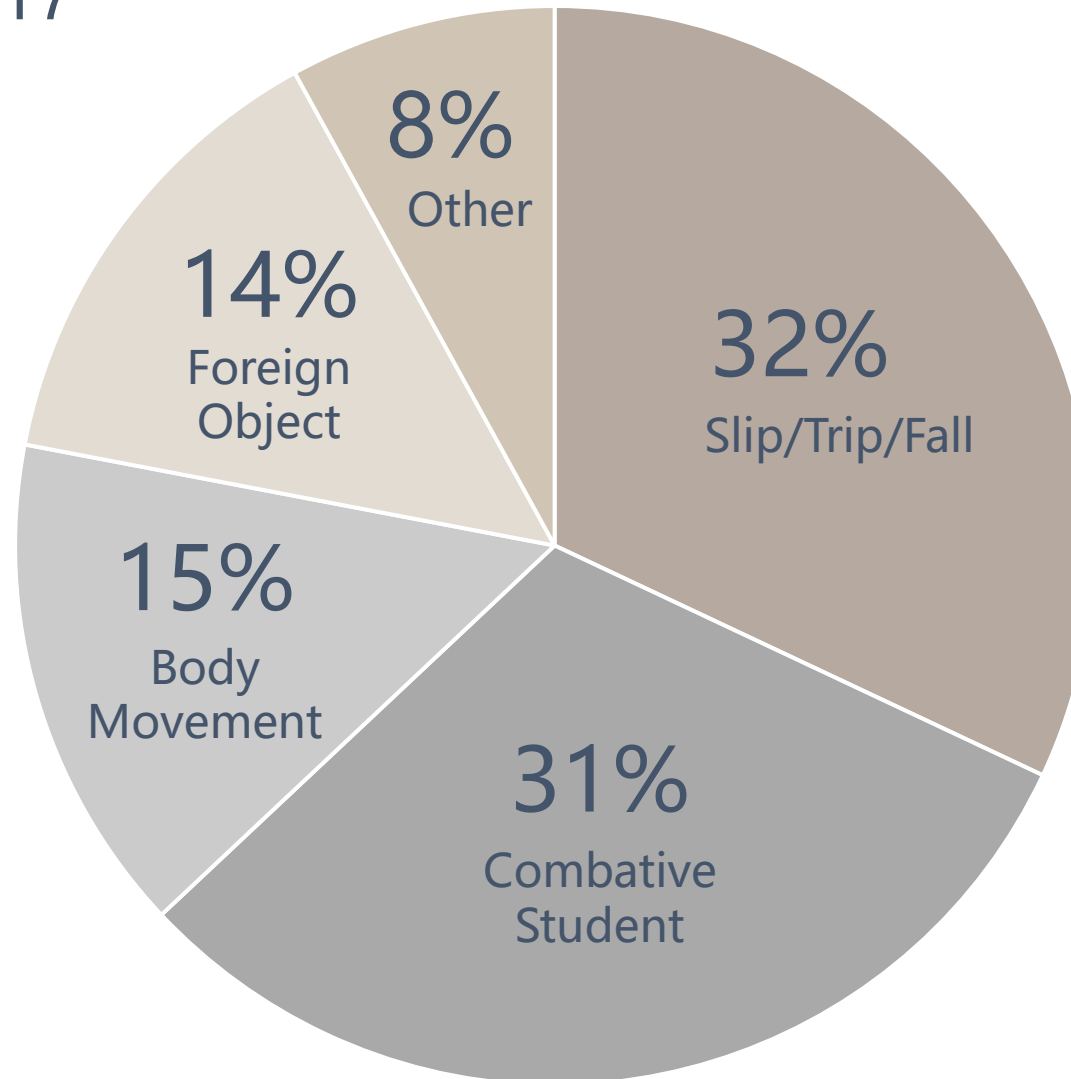
Workers' Compensation





Injury Trends

Claims since 2017



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

— 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

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

Examples



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

Yes

or

No

Examples



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

Covered?

Yes

or

No

Examples



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

Covered?

Yes

or

No

Examples



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

Covered?

Yes

or

No

What Benefits Are Covered?



