

Maintaining Perspective — Is There Still a Place for Camper Accident and Sickness Insurance in Your Camp Risk Management Plan?

Healthcare costs are out of control in our society, driven largely by Americans' lifestyles, attitudes regarding exercise, and unhealthy eating habits. These costs are exacerbated by our litigation-minded society, which forces medical professionals to practice defensive medicine. Add the expense of advances in medical science and technology, and costs will continue to spiral out of control for the foreseeable future.

The new healthcare plan, called the Patient Protection and Affordable Care Act (PPACA), was signed into law in response to the growing need for solutions to the problems of health insurance availability and affordability, and to stem the tide of a growing number of uninsured Americans. Just over a year old, the plan has already faced challenges in the courts, and while some benefits are already in place, full implementation of the law will not occur until 2014.

In the meantime, rising costs and a slow economy deter employers from providing and subsidizing health insurance for their employees. Those employers who already offer health insurance as an employee benefit are finding it necessary to pass increasing costs along to their employees, raise deductibles, or offer lower cost plans with fewer comprehensive benefits. The result? More and more individuals and families are retaining a larger share of their health insurance and healthcare costs, and they are quite probably not as well protected as they were in the past.

Impacts on Camp

Camps are a microcosm of society, and as such, they are directly impacted by the costs of health insurance and problems with healthcare. Camping professionals have been concerned for a long time about the cost of camper insurance and health and wellness at camp.

Depending on where your camp is located and the demographics of your camper population, you may have experienced little or no difficulty over uninsured campers or staff members. The economic and health insurance crises have not been equally distributed — some parts of our country and segments of our society are suffering more difficulties than others.

As the economy stumbled and staggered forward, even camps that had been previously unaffected by economic struggles were surprised to learn some of their camper families had large health insurance deductibles. Camp leaders found themselves in the awkward position of sending bills home for camper emergency services.

There always seems to be some incongruity in challenging times, and these times are no exception. Some families need back-up health insurance, while at the same time, some camps have been dropping their accident and/or sickness medical insurance in response to dipping enrollments and tighter budgets. This might make some financial sense, but the thought and action miss an essential risk management fact.

Risk management seeks to create an environment where risk is controlled, reduced, avoided, or transferred. But risk transfer as a risk management technique only makes sense when the parties assuming the risk can afford to assume it.

In our uncertain times, we can no longer assume that all camper families are

willing and able to assume the costs of accidental injuries and illness at camp. Ignoring this reality may invite litigation for medical expenses — or more — arising from accidental injuries at camp, simply because the camper's parents didn't have health insurance and couldn't afford to pay. Circumstances are changing and we are moving toward a new "normal." The downside risk is that we unintentionally trade a little problem (the medical bill) for a bigger one (the distraction and expense of a lawsuit). This can be very expensive.

Uncertainty: The New "Normal"

For the foreseeable future, uncertainty over health insurance costs and availability of health insurance coverage will reign supreme.

Employers will continue to delay or defer sponsoring affordable health insurance for their employees until they are forced to do so. Other employers will continue to shift costs to employees and/or reduce the scope of their insurance protection.

There will continue to be large numbers of uninsured and underinsured individuals and families as the economy remains in the doldrums.

Educational efforts and outreach programs in camps and schools will grow

as we attempt to make children, their parents, and all Americans aware of the benefits of healthy eating choices and more active lifestyles: the ultimate risk management plan for a fuller life and healthier future.

Stormy Seas Ahead

There are rough seas ahead — at least until the economy improves and/or the healthcare reforms passed in March 2010 are fully implemented. Remember, the PPACA won't be fully implemented until 2014.

Currently, there is a dialogue among state and federal stakeholders about how to develop the provisions of the new law, including the creation of "Health Insurance eXchanges" (HIX). HIX is a marketplace created by the PPACA. It can be either public (and run by the states) or private (and run by private companies). HIX will be designed to offer competitive alternatives to health insurance for members.

Health insurance companies are expected to play a part in the HIX, but many of the "how" questions surrounding their participation, as well as many other issues, remain unanswered at this time. How will benefits be administered when a member of a HIX is out of their immediate service area? More specifically, how will doctors and hospitals in rural Maine respond to a camper insured by a HIX in New York? While healthcare reform is an overdue, necessary process, it remains to be seen how well this new system will work.

A Plan for the Interim

Until there is more certainty about healthcare reform, resist the temptation to drop camper insurance. The insurance industry has developed a hybrid Accident and Sickness policy that applies on an excess or secondary basis. Essentially, the parents' health insurance pays the expenses first, until their benefits are exhausted. Any amount remaining unpaid, such as a deductible, coinsurance, co-payment, or uncovered amount, would be paid by the camp's Blanket Excess Accident and Sickness Medical policy, up to the limit of the policy. But, what happens to expenses incurred by an uninsured camper?

The Blanket Excess Accident Medical coverage available from most of the

insurers serving the camp industry has a feature that allows the policy coverage to drop down and become primary when any covered person (camper or staff) doesn't have primary health insurance.

Does camper insurance have a role in your camp's risk management plan? It would seem so, at least for the near future.

Don't Risk a Lot for a Little

Generally, the risk of litigation increases when customers are unsatisfied. There are many stories about parents who didn't sue after an accident because medical bills and out-of-pocket expenses for a child's injury were taken care of by the camp or by insurance. By forcing the cost of medical expenses — including potentially higher out-of-pocket co-payment, coinsurance, and deductible expenses — back onto parents, are we unwittingly inviting increased litigation to recover these expenses? What impact might increased litigation have on the cost and availability of liability insurance?

If you find yourself in a budget squeeze looking for some place to cut costs, analyze

your situation. Don't act quickly. Take some time to consider the potential impact of dropping any insurance. Remember, insurance is a risk management tool designed to transfer risk. It is only one of the risk management tools available to you. So if you decide to drop some of your insurance, you must use another risk management tool to address the risk in the situation, because the risk doesn't go away, and you can't just ignore it.

If you decide after patient, thoughtful consideration to drop insurance for medical expenses and transfer the costs 100 percent to parents, maintain perspective and keep the bigger picture of risk management in front of you at all times.

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