USI STOP LOSS CONSORTIUM

THE USI ONE ADVANTAGE®

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USI Stop Loss Consortium

Stop loss procurement is often overlooked but given the increasing exposure to large claims it should be thoroughly examined.

86% employers have a stop-loss claim in a given year [1]

Cancer

Holds top two spots of our top 10 claim conditions

26% of stop-loss reimbursements [1]

2016 | **Present**

Number of members with claims $3M+ [1]

DOUBLED

Medicines and Vaccines in Development

362 Cell & Gene Therapies

421 Infectious Diseases

1,361 Various Cancers

- Stop loss premium typically represents only 10% total health care costs yet is vitally important given the large claim exposures it covers.
- Typical self funded plans include stop loss provided on a bundled basis through insurance carrier/Administrator.
  - Carrier contract provisions and rates are not held accountable to market competition.
- Smaller brokers or a single employer often lack the leverage to push back and demand appropriate contractual terms.

Sources: 1. *2020 Sun Life Stop-loss Research Report: High-cost Claims and Injectable Drug Trends Analysis.* (n.d.).Retrieved September 15, 2020, from https://sunlife.showpad.com/share/oCJu5BJg1Gk5XUvqi2IZb
2. *Medicines in Development 2020 Report – Cell & Gene Therapies.* America's Biopharmaceutical Companies.
3. *Medicines in Development 2020 Report – Infectious Diseases.* America's Biopharmaceutical Companies.
4. *Medicines in Development 2020 Report – Cancer.* America's Biopharmaceutical Companies.

USI Stop Loss Consortium

USI leverages market size and underwriting expertise to manage a consortium of the industry's largest reinsurance carriers.

2nd Largest

privately-held **broker of U.S. business**

and privately held **employee benefits broker** ranked by global benefits revenue.

USI Stop Loss Consortium Partners

A.M. Best Ratings: A (Excellent) or better

TOKIO MARINE HCC

BERKSHIRE HATHAWAY INC.

SYMETRA RETIREMENT | BENEFITS | LIFE

OPTUM

HM INSURANCE GROUP

Sun Life

Swiss Re

VOYA FINANCIAL

- USI is a leading **middle market broker** with over 2,500 middle market self-funded employer clients with over **$1 billion in stop loss premium.**
- Unbundling stop loss insurance from the plan administrator creates a **competitive market** to access improved terms, conditions and rates.
- Carriers participating in the USI Stop Loss Consortium agree:
  - to both a specific premium **rate cap** and a **"No New Laser"** provision
  - Dividend programs
  - Plan mirroring
  - Early lock
- Employer participating in the USI Stop Loss Consortium enter a direct contract with the carrier and are **NOT** subject to group or pooled underwriting within the consortium.

Rate Increases & Laser Exposure

USI Stop Loss Consortium provides both rate caps and no new laser protection

Renewal without the USI Consortium Protection

Renewal

1. Specific Deductible Per Person $300,000
2. Typical rate increase of 10% ($126k)
3. Lasered Specific Deductible on Claimant #5 for $1.2 Million ($900K increase)
4. **Premium Increase + Laser Increase = $1,026,000**

Proposed Schedule - Excess Loss Coverage

United HealthCare Insurance Company

Group Name:	ACME, Inc.		
Original Proposal Prepared:	6/12/2020	Effective Date of Proposal:	1/1/2021 - 12/31/2021
Revision Date:		Expiration Date of Proposal:	1/1/2021
Underwriter:	John Smith	Administrator of the Plan:	UHC-RX Vendor (Carved Out)
		Network of Plan:	UHC Choice (+)

A. SPECIFIC (INDIVIDUAL) EXCESS LOSS COVERAGE:

	# Units	Current	Renewal
Specific Deductible per covered person :		$300,000	$300,000
Lifetime Amount per covered person:		Unlimited	Unlimited
Contract Basis:		72/12	84/12
Monthly Premium Rates:			
Single	300	$150.00	$165.00
Family	200	$300.00	$330.00
Annual		$1,260,000	$1,386,000
Total	500		
ISL Run In Limit:		N/A	N/A
Additional Aggregating Specific Deductible:		N/A	N/A
Optional Specific Terminal Liability Fee:			TLO Not Included
Covered Benefits under Specific:		Medical / RX	

Lasered Claimant Notes: **Claimant 5# with med claims of $462k (5/1/19-4/30/20) lasered at $1.2M.**

The USI Stop Loss Consortium protection would cap this increase at 50% or $630,000 and eliminate the deductible laser increase, saving the client $396,000 in total exposure.

- Many clients are unaware that bundled stop loss contracts may allow for lasers and typically do not provide rate caps.
- Lasered claims are effectively a direct increase in employer cost.
- Although this renewal appears reasonable with a 10% increase, the client is subject to an additional laser liability of $900K (total $1.2M specific deductible) resulting in an effective increase of almost 100%.
- USI Stop loss protections with a *max 50% rate increase and no new lasers* reduced exposure by $396,000

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Stop Loss Consortium | Additional Benefits

The USI Consortium Carriers offer several added value terms and conditions that help employers better manage overall insurance costs.

Dividend Programs: Employer seeking to participate in advantageous claims experience have traditionally sought out captive participation. Many USI stop loss consortium carriers offer dividends, providing similar advantages to captive participation without the added expense or risk. **Potential refunds range from 5% to 10% of stop loss premium.**

Plan Mirroring: USI consortium carriers agree to pay benefits according to the plan document as administered by the TPA. Plan mirroring **reduces exposure to an uncovered claim,** potentially **saving hundreds of thousands of dollars.**

Early Lock: Carriers agree to finalize rates up to 120 days in advance of renewal, **allowing for significantly more time to determine appropriate budgets and employee contributions.**

- Review a copy the current stop loss contract and compare to terms and conditions from the USI Stop Loss Consortium.

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