Wage Loss



Medical
Benefits



Rehabilitation
Benefits



Death Benefit



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



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

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

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

Premium Calculation



Workers' Compensation

Code	Classification	Estimated Payroll	Rate (\$)	Estimated Premium
7380	Drivers, Garage Employees	\$500,000	3.00	\$15,000
8810	Clerical	\$1,900,000	0.19	\$3,610
8829	Para Professionals	\$1,500,000	2.10	\$31,500
8868	Professional (Teacher, Admin)	\$13,000,000	0.19	\$24,700
9101	All Other	\$500,000	2.15	\$10,750
SUBTOTALS		\$18,900,000		\$85,560

Experience Modification Factor

0.90

Modified Premium \$77,004

Premium Reduction (\$25,100)

Total Net Premium \$52,003

Payroll is the basis for
Workers' Compensation
premium

Pricing

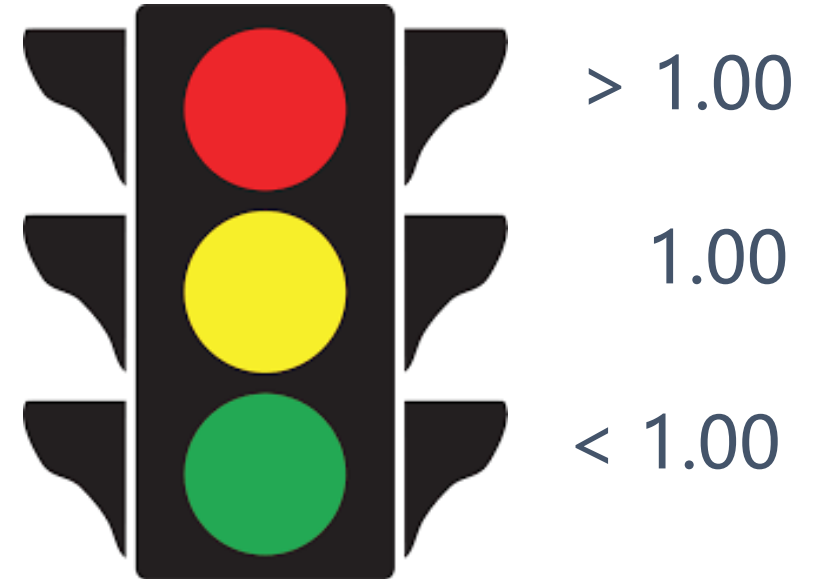


Workers' Compensation —

What drives premiums?

- > Wages
- > Claims Frequency / Severity (E-Mod)
- > Length of membership
- > Historic claims experience

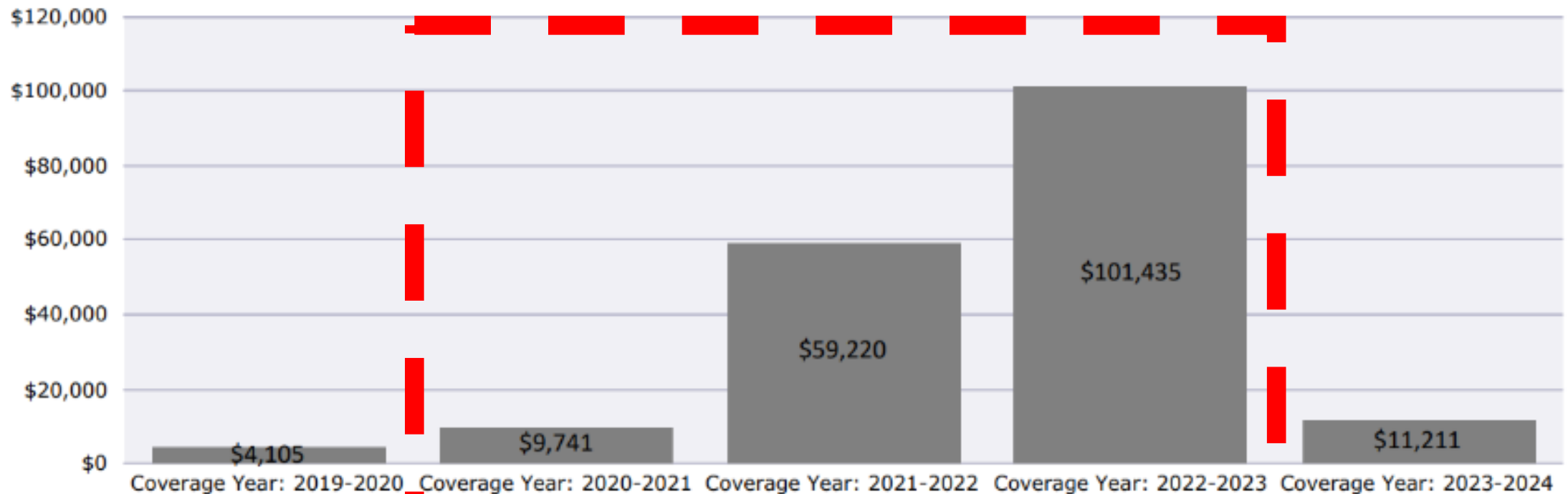
Experience Mod Factor (E-Mod)



