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To: [E-OHPSCA-STOPLOSS.EBSA](#)
Cc: [Gena Ziegler](#)
Subject: Request for Information - Stop Loss
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As a Third Party Administrator located in Michigan, we offer the following answers concerning the issue of stop-loss insurance.

1. Stop Loss insurance is considered the “norm” for companies that self insure their employee health benefits. Stop loss insurance offers the company a way to design their plan while giving the employees the benefits most important to them and also managing the company’s liability.
2. Attachment points are really unique to each employer group and is normally a budget/liability decision of the particular company.
3. The employee level specific is the most common type of attachment point.
4. Employer groups who self fund employee benefits tend to be more educated in the area of health benefits and also tend to be very interested and involved in employee benefits. They want a plan that is designed specifically to the needs of their employees based on the benefits that can be offered/afforded. Self funding of benefits is one tool that allows the employer group to obtain and retain qualified employees as benefits are not just a self product, but a benefit with thought.
5. The question seems confusing as the employer group pays 100% of the medical cost, up to the attachment point, and the stop loss carrier pays after the employer has paid the 100%. The size/amount of the attachment point seems irrelevant as the size is really unique to each employer group.
6. A Third Party Administrator offers many services to an employer often acting as an extension of the human resource department. There are no additional costs to an employer being charged by a TPA if the employer self funds their health benefits. Administrative costs are unique to each employer group depending on what services the employer group needs, not on self funding arrangements.
7. Stop Loss insurance is not necessarily more prevalent in certain industries or sectors but is a tool for consideration in the delivery of health care for all types of industries.
8. The size of an entity that issues stop loss is irrelevant as stop loss is mandated to meet state law/regulations.
9. Stop loss issuers naturally want to maintain a good business. Some may write some types of groups while others will not. Stop loss issuers as a whole, tend to write/offer the same type of contracts and benefits.
10. Stop loss insurers review plan benefits, specific attachment points, and past history of the plan to determine applicable premiums.
11. It is our understanding that stop loss entities are insurance companies and are licensed or authorized as such.
12. Based on the specific dynamics of a group helps the stop loss insurer determine if the employer group can fulfill duties of being a self funded plan.
13. Stop loss is a tool that affords the small group the ability to design a plan specific to their employee needs and not be bound by the design/constraints of an insured product.

Thanks much!
Donna



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