



Craig Hospital

Redefining Possible for People with Spinal Cord and Brain Injuries

WHITEPAPER

Employers Urged to Provide Adequate Catastrophic Injury Insurance

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More Americans may be covered by insurance today¹ than in recent years, but unknown to the public, the majority are underinsured for catastrophic injuries. The benefits provided by most modern health plans are simply inadequate for rehabilitation providers to achieve optimal patient outcomes for people with catastrophic injuries. Employers are encouraged to protect their employees with adequate rehabilitation benefits.

A catastrophic injury such as spinal cord injury or traumatic brain injury can change a person's life forever. Defined as a sudden, severe injury that can cause a permanent disability, these injuries typically occur to people in the prime of life, and are emotionally, physically and financially taxing to the individual injured and their family. After a catastrophic injury, a person's level of independence, quality of life, and happiness should not be contingent on their health plan.

Many insurance policies of the past protected Americans from financial ruin following catastrophic injuries and illnesses, but today the majority of health plans only provide first dollar coverage for routine medical care. In the mid-1800's insurance policies were first introduced to cover injury related medical expenses for workers who were injured in railroad and mining accidents. More Americans became insured than ever before during WWII, when an increasing number of employers began to offer health insurance to remain competitive for scarce employees after wages were frozen by the National War Labor Board.²

While rehabilitation, habilitation, and durable medical equipment are fortunately essential health benefits under the Affordable Care Act,³ there are still insufficient benefits for people with catastrophic injuries, including inpatient and outpatient medical care, necessary equipment (wheelchairs, etc.) and home health services. Over the past three decades of gradual changes to health plans, benefits for catastrophic injury rehabilitation have slowly but significantly been reduced. With the complexity of the health care marketplace and legislative issues, the needs of patients with catastrophic injuries have largely flown under the radar, and many employers, policy holders and insurance carriers are unaware of their inadequate insurance coverage for rehabilitation, until such a tragic event occurs.

Due to the lack of adequate coverage, many patients and their families affected by catastrophic injuries are forced to liquidate their savings, become medically bankrupt, and seek public benefits such as Supplemental Security Income and Medicaid.⁴ Poor patient outcomes and lack of family training often times results in unnecessary emergency department visits and increased re-hospitalizations, driving up health care costs.

Craig Hospital continues to be a national leader in achieving extraordinary patient health and productivity outcomes, and cost savings.⁵ The literature and our experience are clear that when specialized rehabilitation helps patients become as independent and productive as possible, it is in their best health interest, as well as the best financial interest of their family, employer, insurance carrier, taxpayers, and society as a whole.⁶

While there are a consistent number of people injured who sustain spinal cord and traumatic brain injuries each year, the numbers are relatively low in terms of the overall population. Small changes could make a big impact. At least 235,000 people are hospitalized each year due to traumatic brain injury.⁷ Every year in the United States there are approximately 12,000 new cases of spinal cord injury. According to the 2012 National Spinal Cord Injury Statistical Center estimate, living costs and health care expenses for a person with high level tetraplegia in the first year is on average \$1,023,924 and \$177,808 each subsequent year.⁸

Based on our experience Craig Hospital recommends individuals and employers purchase a minimum of 60-90 days of inpatient rehabilitation, durable medical equipment and outpatient therapy benefits as medically necessary and home health aide benefits. Due to the relative infrequency of these high-dollar injuries spread across thousands of covered lives, the premiums for adequate catastrophic injury are surprisingly affordable. In a recent Milliman study commissioned by Craig Hospital, the difference between 60 days and 90 days of inpatient rehabilitation was \$.29 per member per month.⁹

Craig Hospital urges policy holders and employers to review their catastrophic injury benefits, and to purchase adequate coverage. The principle of insurance should be to cover people so they can achieve optimal health outcomes, to protect them from financial ruin, and to avoid cost-shifting to public welfare programs. Rehabilitation is an investment in health and productivity, not just a cost. Given the relatively small number of Americans who suffer catastrophic injuries, the total cost of recommended benefit levels as a percentage of the total bill for health care is minimal. We encourage the marketplace to restore catastrophic injury coverage as a fundamental tenet of insurance, and encourage employers to do the right thing- to protect their employees and their dependents when they need it most.

References

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⁸ Spinal Cord Injury Facts and Figures at a Glance. February 2012. National Spinal Cord Injury Statistical Center.

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