

SOUTH DAKOTA BOARD OF REGENTS

Full Board

AGENDA ITEM: 12

DATE: June 10-11, 2015

SUBJECT: Secondary Athletic Insurance

On April 14, 2015, Ms. Molly Weisgram, Dr. Monte Kramer, Ms. Kayla Bastian met with Mr. Chris Nixon from Dissinger Reed Administrators to discuss claims data, alternative plan design options, and proposed premiums for the 2015 plan year. The current insurance carrier is not renewing any athletic insurance policies after completion of the current plan year; additionally, our claims processor is also exiting the athletic insurance market. Dissinger Reed sought quotes from eleven insurance carriers. Five of the eleven declined to quote for various reasons, and we were presented with premium quotes from the remaining six carriers.

As you can see in the table below, in 2012 the premium for the five universities participating under this plan was \$493,000.00. As of April 2015, claims from that two-year benefit period are \$717,597.00. In 2013, premiums were raised to \$527,420.00, currently claims are at \$734,210.00. The 2014 premium was \$743,000, currently the claims are \$237,512.00; Dissinger Reed projects that at the end of the two year benefit period claims will total \$842,054.00. Due to the claims levels, the loss ratio is projected to be 113% for the 2014 plan year. The University of South Dakota has a separate plan through Dissinger Reed that includes a \$3,000.00 deductible.

Premium and Claims History 2012 – 2014 (Claims data as of April 2015)						
Campus	2012 Premiums	2012 Claims	2013 Premiums	2013 Claims	2014 Premiums	2014 Claims
BHSU	\$87,000	\$102,191	\$93,000	\$108,193	\$115,000	\$11,178
DSU	\$51,000	\$53,387	\$54,570	\$49,370	\$75,000	\$13,854
NSU	\$93,000	\$163,022	\$99,510	\$134,100	\$150,000	\$68,826
SDSMT	\$63,000	\$51,493	\$67,410	\$49,333	\$53,000	\$52,845
SDSU	\$199,000	\$347,504	\$212,930	\$393,214	\$350,000	\$90,809
Totals	\$493,000	\$717,597	\$527,420	\$734,210	\$743,000	\$237,512

(Continued)

RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR

Review, discuss and approve the proposed revisions to BOR Policy 3:14 to make participation in the secondary athletic insurance plan optional to the institution.

Dissinger Reed presented quotes for fully insured premiums, including deductible options. In addition, they provided us with a quote for an aggregate deductible plan. Attachment I includes the proposed premiums from the lowest cost option for the fully insured plan, including deductible levels of \$500.00, \$1,000.00 and \$2,000.00. Dissinger Reed has indicated that each university can select its own plan design. In addition, they presented an aggregate deductible plan design option; this is a hybrid plan that includes elements of a self-insured and fully insured plan (See Attachment I).

In recent years, NCAA Division II and NAIA institutions have billed all, or a portion of, the cost of the secondary athletic insurance to the student athletes, and included an opt-out process for students who had a primary plan that met an outlined set of requirements. Since it is a blanket policy, the premium is based on headcount and there is no provision for a negative check-off procedure; the university was then responsible for the remainder of the premium that was not covered by the student fee due to opt-outs.

Recommendation from the Executive Director

Due to the rising cost of the insurance program and increasing fee to the student athletes, the Presidents from the NCAA Division II and NAIA institutions expressed significant concern regarding the sustainability of the insurance program at the May COPS meeting. In reviewing the claims and premiums history, even with the inclusion of a deductible the expense of this program is likely financially unsustainable for the athletic programs at the non-Division I institutions. Therefore, the Presidents requested that the Executive Director make a recommendation to revise BOR Policy 3:14 to remove the mandate for secondary athletic insurance, and allow institutions to follow the NCAA compliance guidelines.

