

PERSONAL INSURANCE FOR MEMBERS

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The purpose of the Virginia State Bar insurance program is to provide bar members with good-quality coverage at affordable prices. The insurance program consists of medical, term life, and disability insurance. The role of the committee and its endorsed broker-administrator, the Virginia State Bar Members' Insurance Center, is to serve the interests of VSB members.

Background

The Virginia State Bar has endorsed personal insurance plans for more than fifty years. In 1954, the bar began offering members a group life insurance plan. Although there have been variations in the details of the coverage, life, health, and disability insurance plans have been endorsed continuously since the inception of the program. During the early 1970s as many as fifteen types of insurance were endorsed in the name of the VSB. By 1980, those were trimmed back to the original three (life, health, and disability) which were consistent with the mission of the program. In 1995, the bar's authority to provide group insurance for its members was codified by the General Assembly.

The purpose of the insurance program is not to compete with the commercial market, but rather to leverage the group's buying power to provide members with insurance they could not get elsewhere. Over the years, the primary beneficiaries have been solo practitioners and small firms.

Past evaluations of the program by the Personal Insurance Committee, the VSB Executive Committee, the VSB Council, and outside consultants have found that the plans are an important service to members of the bar. They concluded that the plans can improve the quality of legal services and even limit misconduct by allowing attorneys to provide their families and employees with adequate insurance, particularly health insurance. They point to instances of defalcation committed to pay for uninsured family medical expenses.

The Personal Insurance for Members Committee oversees the program. With the help of the broker-administrator, the committee recommends change. Any new plans are approved by the executive committee or council. The work of the committee and the administrator relieves attorneys of the time and expense of finding insurance products on their own.

Health Insurance

The most popular component of the VSB insurance program is health insurance with Anthem. As of spring 2007, the enrollment of nearly 6,000 VSB members, staff members, and family members is at an all-time high. The program provides numerous important features to VSB members.

Thanks to the endorsement by the VSB, people receive "Value Added Benefits" from Anthem, or extra benefits at no extra cost. These benefits, paid for by Anthem at 100 percent, include physicals, routine gynecological exams, Pap tests, mammograms, colorectal cancer screenings, prostate exams and prostate-specific antigen tests, all of which promote health and save money. Other benefits include emergency room benefits paid for at 100 percent up to \$750, if due to an accidental injury, and reduced hospital inpatient payments.

Another significant feature is the ability to offer a "sole proprietor" group coverage. Ordinarily, to be eligible for group health insurance, the group must have a minimum of two people; however, Anthem has made an exception for the VSB and several other professional associations. Group benefits are typically stronger than individual benefits. Often they will be superior in terms of annual maximum benefits, lifetime benefits, and prescription drug coverage. It is important to note that individual underwriting is stricter than group underwriting. Thus, for a bar member with a medical history, ongoing medical risk, or medical risk in the family, the rates are higher than average in the VSB group plan, yet not nearly as high as if one had to get individual coverage.

VSB members who reach age sixty-five are often confused by or unfamiliar with Medicare, Medicare supplements, and the new Part D program. The VSB administrator-broker is willing to take the time to guide people through the process and make sure they are comfortable making this transition.

In the VSB/Anthem program a spouse of a bar member can maintain coverage as the bar member selects Medicare and a supplement. Spouses are not tossed out of the program and do not have to look for health insurance during their most challenging age bracket (sixty to sixty-four) for health insurance.

In addition, the surviving spouse of a VSB member can maintain health insurance in the event of the bar member's death. This exception that Anthem has made for the VSB can be very beneficial to those going through a most difficult time.

Children ordinarily must come off the plan at age twenty-three, but disabled children older than twenty-three can stay on the policy of their parents, including solo practitioners.

Today the VSB/Anthem program is not sold to attorneys or firms in northern Virginia. CareFirst Blue Cross products are typically used. Yet many solos and small firms in northern Virginia are "grandfathered" and continue to have the Anthem coverage with Value Added Benefits.

If the VSB/Anthem program were to cease to exist, nearly six thousand people would lose their Value Added Benefits. The following would be severely impacted and forced to find completely new coverage:

- Groups and solos who are grandfathered in northern Virginia
- More than nine hundred solos — VSB members throughout Virginia
- Disabled children of solo practitioners
- Widows and widowers of VSB members
- Spouses of VSB members who have reached age sixty-five

Higher-risk people would pay dramatically more and have reduced coverage with an individual policy. It is beneficial to the Virginia legal community, particularly to the solos and small firms, to be able to turn the VSB administrator-broker, who is committed to serving VSB members' best interests. For example, the administrator broker:

- Sent out information to retirees about a new Medicare supplement product that requires lower premiums
- Explains Medicare Part D — prescriptions for seniors — and describes what to consider
- Talks to bar members about the advantages and disadvantages of an insurance product such as long-term care insurance, which the broker does not negotiate
- Assists by explaining alternate health insurance products, such as modified deductibles, copayments, and drug coverage. Often agents only make time for larger clients and smaller ones do not get the attention they need.
- Assists the insured with difficult claim problems and battling insurance bureaucracy

Life and Disability Insurance

The VSB life and disability insurance plans were designed by attorneys for attorneys. Unlike most disability plans, the VSB disability plan has had the same rates and the same provisions for more than fifteen years. Likewise, the group term life plan has never had a rate increase, yet several times rate decreases have been passed on to insureds. The nearly one thousand VSB members in both plans have had the homework done for them by the Personal Insurance for Members Committee and the VSB administrator-broker. Important features of the plans include:

- Both the life and disability insurance plans are maintained on an unusual basis. Each plan has an experience-rated refund accumulation account that receives deposits from the insurance company when the plan's claims experience is favorable. Thus, rather than the insurance company keeping all the profits, some are eventually returned to insureds in the form of a premium holiday. A premium holiday, or six-month period of continued coverage, is taken when sufficient funds are available to pay for a semi-annual billing cycle. The insured pays nothing during this time. Recent premium holidays — life in 2005 and 2006 and disability in 2007 — have resulted in over \$400,000 in premiums that did not have to be paid by VSB members.
- Both plans are offered on an accept-or-decline basis. VSB members, their employees and spouses are encouraged to apply to the life plan while they are relatively young and healthy. Only attorneys may apply for the disability plan.
- Nothing comparable exists in the disability marketplace. Individual policies cost approximately twice as much initially.
- If these VSB plans no longer existed, some insureds who were once deemed healthy are no longer insurable and could not purchase life and disability insurance elsewhere.
- Also, to maintain eligibility, an attorney must merely maintain membership in the VSB. By contrast, an attorney who receives coverage from his large- or medium-size law firm policy could find himself uninsurable if he left the firm.