E-Mod Calculation



Incurred Losses by Year*



2019/2020
drops off



2022/2023
comes on





Indirect Costs 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

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!**





Best Practices

Workers' Compensation



- › Timely reporting of claims
- › Designate a clinic
- › Communication with injured employee
- › Communication with claims adjuster
- › Return-to-work program

Reminder: In Michigan, the employer directs medical treatment for first 28 days



2024 Reminders



SET SEG Members

- Property schedule verification
- Payroll estimates for 24/25
- Cyber Questionnaire

General Reminders

- Builders Risk coverage
- Spring break van rentals
- Response time on lawsuits and cyber breaches



Break



Health Insurance Basics



Contact



Casey Kilcherman
Sales & Development Specialist

ckilcherman@setseg.org
517-816-1644



Autumn Ward
Employee Benefits Product Manager

award@setseg.org
517-816-1690

The background of the slide is a blurred image of a medical office. A blue stethoscope is visible in the upper left. Below it, a white patient form is partially visible, containing fields for 'PATIENT', 'TELEPHONE', 'EMPLOYMENT', and 'INSURANCE'. A black pen is lying on the form. The text is overlaid on a semi-transparent light beige rectangle.

Disclaimer

The content in this presentation is based on current regulatory guidelines. Information related to health care reform is rapidly changing.

Participants should consult with their legal counsel or benefits professional regarding situations specific to their organization.



About SET SEG



- > Established as a non-profit in 1971
- > We only work with Michigan public schools
- > We provide employee benefits, property/casualty, and workers' compensation insurance solutions
- > Over 300 Michigan school districts use SET SEG for employee benefit services
- > We are an insurance agency & employee benefits consultant
- > Insurance agencies can represent multiple carriers and are responsible for selling (and servicing) the plan
- > We are not a health insurance carrier
- > A health insurance carrier provides the coverage and assumes the risk

State Level Reform

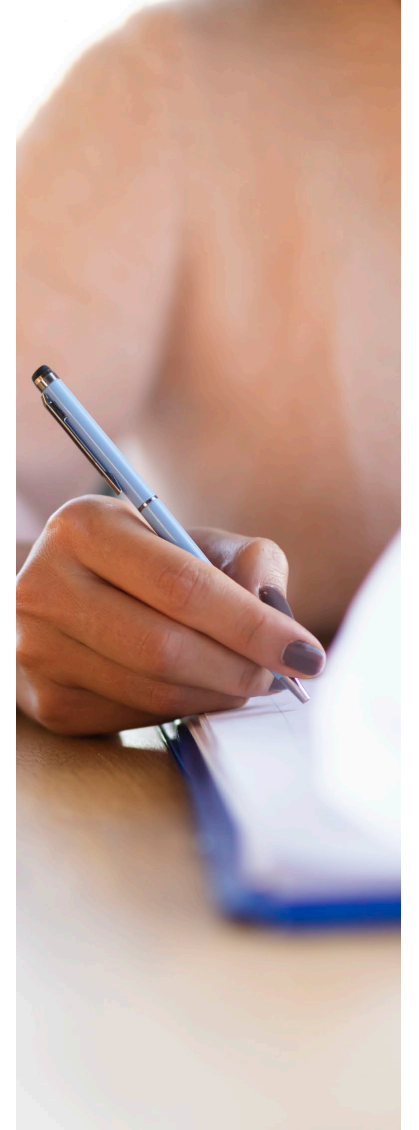


- PA 106
- PA 152
- Transparency Reporting

PA 106

School districts must “solicit” four or more bids for medical plans, one of which must be a VEBA...

