

From: [Bob Baisden](#)
To: [E-OHPSCA-STOPLOSS.EBSA](#)
Subject: Request for Information Regarding Stop-Loss Insurance
Date: Monday, June 04, 2012 12:15:51 PM

Informational Responses:

General response: many of the questions made no sense. ...

- 1) Very common. Generally the greater the # of participants, the greater the specific retention (deductible.) I have no knowledge about the # of state/national participants. Trends are moving from insured to self-insured. Yes. ACA will cause more Plans to self-insure because it's more \$ efficient.
- 2) Specific retentions vary from \$15k to \$1m. Fewer participants = lower retentions. Aggregate corridors range from 110% to 135% of expected claims. < 50 ees may have specific retentions as low as 15k and as high as \$50; 50 to 100 ees , low of \$25k and high of \$150k. 250 ees and > low specific = \$75k and high of \$1m. Lowest available is \$15k; trend is for increasing deductibles, and **unlimited maximums**
- 3) Specific and Agg coverage are most common; Specific only common on larger risks (150 ees and up); Agg only cover is becoming more popular.
- 4) Consultants/brokers contact insurers/TPA's with information about prospective Plans. Options can be numerous. Yes. Attachment points are determined based on prior claims history, PPO arrangement and Plan Design. Generally, yes.
- 5) 90% Plan, 10% stop-loss. Not by attachment point, but greatly by Plan. Net risk loss ratios (premium available to pay claims vs claims paid) industry wide are probably in the 90% range.
- 6) Administrative costs are probably in the 20% range. Costs, percentage wise, are similar to health insurance premiums.
- 7) No. Generally we want 60 to 65% participation of eligible participants.
- 8) Insurance companies and Managing General Underwriters (MGU's) issue stop-loss policies. Unknown.
- 9) No.
- 10) Benefit Schedule, participant demographics, PPO, prior claims history. Absolutely.
- 11) Poorly. Licensing processes and standards are very weak & often don't apply properly.
- 12) Significant effect; self-insured Plans have lower, quantifiable costs (other than claims costs) which can be managed.
- 13) My opinion: self-insured multiple-employer plans (association plans, employer leasing companies/PEO's) have a negative impact on the fully insured market; single employer plans have a neutral impact.

In addition to managing a \$35 million dollar block of stop-loss premium, I self-insure the medical benefits I provide for my 15 employees. I provide a rich plan of benefits. I protect my plan with a \$17,500 specific only stop-loss policy.

Jumbo claims are increasing rapidly. In 2000, we were experiencing one claim > \$500,000 for every 108,000 covered employees. In 2010, it was one claim for every 8,400 ees.

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