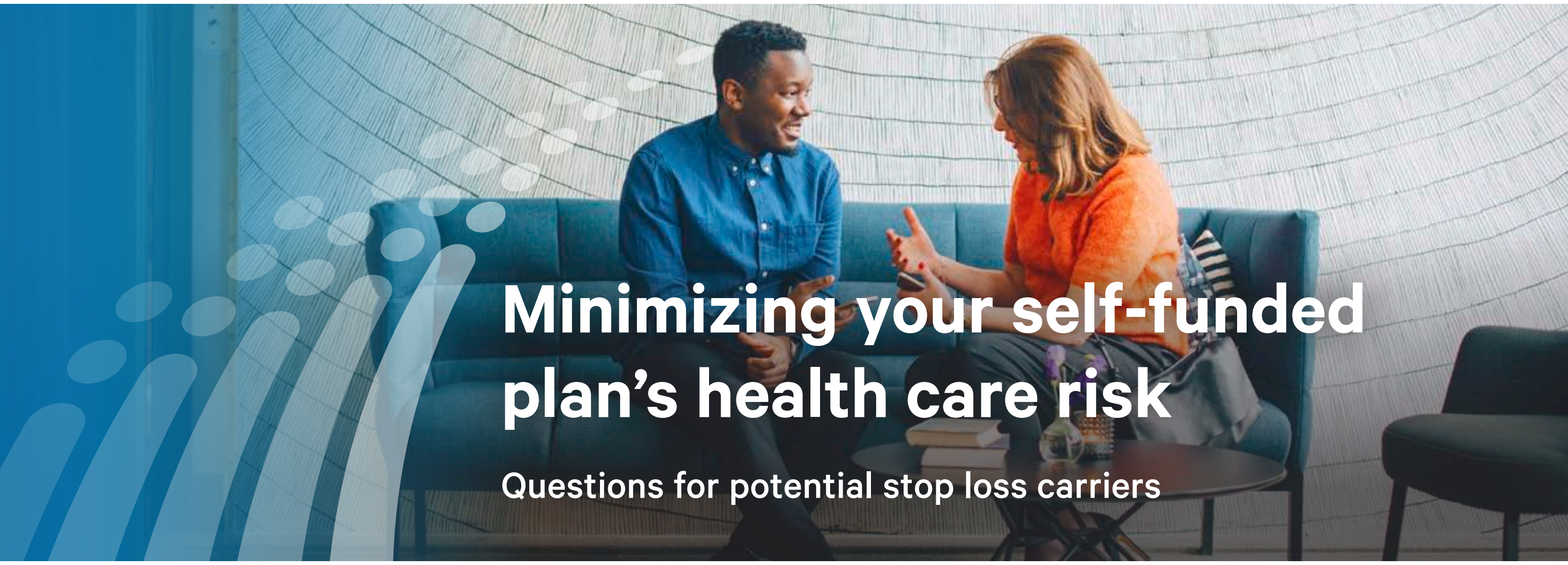
inside track
EDUCATIONAL SERIES

SYMETRA
RETIREMENT | BENEFITS | LIFE



Minimizing your self-funded plan's health care risk

Questions for potential stop loss carriers

> **When choosing a stop loss carrier, it's important to look at more than names and premium rates. Without careful consideration, you could select a policy that leaves your self-funded plan exposed to greater financial risk.**

When large amounts of money are at stake, it pays to do your homework. Medical stop loss insurance is an essential purchase for employers that self-fund their employees' medical benefit plans. While all stop loss policies serve the same general purpose—protecting self-funding employers from catastrophic claims—each carrier's contract can be very different when you look under the hood.

Whether you're considering new coverage or a change at renewal, it's important to look at more than names and proposed premium rates. The coverage should fit your needs and you should understand what you're buying. Without careful consideration, you could find that high dollar or catastrophic claims that may be eligible under your employee benefit plan may not be covered by your stop loss policy.

Here are some items you should consider during your evaluation process.

Who actually holds the risk?