- Every three years
- When looking at plan design options
- Or when “establishing a new plan”



PA 152



Limits public employers' expenditure for employee medical benefit plans

- > 80/20 rule
- > Statutorily-defined hard caps

> 2023 PA 152 Caps (1.3%)

1P	\$7,399.47
2P	\$15,474.60
FF	\$20,180.43

> 2024 PA 152 Caps (4.1%)

1P	\$7,702.85
2P	\$16,109.06
FF	\$21,007.83



Transparency Reporting

- Districts must make information available regarding each benefits plan they offer to their employees
 - Including medical, dental, vision, disability, long-term care, or other benefits that would constitute healthcare services offered to district employees

Basic Terms

What you will pay



Premium

The amount you pay monthly to be covered by your health plan

+



Deductible

The amount you owe for healthcare services you receive during the year

+ / or



Co-payment

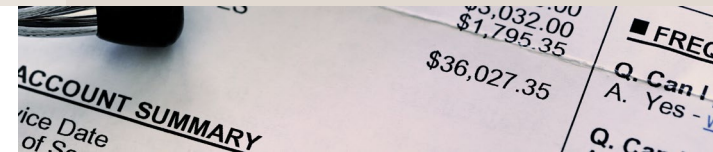
A flat payment amount that you are responsible for at the time of service – usually a nominal fee paid toward the expense of getting care

+



Co-insurance

The percentage of the amount paid to a health care provider that you are responsible for



Quick Recap

Insurance Principles



Funding

Fully-insured

Level funded

Self-funded



Networks

PPO

POS

HMO

Narrow network



Coverages

Medical

LTD

Dental

STD

Vision

Voluntary

Life

Understanding Your Health Insurance Cost



Know the terminology:

- Premiums
- Claims
- Reserves
- Employee Cost Shares

PA 579 can assist for large groups





Basic Terms



Formulary

At its most basic level, a formulary is a list of medicines. The main function of formularies today is to specify which medicines are approved. The development of formularies is based on evaluations of efficacy, safety, and cost-effectiveness of drugs.

Network

A group of doctors, hospitals and other health care providers contracted to provide services to insurance companies customers for less than their usual fees. Provider networks can cover a large geographic market or a wide range of health care services. Insured individuals typically pay less for using a network provider.



Concept of Health Insurance

Insurance is simply paying someone to assume risk on your behalf

01

Cost

Premium amounts

02

Flexibility

What doctors/
hospitals/specialists
you can use

03

Coverage

Deductible/coinsurance/
copayments/out of
pocket maximums

These three “levers” of
health insurance work
together to help
individuals select a
plan that best meets
their needs