The NCAA requires member institutions to certify insurance coverage for medical expenses resulting from athletically related injuries sustained while participating in defined covered events. This insurance coverage must be of equal, or greater value, than the deductible of the NCAA catastrophic injury insurance program, \$90,000.00, and may be provided through parents' or guardians' insurance coverage, participant's personal insurance coverage, or the institution's insurance program. The NAIA catastrophic injury insurance program deductible is \$25,000.00. The requirement is intended to ensure that student-athletes have coverage for medical expenses related to injuries resulting from participation in covered NCAA sports activities. If the institution requires student-athletes to provide evidence of insurance in place of providing insurance, the NCAA recommends that the institution collect the following information:

1. Copy of a current insurance card;
2. Insurance company information;
3. Coverage effective dates;
4. Limits of insurance;
5. Deductible/Co-Insurance information;
6. Confirmation that the policy does not exclude intercollegiate athletics.

If a secondary athletic insurance plan is not required through BOR Policy 3:14, the institution will be required to implement an auditable process to confirm that student athletes are insured, and to remain in compliance with NCAA guidelines. SDBOR recommends a primary insurance verification process that collects the information recommended by the NCAA, and additional items as required by SDBOR. The additional SDBOR requirements are outlined below:

1. Healthcare provider network information to ensure coverage is applicable with South Dakota providers;
2. A primary health insurance deductible of \$2,500.00 or less;
3. Insurance plan document;
4. A signed form acknowledging the insurance requirements and waiving the institution of covering any responsibility for medical costs incurred due to injuries sustained while participating in intercollegiate athletics.

Additionally, SDBOR recommends that institutions purchase an insurance verification software program to use as an audit tool to validate that insurance remains in effect for student athletes while they are in training. Institutions will also need to have a process in place to assist students who do not have proper coverage in obtaining a valid primary health insurance plan. Each institution will then be audited by the SDBOR internal auditor annually to certify compliance. The institutions will also need to prepare a communication plan regarding the changes, and to outline the documentation that student athletes will need in order to be able to participate in athletic related activities.

The NCAA Division I universities have indicated they will continue to offer and pay for secondary athletic insurance in order to meet their recruitment needs. Dissinger Reed has stated that the rates will stand for each institution regardless of the decision made by the NCAA Division II and NAIA institutions.

CARRIER: Nationwide Life Insurance Company TPA: K & K Fully Insured Plan				
Deductible Options	\$0	\$500	\$1,000	\$2,000
BHSU	\$174,000	\$139,701	\$127,108	\$107,811
DSU	\$81,900	\$65,991	\$60,197	\$51,216
NSU	\$262,000	\$204,910	\$182,890	\$152,675
SDSU	\$559,900	\$478,345	\$432,935	\$365,050
SDSMT	\$133,000	\$106,559	\$96,784	\$81,952
TOTALS	\$1,250,800	\$995,506	\$899,914	\$758,704

CARRIER: Berkley Life and Health Insurance Company TPA: A-G Administrators Aggregate Deductible Plan						
	BHSU	DSU	NSU	SDSM&T	SDSU	TOTAL
AGGREGATE DEDUCTIBLE ATTACHMENT POINT (Maximum amount paid through self-insurance)	\$170,000	\$84,000	\$240,000	\$95,000	\$550,000	\$1,139,000
STOP LOSS PREMIUM (Premium paid to insurance company)	\$25,000	\$14,000	\$15,000	\$15,000	\$85,000	\$174,000
TPA/Claims Administration Fees	\$25,000	\$15,000	\$30,000	\$15,000	\$80,000	\$165,000
Total Hard Costs (TPA Fee and Premium to Ins.)	\$50,000	\$29,000	\$30,000	\$30,000	165,000	\$339,000
Maximum Plan Cost (Worst case scenario)	\$220,000	\$113,000	\$305,000	\$125,000	\$715,000	\$1,478,000
Total Upfront costs (Total Hard Costs + ½ of Attachment Point)	\$135,000	\$71,000	\$150,000	\$77,500	\$440,000	\$908,500

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Student Insurance

NUMBER: 3:14

1. Preamble

Students attending postsecondary institutions that offer insurance coverage to their students but who do not purchase coverage are ineligible for benefits under South Dakota Codified Law Indigent Coverage provisions. Whether they are United States citizens, permanent residents or otherwise excluded from the requirements of section two below, **choosing not to purchase health insurance may negatively impact students and their financial future. The South Dakota Board of Regents highly recommends that students secure some form of health insurance coverage.**

