Cost Containment: A Source of Revenue

Collegiate Sports Medicine
Revenue and Reimbursement Workshop
Deerfield Beach, FL

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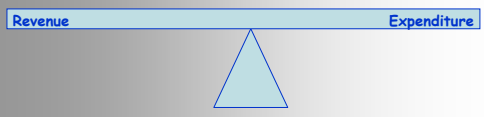
Objectives

- Review the need for strategies in managing health care costs
- Look at challenges facing Athletic Departments
- Review strategies to embrace
- Results
- Conclusions

Sources of Revenue for Athletic Injuries

- Primary Insurance
- Excess Insurance
- Adjustments – Primary Insurance
- Contractual agreement – Adjustments
- Athletic Department payment

Thoughts Regarding Sources of Revenue for Athletic Injuries



- If we save, more available for expenditures
- Sponsorship – Brings in Revenue
- Cost Containment – Aims to Reduce Expenditures While Increasing Revenue
- Contracts – Great effort toward reducing Expenditures

Primary Insurance Plans

Indemnity (Fee – for – Service)

- Pay both an annual amount (deductible) and a monthly fee
- Insurance company covers a portion, usually 80% of remaining bills
- You have to pay doctors and then wait for reimbursement
- If doctor charges more than your insurance company considers "customary", you may have to pick up the balance. Some tests and medications may not be covered.

Primary Insurance Plans

Health Maintenance Organization (HMO)

- Doctor, emergency room and hospital visits, tests and more are covered for a monthly premium and a small co-pay, usually $10 to $20.
- Choose a primary care doctor – refers you to specialists as needed.
- **Benefit:** More predictable and less expensive than indemnity.
- **Drawback:** You must use the doctors – including specialists – in the company's network. The HMO may deny certain treatments.

Primary Insurance Plans

- **Preferred Provider Organization (PPO)**
  - Combination of indemnity and HMO.
  - Physician must come from the company's network or you pay extra.
    - Within the network, most bills are covered.
  - **Benefit:** you have a wider choice of doctors and can go whenever you want. Preventive care and generic drugs are usually available, at reasonable cost.
  - **Drawback:** Doctors and hospitals are often limited.

Primary Insurance Plans

- **Health Savings Accounts (HSAs)**
  - Signed in law in 2003, these allow you to sock away $2,600 each year ($5,150 for a family) into a tax-free account.
  - Money can be used to pay medical expenses not covered by your policy; if you stay healthy, it rolls over to the next year.
  - **Benefit:** Covers expenses not paid by your regular insurance.
  - **Drawback:** You have to have a high-deductible policy (Minimum $1,000) to qualify for a HSA.

Primary Insurance Plans

Disability

- If you're disabled and can't work, you get a check each month.
- **Benefit:** You're more likely to be disabled in your working years than die; this insurance could turn out to be invaluable.
- **Drawback:** Expensive, hard to get.

Primary Insurance Plans

Hospital Indemnity

- If you can't afford health insurance or your employer does not provide it, this stopgap will cover some of your bills if you are hospitalized.
- **Benefit:** If you have a co-insurance obligation for hospital stays, this can come in handy.
- **Drawback:** Can be hard to get full coverage if you have a poor health history.

Primary Insurance Plans

Long-term Care

- Covers home care, nursing-home care or assistant living, which Medicare and most health plans don't.
- **Benefit:** You won't have to sell your home or use all your savings to achieve a pleasant living situation.
- **Drawback:** Can be expensive, especially if you purchase when you're older than 65.

Goal

- Apply expenses to non-departmental streams
- Offset departmental expenditures for insured student-athletes
  - Primary Insurance
  - Write-off agreements
  - Gifts in Kind
  - Trade – Outs

Athletic Department's Responsibility





- Care for student-athlete
- Responsibility to Spectators
  - Issues of heat
  - Lightning
- Aim today at student-athlete safety

Considerations

- Standard of Care – costs money
- Professional Staffing – costs money

How to achieve a higher standard of care with minimal fiscal expenditures!

Thoughts . . .