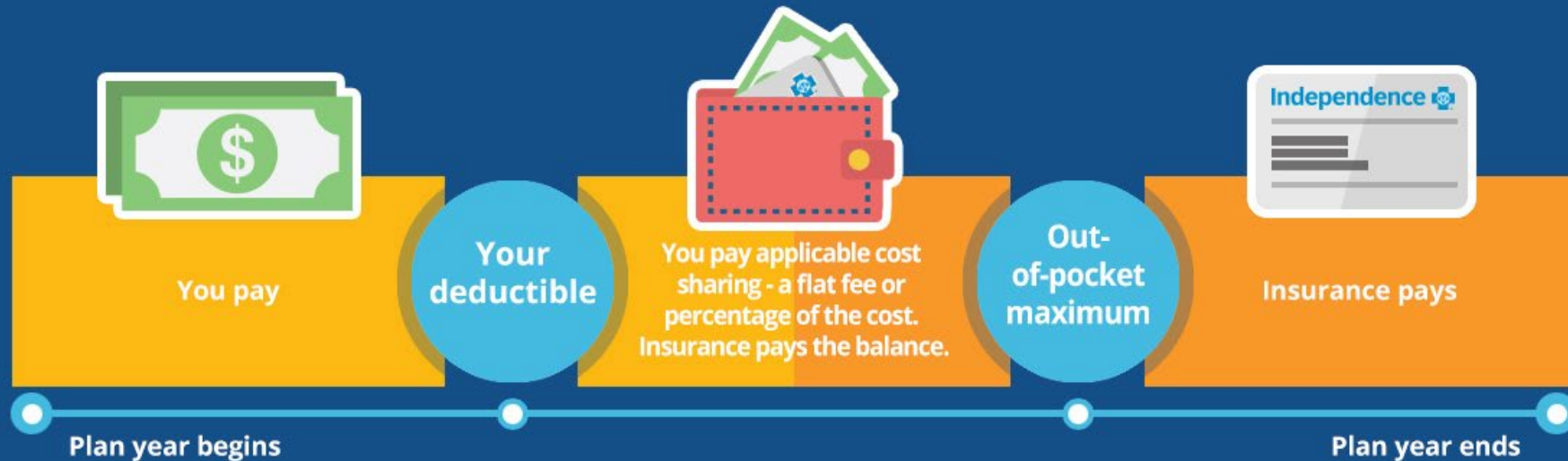
All About Deductibles

Independence 

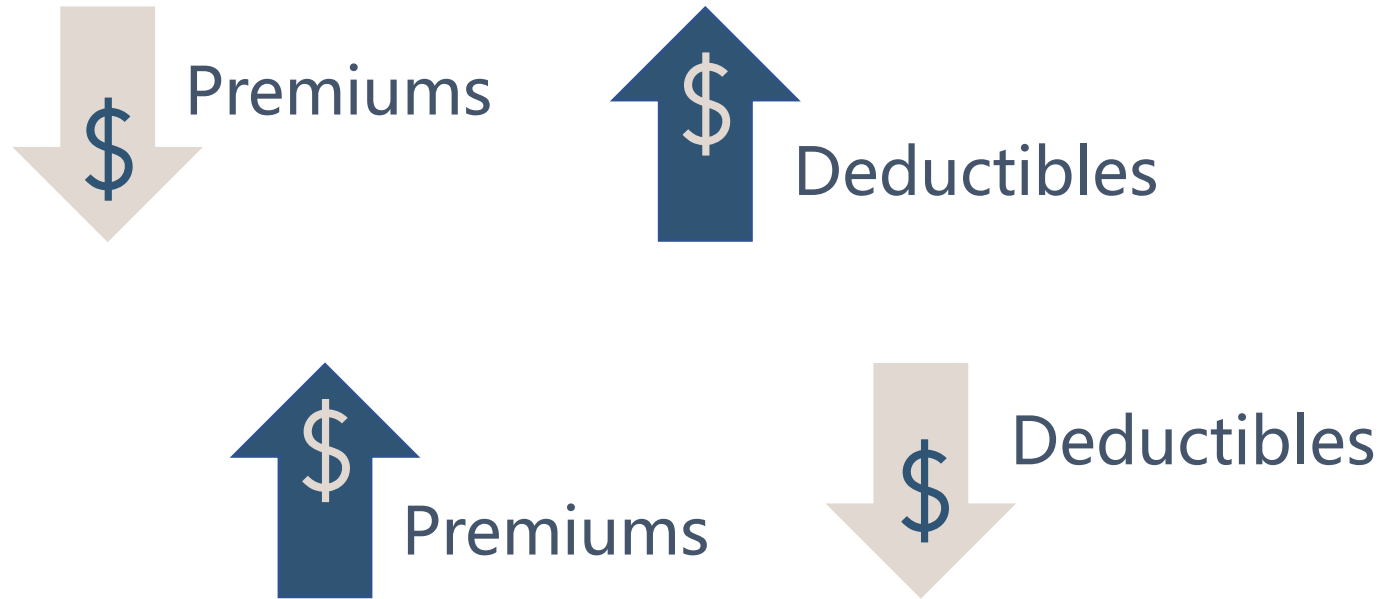


What's a DEDUCTIBLE?

A deductible is the amount you pay each year before your health plan begins paying for some or all of covered health care services.