Many stop loss carriers purchase reinsurance for some portion of their own stop loss policy risk. Find out if your stop loss carrier holds 100% authority over claims decisions. In other words, you need to know what the carrier's authority threshold is on claims that may be subject to reinsurance, which company is providing the reinsurance, and how the risk is structured (quota share or excess). "Direct writers" usually retain complete authority on claim decisions regardless of reinsurance. This approach may provide a more seamless process for prompt claims reimbursements.

What are the carrier's claim performance metrics?

Find out the carrier's average turnaround service on claims. Carriers that consistently meet turnaround service goals are likely to have an excellent reputation in the industry. Ask if they leverage technology solutions that enhance the customer service experience. Some carriers even partner with third-party administrators (TPAs) to create secure electronic claim filing workflows, which can expedite the claim reimbursement process.

continued >

Is advance funding available?

Stop loss insurance is fundamentally a reimbursement product. Employers that elect to self-fund their employee benefit plans typically pay employee medical claims first, then file a reimbursement claim with the stop loss carrier. This means employers must be prepared to pay sometimes shockingly large claims, which can be difficult for those operating on slim margins or limited budgets.

Fortunately, many stop loss carriers include advance funding provisions in their contracts that can expedite the reimbursement of qualifying catastrophic claims. With advance funding, the stop loss carrier may accept a simplified claim request in order to accelerate the reimbursement, with a formal claim submission to follow at a later date. Advance funding provisions vary by carrier, so be sure to confirm the availability and requirements with the carrier before signing or renewing a policy.

Some carriers include "usual, customary and reasonable" provisions in their stop loss policies which could result in coverage gaps. Choosing a policy that mirrors the plan document helps ensure there are no surprises.

What are the carrier's policies on renewal underwriting and "lasering"?

"Lasering" is the practice of setting higher deductibles for individuals who are expected to have high, ongoing claims, or—in some cases—the exclusion of all claims from such individuals under the policy. This can leave the employer with high levels of uninsured risk. Before accepting a proposal, be sure to fully review the carrier's lasering practices, particularly at renewal, to ensure consistency in their underwriting and pricing process.

Are there gaps between the plan document and the stop loss policy?

Review the definitions and exclusions sections of the stop loss policy to ensure there are no conflicting provisions that could lead to coverage gaps or other obstacles at the time of claim reimbursement. To avoid this issue, find out if the carrier's policy is designed to "mirror" the employer's plan document.

Does the policy contain "usual, customary and reasonable (UCR)" language?

Some carriers include "usual, customary and reasonable" provisions in their policies to provide a baseline reimbursement amount for medical services. If the UCR provisions in the stop loss contract are not well-aligned with the plan document, gaps in coverage could occur. A policy that mirrors the employer's plan document and pays accordingly will help ensure there are no surprises.

How is "medically necessary" defined?

Employers typically define what is considered "medically necessary" within their plan document. While stop loss carriers generally defer to the plan document when reviewing claims, they may question whether a course of treatment is necessary and appropriate. Be sure to ask when and how the carrier chooses to challenge treatment decisions—their contract may allow them to have their own definition of medically necessary which could conflict with the underlying plan.

continued >

How long has the carrier been in the stop loss industry?

In today's ever-changing health care environment, it may be beneficial to partner with a carrier that has a proven history of success in the stop loss market. Look for a carrier with a strong reputation, including knowledge of trends and the ability to price accordingly. This expertise can help you adapt to evolving markets and find creative solutions for your coverage needs.

All policies are different

Remember, there is more to stop loss coverage than the name of the carrier or the lowest premium. Be sure to carefully review all policy details with your broker or TPA before making a decision that affects you and your bottom line.

To learn more, contact your stop loss representative.

SYMETRA®
RETIREMENT | BENEFITS | LIFE

www.symetra.com
www.symetra.com/ny

Symetra Life Insurance Company, 777 108th Avenue NE, Suite 1200, Bellevue, WA 98004. First Symetra National Life Insurance Company of New York, New York, NY. Mailing address: P.O. Box 34690, Seattle, WA 98124.