Challenge	Solution
Lightning	Emergency Plan, Lightning Monitoring Plan
Recent Deaths	Preparticipation Screening, Emergency Plan, Catastrophic Event Plan
Athletic Training Staffing Challenges	AMCTF Recommendations, Educational Program vs. Work Force
Year-Round Workouts	Autonomy of ATC, CPR Training of Coaches, Emergency Plan

New NCAA Legislation on Payment of Medical Expenses

- Potential to provide medical expenses for any condition – regardless if Athletically Related
- "Haves" vs. "Have-Nots"
- Need institutional policy consistent with mission of department



Staff Philosophy

- Increase standard of care - lower costs
- Linked efforts
  - University medical school
  - Private practice physicians
  - University community
  - Local emergency medical services
  - High schools
  - Local and regional businesses



Ratio for Health Care Services

Actual costs of services received

Actual payments by institution

Financial Side of Athletic Medicine

- In the '90's, reviewed what it cost to provide health care to the university's student-athletes
  - Primary insurance evolved to excess insurance
  - Physician Retainers
  - Volume Discounts
    - Hospitals
    - Physician Providers
    - Braces
    - Labs Services
    - DME

1990 Budget

Medical Services	$81,600
Pharmacy	24,700
Contracts	65,000
Excess Insurance	88,400
Medical Supplies	104,000
	$363,700

2.18% of department $16,700,000 budget

Anterior Cruciate Ligament

Surgical Suite	$5,000
Anesthesia	1,800
Orthopaedic Surgeon	3,500
Rehabilitation	3,000
	$12,000

Primary insurance pays $8,500

Strategy for balance of $3,500

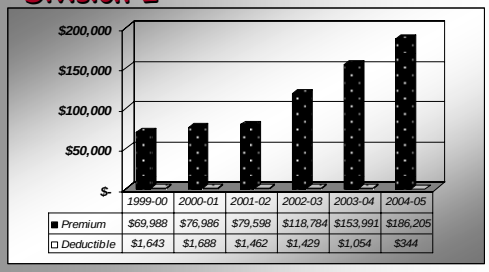
- Primary Insurance
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Strategies of the '90's

- We had 20% discounts – thought this was very aggressive
- Insurance companies started getting involved with "allowable charges" and "usual and customary"
  - Rates were geographic specific
  - Difficult to get the actual rate schedule
- With industry changes, 20% discount was not an aggressive strategy



Review of Premium and Deductible Amounts in NCAA Division I



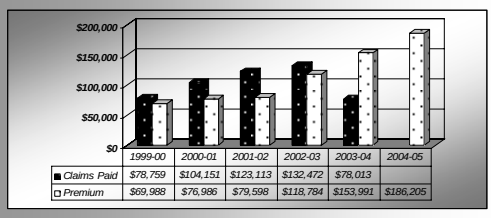
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Premium	$69,988	$76,986	$79,598	$118,784	$153,991	$186,205
Deductible	$1,643	$1,688	$1,462	$1,429	$1,054	$344

n = 16

Economics of Excess Insurance

- Added to each dollar paid by an insurance company are administrative fees
  - Premium taxes
  - Reinsurance charges
- Today the average is 30% - 37%
- *Self fund as much of the cost as budget allows*

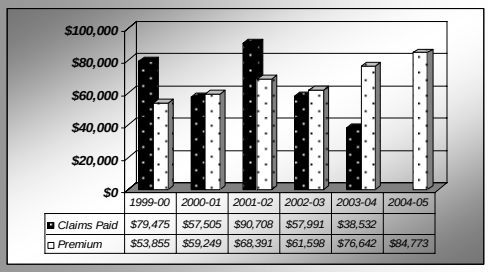
Division I Paid Claims



	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Claims Paid	$78,759	$104,151	$123,113	$132,472	$78,013	
Premium	$69,988	$76,986	$79,598	$118,784	$153,991	$186,205