Relationship Between Insurance Deductibles & Premiums



Types of Health Insurance



Individual

Obamacare/ACA marketplace is a type of individual health insurance



Group (Employer)

This is what SET SEG manages



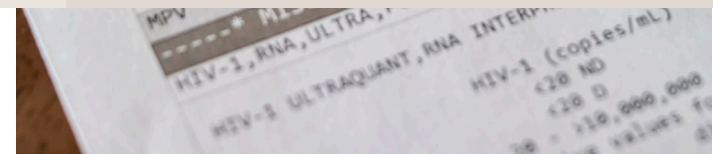
Medicare

For those who are disabled or 65+



Medicaid

For those who have a financial need





Types of Health Insurance Plans

- Traditional
 - Higher Premium, lower deductible
 - First dollar coverage with copays
- High Deductible Health Plan
 - Lower premium, higher deductible
 - Paired with tax-advantaged HSA
- Health Lifestyle
 - Incentivized benchmarks for higher coverage

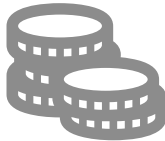
Half of the US Population Accounts for 97.1% of Healthcare Spending

Half the Population



97.1%

The Other Half



2.9%

The Top 1% of
Health Spenders



\$51,951 or more per
person annually



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



Figure 17

Cumulative Increases in Family Coverage Premiums, General Annual Deductibles, Inflation, and Workers' Earnings, 2013-2023



NOTE: Average general annual deductibles are for single coverage and are among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.

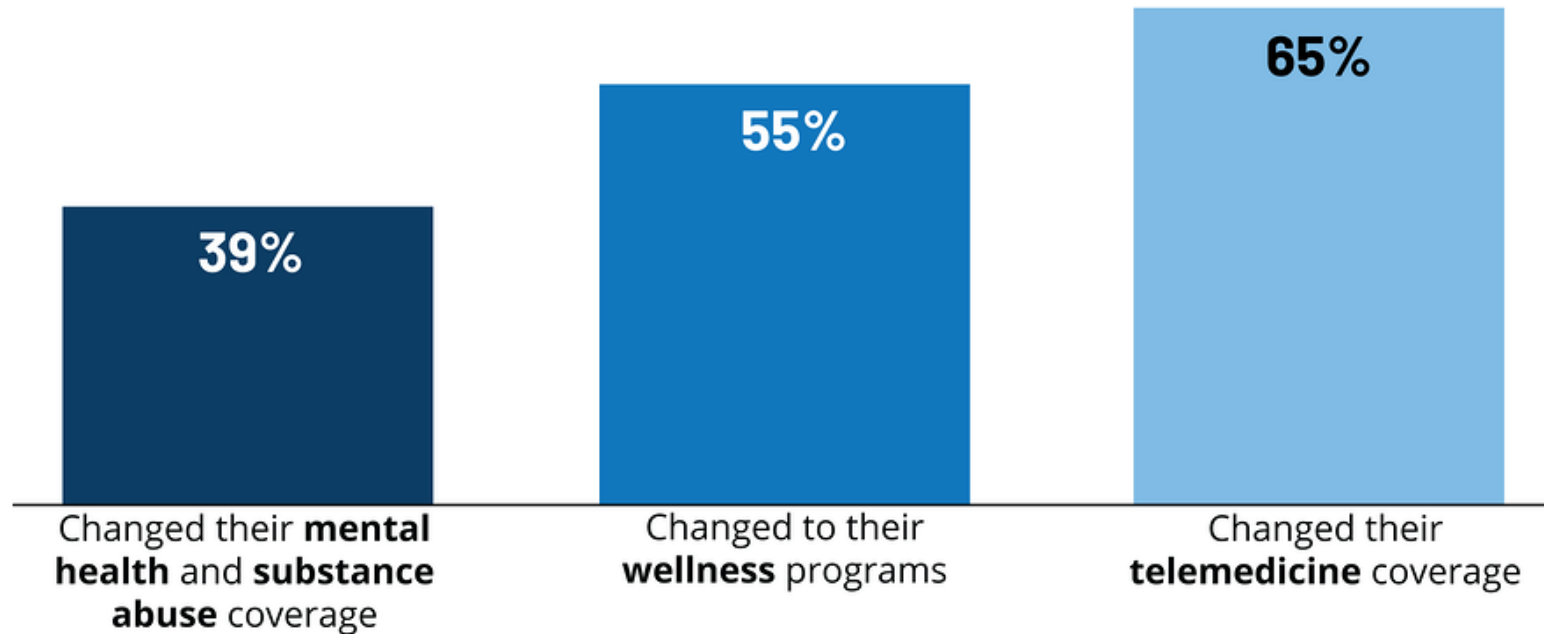
SOURCE: KFF Employer Health Benefits Survey, 2018-2023; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation, 2013-2023; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2013-2023.

