

Stop-Loss Insurance with Low Attachment Points Marketed to Small Firms

Mark A. Hall

Professor of Law and Public Health

Wake Forest University

To explore the extent to which stop-loss insurance with low attachment points is being marketed to small firms, I spent approximately two hours in May 2012 researching this topic on the internet, using relevant search terms. This unstructured research located a number of market observers who noted that “[v]arious market and regulatory forces are driving a wave of small employers to shift to self-funded insurance coverage.”¹ I discovered employee benefits advisors openly touting self insurance for small employers,² and multiple companies marketing stop-loss and administrative services to this market segment. The following are a sampling of revealing statements from websites I viewed in this fairly brief exploration:

AMF can provide stop loss on groups with as few as 10 eligible employees. . . . Stop loss limits of \$10,000+ are available, depending on state law.³

We underwrite coverage for employers with as few as 11 participating employees, and with specific retention levels from as low as \$5,000.⁴

Assurant Self-Funded Health Plans could be for you if you have 10 to 50 employees.⁵

Spectrum is a leading provider of a comprehensive line of stop loss products and services for small employers with 25 to 199 employee lives⁶

IAC specializes in small group plans . . . with "stop loss numbers" ranging from as low as \$10,000 to as high as \$25,000.⁷

¹ AIS Health, The Major Trend to Self-Funding: New Opportunities and Pitfalls for Insurers and Employers (2011), http://aishealth.com/marketplace/c1m38_100511. See also D. Brin, Self insurance may be winning small businesses, Dow Jones Newswires, Mar 22 2011, available from <http://www.markfarrar.com/press.asp?article=91>.

² See, e.g., United Benefit Advisors, Small Businesses Blaze a New Trail with Self-Funding (2011), <http://wn.ubabenefits.com/Download.aspx?ResourceID=7630>; Self-Insurance Institute of America, Companies of All Sizes Can Operate Viable; Self-Insured Group Health Plans (2011),

http://www.avalonbenefits.com/news_story.php?file=2011-02-14_150657.txt; George J. Pantos, PPACA: Small Business And Self-Insurance: Dispelling Some Myths (2011), <http://georgegjp.wordpress.com/2011/05/09/ppaca-small-business-and-self-insurance/>;

Michael Turpin, A Case for Self Insuring Small Business (2011), <http://thehealthcareblog.com/blog/2011/04/08/a-case-for-self-insuring-small-business/>.

³ <http://www.amfrms.com/smallgroup.htm>

⁴ <http://www.img-stoploss.com/about-img-stop-loss/IMG-sl-advantage.aspx>

⁵ <http://www.assuranthealth.com/corp/ah/HealthPlans/SESelfFunded.htm>

⁶ <http://www.spectrumhq.com/>

⁷ http://www.sbisvcs.com/iac_group_advantage.htm

CIGNA offers . . . administrative services for self-funded health plans . . . for employers with as few as 25 employees.⁸

Our expertise is in underwriting, selling and managing large claim risk for medical stop-loss for groups starting at 25 lives⁹

Our goal is to bring a self insured product that best fits the below components of a self insured program to meet your needs. . . . Who is eligible? 10 - 50 Employee Businesses.¹⁰

Bardon Insurance Group is more than pleased to offer excess loss coverage to the small-group market (minimum of 35 participating employee lives).¹¹

providing Medical Stop Loss Insurance to employer groups who self fund their medical benefits, . . . ECU specializes on employer groups with 25-250 covered employee lives.¹²

In today's stop-loss market, employers can find coverage with attachment points as low as \$10,000¹³

I have recently heard about one of our competitors doing [self-funding] for small groups sized 5 and up.¹⁴

Further confirming this evidence, of the 474 self-insured groups granted “mini-med” waivers to impose annual limits lower than those required by Affordable Care Act regulations by July 15, 2011, almost one quarter (109) had fewer than 50 enrollees, and ten percent (47) had fewer than 25 enrollees.¹⁵

⁸ <http://www.cigna.com/grouphealthplans/index.html>

⁹ <http://www.ihcrisksolutions.com/>

¹⁰ http://healthexchangeforselfinsurers.com/About_Self_Insurance.html

¹¹ http://www.bardon.net/prod_pdf_new/Excess_loss_for_35_to_10_%20Employee_Life_Groups.pdf

¹² www.ecumgu.com/

¹³ Joanne Wojcik, Smaller firms try self-funding benefits, Business Insurance (2011),

<http://www.businessinsurance.com/article/99999999/NEWS050101/399999918#>

¹⁴ http://www.actuarialoutpost.com/actuarial_discussion_forum/showthread.php?t=211409

¹⁵ Center for Consumer Information and Insurance Oversight. Self-insured employers: approved applications for waiver of the annual limit requirements [Internet]. Baltimore (MD): Centers for Medicare and Medicaid Services; 2011 Jul 15 [cited 2012 Jan 18]. Available from: http://cciio.cms.gov/resources/files/employer_07152011.pdf