n = 16

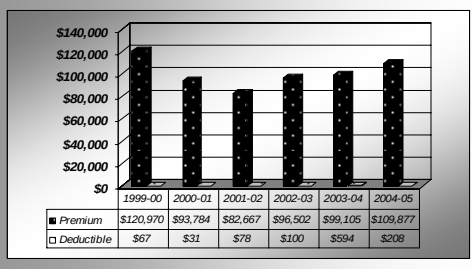
High Deductible Composite Worksheet



	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Claims Paid	$79,475	$57,505	$90,708	$57,991	$38,532	
Premium	$53,855	$59,249	$68,391	$61,598	$76,642	$84,773

n = 15

NCAA Division I-AA Premium



	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Premium	$120,970	$93,784	$82,667	$96,502	$99,105	$109,877
Deductible	$67	$31	$78	$100	$594	$208

n = 23

In The Future . . .



- Plan for student-athletes currently enrolled in managed care contract
- Can service be obtained with your institution's providers?
  - Academic restraints
  - Service within protocol
- Example: MRI, special bracing, etc.

What We've Gained . . .

- Increased care—more involvement with Team Physicians—attending and residents
- Increased physician patient hours per student-athlete—higher standard of care
- Less departmental expenditures



Strategies

- Institutions needs guidelines to utilize personal primary insurance
  - Execute annually
  - Have on file prior to pre-participation examination
  - Parental Insurance is primary
- Identify providers with greatest discounted services
- '05 NCAA Mandate – Insurance Certification

Effect of 911

- Since 9/11, rates for all insurance have increased
- 01 – 02 – increases were 18% - 25%, and some as much as 500%

Analysis

- Need to compare apples to apples
  - Blue Cross / Blue Shield rates (large providers in many markets)
  - Medicare Rates (national provider) – offer to work off of a percentage of these rates



What We Did



- Excess Insurance posture
  - ↑ Deductible, ↓ premium (self-insure)
  - ↑ Premium, ↓ Deductible
- Contracts with Providers – Aggressive Contracts
  - Hospital
  - Lab Services (outsourced from clinical facilities)
  - MRI – capped costs
  - Consulting Physicians
    - Work off of standard rates – fees (percentage of Medicare allowable)
    - Standardized language among referrals
    - Referral by staff member
- Changes do not reflect special contracts
  - Eye care
  - Sample Medications

To Decrease Expenditures . . .



- File with primary insurance of student-athlete
- Identified providers – active list of consultants
- Active utilization of primary insurance

Why Discounts to Institutions?

- Provide all primary insurance information
- High profile affiliation
- Low risk group of insurability (Student-athletes)



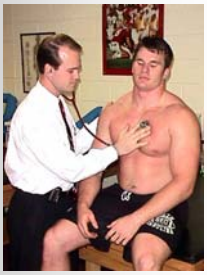
Athletic Department's Expectation of Hospital

- Accessible
  - Surgery (weekends, special needs)
  - Labs (CT, MRI)
- Equipment for Specialty Surgeons
- Home Health - Recovery
  - On-campus
  - Support Network
    - Academics - Housing
    - Food Services



Strategies to Consider: Insurance Company

- Daily physician clinics: General Medicine and Orthopaedics
- In house x-ray
- Surgical procedures performed on out-patient basis
- Rehab by certified athletic trainer—no expense for procedures treated in-house



Strategies to Consider: Provider of Services



- Primary insurance information provided to vendors following pre-participation screening
- All procedures filed with primary insurance provider
- Athletic Department only responsible for those referred by Athletic Training office and accompanied by appropriate form

Strategies to Consider: Hospital





- Increase bed nights and/or procedures
- Increased cases for local care
- Advertisement of care with local institution—newspaper

Strategies to Consider: Family



- Increased standard of care
  - Daily primary care clinics with Family Practice and Orthopaedics
  - Surgical procedures performed on outpatient basis
  - Rehabilitation in campus clinics

Strategies to Consider: Family

- Insurance on-file prior to pre-participation exam
- Pre-certify student-athlete with hospital—quick registration in emergency or procedures