Covid-19 Pandemic



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



Medical Loss Ratio (MLR)

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

Medical Loss Ratio

(difference)*



**Target MLR =
85%**

Claims paid by carrier

**This is the carrier's profit!*



Trendy Benefits

What your employees are looking for

Long Term Care

What is it?

How does it work?

Why is it important?

Employee Assistance Programs

Not all EAPs are the same, but determine for your district if you want to “check a box” or be proactive in assisting the mental wellness of your staff

Direct Primary Care/Health Clinics

What are they?

How do they work?

What are the benefits?

**be cautious when partnering with health systems*

Increased Appetite for Injectables & Diabetes Weight Loss Meds

Be cautious. Self-funded plans have more control over formulary



How to Optimize Your Healthcare Plan



Optimizing Your Medical Coverage



The costs of care can vary quite a bit from one type of care to another.
Your options for a 'sore throat' ...

Types of Care	Cost of Care
Use Telemedicine	\$50 or less
Visit Physician	\$90-110
Visit Urgent Care	\$130
Visit the ER	\$1,250-1,500



Optimizing Your RX Coverage

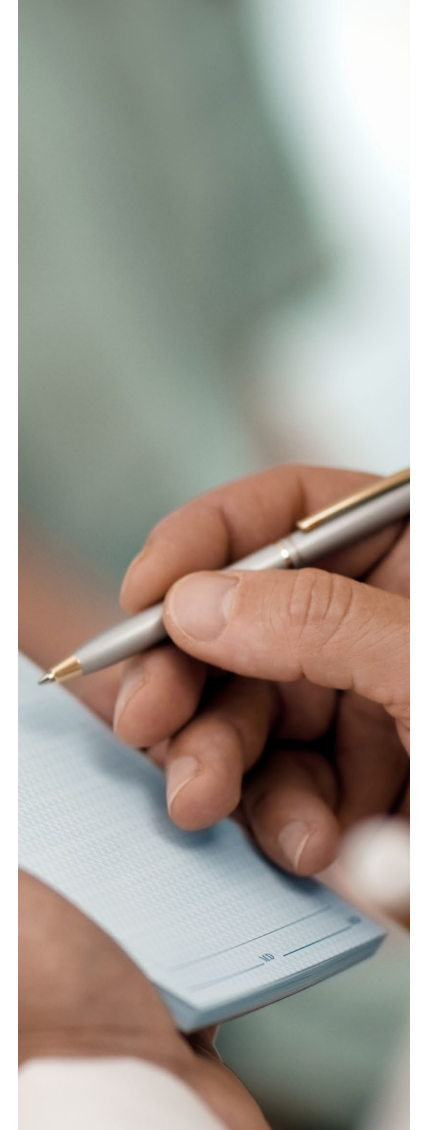
Becoming a savvy Rx shopper is one of the best ways to reduce your healthcare costs. There are a few simple steps we all can take that have the potential to save us hundreds, if not thousands of dollars.



Optimizing Your RX Coverage

Always talk to your doctor about the medications you are taking.

- How much does this medication cost?
- Are there cheaper alternatives that I could take together that would provide the same outcomes?
- Is there a low-cost generic option available?





Online Shopping Optimizing Your RX Coverage

There are a few great tools to use online that can help you find the cheapest pharmacies and coupons for the medications you are taking.

- Good Rx – www.goodrx.com
- Pharmacy Checker – www.pharmacychecker.com

*If you use coupons, you may not get deductible credit for the Rx purchase

Coumadin Jantoven, Warfarin

WARFARIN is an anticoagulant. It is used to treat or prevent clots in the veins, arteries, lungs, or heart. The lowest GoodRx price for the most common version of warfarin is around \$4.00, 78% off the average retail price of \$18.30. Compare [anticoagulants](#).

