

# Innovation Day: Insurance as a Mechanism to Reduce Gun Injury

Co-sponsored by The University of Connecticut's ARMS Center & The Niskanen Center

A Brief prepared by the UConn ARMS Center



## Innovation Day Purpose

The insurance industry has used liability insurance as an effective tool to minimize risk in a variety of sectors, such as home or car ownership. This Innovation Day explored if insurance could be an effective tool to reduce gun injury. There are a variety of pathways insurance could be leveraged - for example, having product liability insurance for gun owners, manufacturer and retailer liability insurance, incentives for secure storage and training, and research and data collection.

The Day featured two panels: (1) Personal Liability and Consumer Regulation and Protections and (2) Health Insurance and Practices to Support Firearm Safety. Moderated discussion followed to discuss themes between the two panels. Participants sought to collaborate across disciplines and hear varied perspectives to inform evidence-based strategies. A major takeaway from the day is that, while insurance sectors have traditionally operated separately, these sectors still interact. There are many opportunities for research to inform strategy.

## Panel 1: Personal Liability, Consumer Regulation, and Protections

Insurance and regulatory mechanisms play a critical role in shaping behavior and incentivizing responsible practices within any industry, including firearms. Panel 1 centered on a conversation about how insurance and regulatory mechanisms can drive safer firearm practices and foster a culture of accountability. Below are several points raised by the panelists regarding barriers and accountability to insurance use:

- Insurance is a tool to promote better behavior in various sectors of society. Similar to other risk-based assets, one could imagine insurance companies providing policies around the risk of firearm ownership, which could monetize risks (such as type of firearm, household composition, etc.) and protective factors (such as secure storage, completion of firearm safety courses, etc.). Questions remain about implementation (likely to vary by state) and what would constitute a claim (suicide, homicide, and/or accidental shootings).
- Monetizing the risk of firearms presents a unique actuarial challenge. Firearms not only pose a threat to individuals' safety within households, increasing the likelihood of homicide and suicide, but they also present a broader societal risk. This externality makes pricing policies difficult, and it is different from other life insurance policies that commonly account for risky hobbies like scuba diving, biking, and motorcycling.
- Recently, impact-driven litigation has sought to prompt safer practices in firearm distribution and sales, advocating for the gun industry to be part of the solution rather than the problem. However, special protections like the Protection of Lawful Commerce in Arms Act (PLCAA), enacted in 2005, have shielded the industry from liability, hindering accountability and disincentivizing the implementation of protective measures.

- In addition to PLCAA protections, there are limitations on regulatory agencies like the ATF, compounded by amendments such as the Tiahrt Amendment. This restricts oversight and data disclosure regarding firearm sales and distribution, hindering efforts to track guns used in criminal activities. Insurance could play a crucial role in data collection by incentivizing safer industry practices and filling gaps left by regulatory shortcomings.
- The insurance industry finds itself navigating a complex landscape shaped by financial constraints, political pressures, and regulatory nuances. Currently, financial considerations deter insurance companies from expanding policy coverage. There are also legal constraints. In Iowa, for instance, underwriting rules prohibit the consideration of firearms, while in Nebraska, the Firearm Industry Non-Discrimination Act aims to penalize discrimination against the firearm industry. The insurance sector's reluctance to take on additional liability and the politically charged nature of the topic create significant barriers to implementing any mandates or regulations within the insurance sector.

## **Panel 2: Health Insurance and Practices to Support Firearm Safety**

This panel centered on a conversation about how firearm injury impacts the healthcare system, and further, how health insurance and practices by medical professionals might help reduce firearm injury and related costs. There is a need for primary, secondary, and tertiary prevention, and insurance can play a role in all forms of injury prevention.

