

From: [Fred Hunt](#)
To: [Mary Brandmeyer](#)
Cc: [E-OHPSCA-STOPLOSS.EBSA](#)
Subject: Re: Self-funding & Stop-Loss 13 Questions
Date: Monday, May 21, 2012 10:59:55 AM

Great, Mary! Thanks.

Anne & Fred

On Fri, May 18, 2012 at 12:48 PM, Mary Brandmeyer
<mary.brandmeyer@ipmg.com> wrote:

Below, in bold, are our answers to the 13 questions regarding self-funded and stop-loss.

Thanks

1. How common is the use of stop loss insurance in connection with self-insured arrangements? **All of IPMG Employee Benefits Services clients have a stop-loss policy.** Does the usage vary (and, if so, how) based on the size of the underlying arrangement or based on other factors? **All of IPMG's clients have different factors, deductibles, provisions, etc.** How many individuals, if known, are covered under stop loss insurance (either nationally or on a state-specific basis)? What are the trends? Are past trends expected to be predictive of future trends? Is the Affordable Care Act expected to affect these trends (and, if so, how)?
2. What are common attachment points for stop loss insurance policies, and what factors are used to determine these attachment points? **Factors are based on the prior three years of claims experience.** What are common attachment points by employer size (e.g., for plans with fewer than 50, between 50 and 100, or between 100 and 250 employees, and how do these compare to attachment points used by larger plans)? **The carriers also determine the attachment points on age, location and the size of the groups.** What are the lowest attachment points that are available? **\$15,000** What are the trends?
3. Are employee-level ("specific") attachment points more common, or are group-level ("aggregate") attachment points more common? **The most common is a specific deductible amount for all members with coverage per the group. However, if a member has an ongoing condition, the carrier may place a laser on that person.** What are the trends? What are the common attachment points for employee-level and group-level policies? **Spec deductibles of \$20,000 thru \$500,000.**
4. How do insurers work with small employers to integrate stop loss insurance

protection with self-insured group health plans? **We will request several quotes from several stop loss carriers and provide them to the potential clients. The potential clients will review the information and determine if self-funded would benefit them. If they elect a self-funded plan, the potential client will review their financial situation and determine what stop loss specific deductible/aggregate plan they will elect.** What kinds of options are generally made available? **Based on the size of the potential client, we will suggest specific deductibles, what basis they should elect (12/12, 24/12, 15/12) and guide them through the stop loss election.** Are policies customized to meet the needs of different employers? **We reviews all potential clients on an individual basis and assist them to make the best decision for them including reviewing the stop loss policies and plan documents. Each policy is customized for each client.** How are the attachment points for a stop loss policy determined for an employer? **Attachment points are determined based on claim history and potential losses.** Do self-insured group health plans purchase stop loss insurance anticipating that they will purchase it every year? **Yes**

5. For a given attachment point, what percentage of total medical costs incurred by the employees is typically paid for by the employer and what percentage is typically paid for by the stop loss insurance policy? **We always indicates the minimum and maximum aggregate attachment point. Our suggestion is that the client fund up to the minimum attachment point. Therefore, the client will fund 100% up to the attachment point except for any member who has exceeded their specific deductible. Once a member has reached the specific deductible, the stop loss carrier pays 100% of the claims.** How much do the relative percentages vary for different attachment points? What are the loss ratios associated with stop loss insurance policies? **Each client's loss ratio is different based on their claims history and number of members who exceeded their specific deductible.**

6. What are the administrative costs to employers related to stop loss insurance purchased for the employers' self-insured group health plans? **The administrative cost varies from carrier to carrier. We does not charge the client any added administrative fees for administrating stop loss provisions.** How do these costs compare to the administrative costs related to purchasing a health insurance policy from an issuer? **Based on new clients, the savings for the clients are significant.**

7. Is stop loss insurance more prevalent in certain industries or sectors? **We provides self-funded coverage for most entities or sectors.** Are there any minimum employee participation requirements for a small employer to be offered stop loss insurance? **Yes, the employer must have at least 25 covered members.**

8. What types of entities issue stop loss insurance? How many small entities¹¹ issue stop loss insurance policies? **If this question pertains to groups buying stop loss insurance, any group who has 25 or more employees and has group health insurance can buy stop loss insurance.**

9. Do stop loss issuers increase fees for groups below a certain size or exclude those groups? If so, how? **All stop loss insurers have certain industries that they will decline to quote, but we always finds some carrier to quote every group. The lower the level of stop loss insurance, the higher the premium. Basically, it is comparable to buying car insurance. The higher the deductible that is bought, the lower the premium. It is appropriate for small groups (under 100 employees) to buy stop loss levels at \$20,000-\$50,000.**

10. How do stop loss insurers evaluate the plans seeking coverage and how is this evaluation reflected in the coverage or premiums offered? **The carriers review the plan document in place along with claims history, case management, disclosure statements, and pre-certification notification.** Does the profile of the plan have an effect on the attachment points available? **Yes**

11. How do States regulate stop loss insurance? **I could not find any regulations for the state of IL In States that are regulating this insurance, what are the licensing processes and standards?** Have States proposed laws, regulations, or best practices with regard to stop loss insurance? Do such proposals focus on attachment points, size of the group, percent of total claims paid by the stop loss insurer, or other criteria? What are the issues States face in regulating stop loss insurance?

12. What effect does the availability of stop loss insurance with various attachment points and other particular provisions have on small employers' decisions to offer insurance to employees? **This allows the employers flexibility and put the employee's health into their own hands.**

13. What impact does the use of stop loss insurance by self-insured small employers have on the small group fully insured market? **Each small group would be able to control their finances related to premium payments when under a self-funded program. When a small employer group is fully insured they have no awareness of how funds are being spent.**

Mary Brandmeyer
Plan Administrator
Employee Benefits Services



6685 Telegraph Road St. Louis, MO 63129

Direct: [314-293-9712](tel:314-293-9712) | Fax: [314-293-9762](tel:314-293-9762)

mary.brandmeyer@ipmg.com | www.IPMG.com