2. Foreign National Students

Foreign National students, except for those entitled to establish a legal domicile in South Dakota, who have enrolled in any Board of Regents university, are required to purchase a university approved health insurance plan. Spouse and dependents are also required to have proof of insurance and must submit this to their university representative by the census date, as outlined in the academic calendar. Exemptions to this student requirement may be granted by the designated university administrator. This can only occur when comparable or superior health insurance is provided for the student by the student's sponsoring agency or government; or the student is covered by an employer policy. In either circumstance, the student is required to document the coverage and the scope of coverage provided under the sponsoring agency of employer plan. Students who transfer to a university in the spring and summer terms may also be exempted by the designated university administrator, provided that their previous institution required the purchase of comparable, non-refundable coverage and that coverage is still in force for the remainder of the school year. Students who do not have a waiver or are not enrolled and who have spouse and dependents not covered may be withdrawn from the university. Those Foreign National students who have not completed a waiver and have not provided proof of coverage by the census date, as outlined in the academic calendar, shall be withdrawn from the university. Withdrawal from the university will also result in termination of enrollment in the Student and Exchange Visitor Information System (SEVIS).

Foreign National students who plan to enroll in the following Fall semester must purchase the Spring/Summer university approved health plan. Students may request a waiver of the Spring/Summer plan requirement if they can demonstrate *proof of return to their home country over the summer*. Any student who receives a waiver and subsequently purchases a university approved health plan maybe subject to a pre-existing condition waiting period as documented in the health insurance policy.

3. Student Athletes

A. Primary Health Insurance

All student athletes must have a primary health plan. This plan can be approved by the University. Primary insurance plans for foreign national student athletes must meet the same benefit requirements of a university approved health insurance plan. If the foreign national student athlete can provide documentation of primary coverage either through a parent, employer, or country sponsored coverage, that student can request a waiver. Eligible documentation and proof of insurance is required to sustain the waiver.

For a student athlete to be eligible to participate in any intercollegiate athletic related activities they must provide the following documentation:

- 1) Copy of primary insurance card;
- 2) Insurance plan document that includes coverage effective dates, insurance company information, limits and exclusions of insurance plan, deductible and co-insurance information;
- 3) Healthcare provider network information to ensure full coverage with South Dakota providers;
- 4) A signed form acknowledging the insurance requirements and waiving the institution of covering any responsibility for medical costs incurred due to injuries sustained while participating in intercollegiate athletics.

B. Secondary Athletic Insurance

South Dakota Board of Regents universities can elect to provide a secondary athletic insurance policy for student athletes. ~~requires that all athletes have a secondary athletic insurance plan.~~ Coverage under the secondary athletic insurance plan should be at levels consistent with national athletic association and conference requirements.

4. J-1 and J-2 Scholars/Students

The Department of State (<http://j1visa.state.gov/sponsors/how-to-administer-a-program/>) federally mandates all J-1 and J-2 status holders to carry adequate health insurance coverage. The J-1 scholars must purchase insurance for themselves and must purchase a university approved health insurance plan. J-2 dependents must have proof of insurance. If J-1 scholars or their dependents fail to maintain the mandatory health insurance coverage, they will be in violation of federal immigration regulations and will be subject to termination as a participant; and must leave the US immediately.

Due to this requirement, it is the policy of the Board of Regents that all J-1 students and scholars will be required to purchase a university approved health plan or provide documentation that they are covered by an employer plan and complete such waiver form to request an exemption.

5. Students, Faculty and Staff Participating in University Affiliated International Activities

Effective on January 1, 2010, students participating in a university affiliated international activity must purchase the Board of Regents endorsed study abroad insurance plan. Effective on January 1, 2013, faculty and staff participating in a university affiliated international activity are required to enroll at the expense of the university in the Board of Regents endorsed study abroad insurance plan. The affiliated university may waive this requirement upon proof of comparable nonrefundable comprehensive international insurance coverage which is through a sponsored program at that university. Each university will retain management of such waivers and ensure all students have the required insurance.

SOURCE: BOR, September 1992, August 2009, August 2010, August 2012, August 2014, [June 2015](#).