- Screening healthcare patients about firearm ownership and providing lethal means counseling are crucial components of injury prevention. However, the efficacy of such screening hinges on the subsequent actions taken, particularly concerning insurance implications. Proper screening not only involves inquiring about the presence of firearms in the home but also targets specific interventions, such as promoting secure storage or addressing potential violence risks. Utilizing public health funds to provide secure storage locks can further bolster injury prevention efforts.
- Counseling on the dangers of firearms holds significant importance not only in preventing injuries but also in mitigating the substantial impact on healthcare spending and overall well-being. Research indicates a staggering increase in healthcare spending following nonfatal firearm injuries, with insurers bearing the majority of the burden.
- Healthcare expenditures rise even before a gun injury occurs, highlighting both an opportunity for healthcare to prevent injury and the need for proactive measures. Of note, enrollment in insurance plans declines after individuals sustain gunshot wounds, exacerbating their vulnerability. Thus, effective counseling on firearm dangers not only saves lives but also alleviates the immense strain on healthcare systems and facilitates holistic recovery for affected individuals and communities.
- The cost of firearm injuries extends beyond physical health, leading to heightened rates of pain, psychiatric disorders, and substance abuse disorders among survivors and their families. These effects (externalities) ripple through families, influencing patterns of mental health care-seeking and routine healthcare utilization, particularly among parents and siblings of victims.

- Addressing suicide and crisis response necessitates an examination of both healthcare implications and insurance coverage gaps. Many health insurance plans do not adequately cover the comprehensive care required for individuals who survive suicide attempts, creating barriers to recovery. This shortfall in coverage extends to private insurance, which often reimburses mental health care at lower rates compared to other healthcare needs. Amidst these challenges, questions arise regarding the scope of Medicaid coverage in this domain, particularly concerning mental health crisis interventions. To address these shortcomings and reimagine crisis response, there's a pressing need to advocate for equitable insurance coverage for mental health care and explore innovative approaches to crisis intervention and suicide prevention.
- Regarding community gun violence, violence intervention and post-incident resources encompass a wide array of services, ranging from employability skills training and healthcare provision to mental health care and behavioral change initiatives. Addressing the needs of youth requires significant funding and support, prompting consideration of the role insurance could play in this space. Expanding insurance coverage to encompass services integral to community violence intervention programs (CVIPs) could enhance their efficacy and sustainability, given the substantial costs borne by programs like Medicaid for firearm injuries and deaths.

## Next Steps

There are many opportunities for next steps. Some include:

- Continue the conversation. UConn ARMS and UConn Law will host From “Cargill to Climate: Regulatory Challenges and Federal Agencies in the First 82 Days,” on April 11, 2024 at UConn Law in Hartford, Connecticut. Niskanen and UConn ARMS will also host a joint webinar to further explore the Innovation Day's themes.
- Broaden ways health insurance can prevent gun injury. On September 26, 2024, President Biden signed an [Executive Order](#) allowing the Centers for Medicare and Medicaid (CMS) to allow states to use Medicaid to reimburse for firearm counseling (consistent with other forms of “anticipatory guidance”). One next step is creating resources for physicians surrounding how to have this conversation effectively. This will be a state-by-state rollout, and is therefore, a potential causal research opportunity.
- Make secure firearm storage devices eligible for Health Savings Account or Flexible Spending Account dollars. If healthcare providers are offering guidance to patients to securely store their firearms, this is an easy way to reduce the cost of those devices without increasing government expenditures. If implemented, this will likely have a staggered rollout or apply differentially to plans/ the insured, presenting a causal research opportunity.
- Supporting medical professionals who engage in these screenings requires both financial and institutional backing to ensure they can navigate any insurance-related challenges and provide comprehensive care. Moreover, a critical aspect of violence prevention lies in the support for intervention programs, necessitating collaboration between private and public sectors to address the root causes of violence effectively.

- Working with insurance companies that sell property and casualty insurance to understand how to manage and mitigate risk associated with policyholders owning firearms. We propose running pilot randomized controlled trials with willing insurance companies to investigate if policyholders are receptive to messaging around secure storage. This would limit insurers' risk of theft and injury claims and reduce healthcare costs.