Prescription Settings: warfarin (generic) | tablet | 5mg | 30 tablets | SHARE

Prices and coupons for 30 tablets of warfarin 5mg

Set your location for drug prices near you

CVS pharmacy Pay just \$7.98 with GoodRx Gold at CVS. Save even more on your family's prescriptions at CVS and other pharmacies with a GoodRx Gold membership. [SIGN-UP](#)

Pharmacy	Price	Coupon
Walmart	\$4.00 cash	NO COUPON NECESSARY
Kroger Pharmacy	\$14 est cash price \$7.43 with free coupon	GET FREE COUPON
Kmart	\$11 est cash price \$10.16 with free coupon	GET FREE COUPON
Costco	\$10.17 with free coupon	GET FREE COUPON

ACA Tracking & Reporting Update





ACATR

A Quick Refresher

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

Employer Requirements

1. Minimum essential offer requirement
2. Affordability and minimum value requirements
3. Reporting requirement





ACATR

Offer Requirement

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

Standard MEC provides for wellness, preventative services, prescription discounts, and telehealth services.

What does ACA consider full-time?

An employee working at least 30 hours on average each week.



ACATR



Affordability & Minimum Value Requirement

1. Coverage must be “affordable” meaning that it can’t cost the employee more than 9.12% of their household income
2. Coverage must provide “minimum value” meaning that it must pay for at least 60% of a person’s average annual medical expenses

ACATR



Employer Shared Responsibility Penalty

Tax Filing Year	2023	2024
4980H(a) Penalty		
Annual Amount (per employee)	\$2,880	\$2,970
Monthly Amount (per employee)	\$240	\$247.50
Required Med Offer % of Full-time	95%	95%
Full-time Exemption	30	30
4980H(b) Penalty		
Annual Amount	\$4,320	\$4,460
Monthly Amount (per employee)	\$360	\$371.67
Affordability Safe Harbor %	9.12%	8.39%
Applicable 100% FPL (prior year)	\$13,590	\$14,580
FPL Affordability Annual Amount	\$1,239.40	\$1,223.20
FPL Affordability Monthly Amount	\$103.28	\$101.94
Employer assessment would only be imposed if at least one employee seeks and receives a Marketplace subsidy		

Examples of Employer Penalties

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

The penalty is \$2,880 per full-time employee, excluding the first 30 employees.



Employer

500 full-time employees



Trigger

One employee purchases
coverage on the
marketplace and receives a
federal premium subsidy



Penalty

\$2,880 per full-time employee
(minus first 30)

$500 - 30 = 470$ employees

$470 \times \$2,880 = \$1,353,600$ penalty

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

100 full-time employees
Employer offers coverage, but
coverage is not affordable
and/or doesn't provide
minimum value



Trigger

Penalty is triggered if one employee
purchases coverage on the
marketplace and receives a federal
premium subsidy

25 employees purchase coverage on
the marketplace and receive subsidies



Penalty

Lesser of \$2,880 per full-time
employee (minus first 30)

OR

\$4,320 per full-time employee
receiving a federal premium subsidy

$70 \times \$2,880 = \$192,500$ penalty

$25 \times \$4,320 = \$108,000$ penalty
(lesser penalty applies)



ACATR

Employer Shared Responsibility Penalty

- Most employers will work to ensure they avoid \$2,880 on every employee – 4980H(a) Employee Mandate
- Some employers may be comfortable with the \$4,320 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

Reporting Requirements – IRS Form Filing Dates

Calendar year 2023 forms will be filed in year 2024

Generally, you must:

- Mail 1095-C forms to your employees by 3/4

- Electronical file 1094-C and 1095-C forms with the IRS by 4/1



Questions?



Thank You!



Finalize Credit for Attendance

New Process: The MSBO Evaluation is your record for attendance.

Please complete by January 18

- ✓ Receive an email from survey monkey for the MSBO evaluation. Your evaluation will be your record for attendance.
- ✓ Receive e-mail from MOECS-noreply@michigan.gov to fill out an evaluation for SCECHs.