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General Comment

1. All of our clients(400+) have some sort of protection over their self funded plan. Only 20-25% use stop loss. The majority use a high deductible fully insured policy instead of stop loss.

In 95% of the cases we quote a HDHP from a fully insured carrier with a $5,000 deductible is cheaper then any $15,000 to $20,000 specific stop loss policy. Due to the substantial reduction in risk most employers choose the fully insured policy. Cases that do purchase stop loss instead usually do so for reasons other then cost. These would include;
- anger that the carrier will not share claims data
- Carriers in their market don't offer a $5,000 HDHP
- Carriers in their market don't allow self funding under their HDHPs
- Small number of employees in multiple states where one fully insured carrier can't offer adequate coverage for everyone

Small group self funding was a very vibrant market in the 80s and early 90s. This is not a new trend. Cost have escalted, choice dropped, and service even worse so employers are looking at old solutions to fix the problem.

ACA makes it illegal for small employers to buy the $5000 HDHP they need, this will drive most of them to stop loss.

4. Insurers don't work with small employers, their brokers and TPAs do. Most employers are looking to stop working with insurers when they self fund. Every plan is customized to the needs of that employer. The size of the group and the amount of risk versus premium. $5,000 specifics are usually very inefficient, the group saves more money purchasing 15K-20K+. Yes stop loss is assumed to be in place every year unless a group is large enough to go without.

5. All over the place, half our cases have no claims at all any given year. 40% have a few claims and a loss ratio under 60%. Every year a few groups have a terrible year and loss ratios well over 100% and often 200%+.