Appropriate Medical Coverage Task Force – Institutional Worksheet

Sport	Base Units (From Table 1)	# of Seasons (Traditional and Nontraditional)	Adjusted Health Care Units B X C	Squad Size Units (# Athletes on Team) 40 (Minimum 1.0)	Adjusted Health Care Units (D X E)	Travel Units(1HCU for > 10 days travel/season)	TOTAL HCU (F + G)
A	B	C		E	F	G	H
Baseball	2.3	2	4.6	1	4.6	1	5.6
WBB	3	1	3	1	3	1	4
MBB	2.7	1	2.7	1	2.7	1	3.7
WXC	2.7	1	2.7	1	2.7		2.7
Football	3.7	2	7.4	3	22.2	1	23.2
Soccer - W	3.3	2	6.6	1	6.6	1	7.6
Soccer - M	3.3	2	6.6	1	6.6	1	7.6
Softball	2.3	2	4.6	1	4.6	1	5.6
W Track	3	2	6	1	6		6
M Track	3	2	6	1	6		6
Volleyball	2.3	2	4.6	1	4.6	1	5.6
Swimming	2	2	4	1	4	1	5
Equestrian	1	1	1	2	2		2
Cheers	2.7	1	2.7	1	2.7		2.7
Men's Golf	1	2	2	1	2		2
W Golf	1	2	2	1	2		2
M Tennis	1.3	2	2.6	1	2.6		2.6
W Tennis	1.3	2	2.6	1	2.6		2.6
							102.9
							8.575

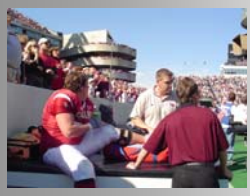
Health Care Costs - 5 Years

	Insurance Deductible	Excess Insurance Costs	Excess Insurance Payouts	Medical Out of Pocket - USC	Variance - Previous Year	Pharmacy Costs	Variance - Previous Year	Total Health Care Costs	Variance - Previous Year
02-03	$5,000	$83,730	$88,000	$318,000	14%	$63,000	-5%	$464,730	11%
01-02	$3,000	$72,400	$125,000	$274,000	21%	$66,000	32%	$412,400	16%
00-01	$2,000	$83,400	$61,000	$217,000	40%	$45,000	9%	$345,400	32%
99-00	$2,000	$65,000	$65,000	$130,000	27%	$41,000	37%	$236,000	18%
98-99	$2,000	$73,000		$95,400		$26,000		$194,400	

Cost per Student-Athlete by Injury

	Athletes	Amount Paid by USC	Total Injuries	Expenditure per Athlete	Expenditure per Injury
Baseball	40	$16,718	23	$418	$727
Cheerleaders	41	$7,237	36	$177	$201
Equestrian	26	$2,076	7	$80	$297
Football	129	$93,890	216	$728	$435
Men's Basketball	12	$33,267	50	$2,772	$665
Men's Golf	13	$605	3	$50	$202
Men's Soccer	24	$4,456	18	$343	$248
Men's Tennis	11	$3,676	4	$153	$919
M Track/Field	36	$16,906	38	$1,537	$445
Softball	15	$25,532	13	$709	$1,964
Swimming	38	$5,587	32	$372	$175
Volleyball	7	$18,345	9	$2,621	$2,038
W Basketball	21	$19,033	15	$501	$1,269
Women's XC	10	$5,354	2	$765	$2,677
Women's Golf	9	$499	1	$24	$499
Women's Soccer	16	$9,232	14	$923	$659
Women's Tennis	9	$5,271	3	$586	$1,757
W Track/Field	29	$20,402	24	$1,275	$850

Education of Departmental Staff



- Administration
- Athletic Trainers
- Physicians
- Coaches—educate about how to explain medical benefits
  - Not all accidents and illnesses covered (allowed but not required – July '04)
  - NCAA Bylaw 16.4

Athletic Department Fears

- Decreased benefits for intercollegiate athletics (Examples: insurance available to students on college campuses, benefits in large company insurance pools)
- No benefits for out of network providers (Examples: student-athlete from Atlanta wishing to have surgery in Columbia)



Program Implementation



- Decide insurance plan to utilize – deductible amount
- Detail efforts to provide care locally
- University may plan to pay bill, parent needs to feel need/ responsibility to assist with filing

