

# Self-Funded Medical Stop Loss for Hospitals & Health Systems

■ ARE YOU PAYING TOO MUCH?

# How to Get The Most Competitive Stop Loss Quotes

Successful self-funded medical plans are dependent upon critical components such as adequate funding rates, appropriate plan design/incentives, cost control of claims and managing financial risk via a carefully structured stop loss insurance program.

Yet, the typical stop loss solutions of the past are insufficient in today's challenging health care environment. Today, plan owners must consider the rise in claim frequency and severity, the elimination of annual and lifetime maximums, the soaring costs of specialty drugs, and the uncontrollable costs on claims occurring outside the hospital's own system.

## Today's stop loss risk considerations:

- Increase in **frequency** of catastrophic claims
- Unpredictability in claims **severity**
- Escalating costs of **specialty drugs**
- **Unlimited liability** due to Health Care Reform – annual/lifetime limits no longer allowed
- Claims incurred at non-domestic facilities are a **hard dollar expense** to the system
- Multiple financial pressures make **budgets more sensitive** than ever

When structuring your self-funded medical program, you'll want to align yourself with counsel from the most experienced broker and consultant in the managed care stop loss business – Risk Strategies. Our hospital and health system stop loss clients range from 1,000 to 160,000 employees and we offer stop loss solutions as unique as each client. Our approach, described below, uses traditional stop loss carriers as well as specialty health care underwriters who better understand all the components impacting today's medical spend.

## The Risk Strategies approach:

1. Using historical data, we perform a detailed financial analysis of your health plan to help you better understand the risks you face
2. We present your medical stop loss case to both traditional stop loss insurers and to managed care specialty health care underwriters to give you the broadest market representation available
3. We negotiate aggressively on your behalf
4. We evaluate all options and various funding mechanisms to determine the right structure and level of self-insurance, taking into consideration your specific risk tolerance

### Keys To Our Approach

- Rigorous Financial Analysis
- Obtain Quotes from Managed Care Underwriters
- Aggressive Negotiation
- Evaluate All Contract Options and Funding Mechanisms



# Case Study

## Health System Saves 17.5% on a \$10M Annual Premium

### The Company

One of the nation's largest for-profit health systems with locally managed facilities and freestanding surgery centers in over 20 states. Its self-funded health plan insures over 150,000 employees.

### The Situation

The health system previously purchased stop loss insurance through a national consulting firm's purchasing coalition. Over the last several years, the loss ratio was extremely favorable to the insurance company, however, their premiums continually increased. Also during that time, the organization received no premium refunds and no alternative funding options.

### The Solution

Needing a more cost-effective solution for its medical stop loss program, the health system turned to Risk Strategies. Over a four-week period we executed the bidding process, carried out several rounds of insurance carrier negotiations, selected a final carrier and bound stop loss coverage well in advance of the renewal date.

Risk Strategies was hired due to our unique solutions, analytics, proven approach and recognizable client referrals. The result:

- Exposed the client's program to a broader market of carriers – traditional carriers plus managed care specialty underwriters
- Performed a detailed financial analysis to help the client make an informed decision on coverage/funding options
- Received proposals from 12 carriers, including the incumbent carrier (vs. the coalition's approach of obtaining quotes from only four carriers)
- Presented several alternative funding arrangements for consideration (premium refunds, retro corridor, aggregating specific, etc.), which the client hadn't previously been exposed to
- Secured better coverage and enhanced contract provisions for significantly less than the current rates – **a 17.5% reduction on nearly \$10 million of annual premium**
- Renewed with the incumbent

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[risk-strategies.com/healthcare](http://risk-strategies.com/healthcare)



## About Risk Strategies Company

***Risk Strategies*** is a privately held, national brokerage and consulting firm. Ranked in the top 20 brokers in the country, we offer risk management advice and insurance and reinsurance placement for health care, property and casualty, and employee-benefits risks.

The Risk Strategies' National Health Care Practice incorporates the experience and expertise of ***Dubraski & Associates***, a national health care specialty broker, and ***Re-Solutions***, one of the largest A&H reinsurance intermediaries in the United States.

By bringing together one of the largest teams of dedicated health care insurance and reinsurance professionals operating across the country, Risk Strategies is able to bring its health care clients a focused, integrated and responsive liability and risk management service that is best in class.

Our National Health Care Practice comprises four divisions:

- 1. Managed Care** – providing managed care stop loss coverage for hospitals, health plans, physicians, ACO's and others in the health care industry
- 2. Reinsurance** – providing reinsurance protection across the entire spectrum of health care risk including the self-funded community, as well as to the life, accident and disability markets
- 3. Property & Casualty** – providing Property & Casualty coverage for a variety of health care organizations, such as hospitals, physicians, ACOs, long term care organizations, behavioral health, miscellaneous medical facilities, life sciences, medical products, and managed care organizations
- 4. Employee Benefits** – providing health care organizations with customized solutions for their employee benefits plans