Program Implementation

- Once injury occurs and meets the standard for our claim activity, we contact the vendor, monitor claims, and communicate with parent.
- Contact parent regarding what is happening
  - Send copies of payments and EOB
  - Forward any bills
- Monitor payments – no payments made directly to the parents



Program Effectiveness

- At the completion of the year, review the present program
- Strategies to further manage health care costs for subsequent years



Ratio: South Carolina - FY '93

	Received	Paid
Excess Insurance	$60,000	
Primary Insurance	$173,500	
Write-off	$36,000	
USC AD Medical Expenses		$61,500
Excess Insurance Premium		$102,800
Total	$269,500	$164,300

Ratio: 60.96%

Ratio: South Carolina- FY '02

	Received	Paid
Excess Insurance	$127,365	
Primary Insurance	$345,194	
Write-off	$385,095	
USC AD Medical Expenses		$227,792
Sansbury (eye care)	$18,000	$2,100
Pharmacy	$49,000	$18,000
Excess Insurance Premium		$83,730
Total	$924,654	$331,622

Ratio: 35.86%

Ratio: South Carolina- FY '03

	Received	Paid
Excess Insurance	$119,093	
Primary Insurance	$558,970	
Write-off	$469,881	
USC AD Medical Expenses		$214,130
Sansbury (eye care)	$18,000	$2,000
Pharmacy	$61,000	$45,000
Excess Insurance Premium		$92,968
Total	$1,226,944	$354,098

Ratio: 28.86%

In the Future . . .

- Primary benefits decrease
  - Denied coverage for intercollegiate athletics
  - No benefits for out of network providers
- Excess accident premium increase
  - Increased payouts with denied primary claims
  - Athletic Department must purchase such coverage
- Consider self insuring (contracts with providers)



Considerations as you increase services to student-athlete

- We provide general medical clinics—such illness may be discovered which are not in the scope of care as outlined by the NCAA
- Will cover those questionable areas until diagnosis is made identifying the nature of a condition (illness to include gastrointestinal, respiratory, cancerous lesions, etc.)

In the Future . . .

- Urgency of Care:
  - MRI
  - Special Studies
  - Braces
- Costs consumed by insurance industry
  - Primary or Excess
  - Denials passed back to the institution

Applications . . .

- Division I- may include cut backs
- Division I-AA- Less dollars to play with, insured student-athletes required to go where providers direct-little latitude.
- Division II-III - No latitude, go purely by the rules.

Catastrophic Insurance

- Do you have ample coverage for a severe injury?
- Status of illness with policy (heat illness, congenital cardiac anomalies, voluntary workouts)
- Review your portfolio with risk management specialists

Reminders . . .

- Insurance industry drastically moving to managed care concepts
- Athletic Departments:
  - Utilize primary insurance of student-athletes
  - Shift accident claim experience to primary insurance of student-athlete

Summary

- Understand the animal—keep up with changes in managed care
- Know your climate
- Utilize what resources you have
  - Medical School or local clinics
  - Staff Philosophy
- Be willing to work—watch the inflation of health care costs and how they potentially impact services departments are able to offer

Recommendations

1. Contractual agreement with Palmetto Health Alliance for medical services, labs, MRIs, surgery, etc. Include considerations for:
   - Student-athletes with primary insurance programs
   - Student-athletes with insurance – but program not a participant within contractual boundaries
   - Student-athlete with no primary insurance
2. Obtain contracts with all physician groups.
   - Need an equitable agreement based on % of usual and customary charges or % of Medicare allowable charges (120%). *Have a benchmark agreed upon by all providers.*

3. Consider purchasing insurance with the special assistance fund for those student-athletes not having primary insurance.
4. Insurance clerk to file insurance claims and track payments.
5. Prudent to consider the insurance program with excellent catastrophic benefits. The majority of claims expand beyond $25,000, and the deductible for the NCAA's Catastrophic plan is $75,000!
6. Transfer risk, lower costs, and lower expenditures.

Thank You

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