1. How common is the use of stop loss insurance in connection with self-insured arrangements? Does the usage vary (and, if so, how) based on the size of the underlying arrangement or based on other factors? How many individuals, if known, are covered under stop loss insurance (either nationally or on a state-specific basis)? What are the trends? Are past trends expected to be predictive of future trends? Is the Affordable Care Act expected to affect these trends (and, if so, how)?

Most self-funded plans other than very large employers (Probably 10,000 covered employees or more) have some stop loss coverage to protect against very large claims. It varies based on the employers ability to fund the risk. Stop loss coverage would exist with or without the ACA.

2. What are common attachment points for stop loss insurance policies, and what factors are
used to determine these attachment points? What are common attachment points by employer size (e.g., for plans with fewer than 50, between 50 and 100, or between 100 and 250 employees, and how do these compare to attachment points used by larger plans)? What are the lowest attachment points that are available? What are the trends?

Probably the lowest attachment point I have seen is $25,000 for individual stop loss. Attachment points vary by the employer's ability to afford the risk.

3. Are employee-level ("specific") attachment points more common, or are group-level ("aggregate") attachment points more common? What are the trends? What are the common attachment points for employee-level and group-level policies?

Larger groups of over 1,000 employee or more have more predictable overall claims and therefore might not feel the need to have an aggregate attachment point. Most groups have specific attachment points. There is no common level of attachment. It varies by an employer's ability to absorb risk.

4. How do insurers work with small employers to integrate stop loss insurance protection with self-insured group health plans? What kinds of options are generally made available? Are policies customized to meet the needs of different employers? How are the attachment points for a stop loss policy determined for an employer? Do self-insured group health plans purchase stop loss insurance anticipating that they will purchase it every year?

The whole point of self-funding is to be able to customize the plan design to the needs of the employer and employees within the confines of ERISA. Attachment points are determined via claims experience for aggregate attachment points. Lower aggregate attachment points can sometimes be purchased for an increase in premiums. Specific attachment points are chosen based on the employer's ability to afford the funding of large claims. Stop loss polices do not vary much in form. They generally cover claims that are covered under the plan. Most groups that are self-funded, stay self-funded since there is little advantage to being fully insured. Self-funding allows an employer to know the reasons for cost increases, while fully insured plans generally don't provide claims experience to show why rate increases occur untill there are 150 or 200 covered employees.

5. For a given attachment point, what percentage of total medical costs incurred by the employees is typically paid for by the employer and what percentage is typically paid for by the stop loss insurance policy? How much do the relative percentages vary for different attachment points? What are the loss ratios associated with stop loss insurance policies?

There is no general rule and risks fluctuate from year to year.

6. What are the administrative costs to employers related to stop loss insurance purchased for the employers' self-insured group health plans? How do these costs compare to the administrative costs related to purchasing a health insurance policy from an issuer?
There are virtually no administrative costs to the employer for purchasing stop loss insurance.

7. Is stop loss insurance more prevalent in certain industries or sectors? Are there any minimum employee participation requirements for a small employer to be offered stop loss insurance?

No, stop loss coverage is purchased by employers in all sectors, including public sector employers. Stop loss insurer's are no different form fully insured insurance carriers in terms of participation requirement.

8. What types of entities issue stop loss insurance? How many small entities[11] issue stop loss insurance policies?

Stop loss coverage is issued by direct writing insurance carriers and also by Managing General Underwriters. The outlets for issuing coverage are too numerous to count.

9. Do stop loss issuers increase fees for groups below a certain size or exclude those groups? If so, how?

No of the fee issue. Rates depend on risk. Some stop loss carriers prefer certain types of groups and may not issue to other types of groups that do not fit their risk profile (but another stop loss carrier may have just the opposite risk profile).

10. How do stop loss insurers evaluate the plans seeking coverage and how is this evaluation reflected in the coverage or premiums offered? Does the profile of the plan have an effect on the attachment points available?

Individual stop loss coverage does not generally get priced based on plan design changes such as the amount of the deductible, co-pay and coinsurance. Changes in plan design are more likely to affect the level of aggregate stop loss coverage.

11. How do States regulate stop loss insurance? In States that are regulating this insurance, what are the licensing processes and standards? Have States proposed laws, regulations, or best practices with regard to stop loss insurance? Do such proposals focus on attachment points, size of the group, percent of total claims paid by the stop loss insurer, or other criteria? What are the issues States face in regulating stop loss insurance?

Most stop loss carriers choose which states to be licensed in. State regulators determine those conditions for entry.

12. What effect does the availability of stop loss insurance with various attachment points and other particular provisions have on small employers' decisions to offer insurance to employees?

Virtually none. Why would this have any more effect than the cost of a fully insured policy? In the end the employer looks at the cost / benefit ratios of offering insurance. If they can afford insurance, they do, since it helps employers attract and retain employees.

13. What impact does the use of stop loss insurance by self-insured small employers have on the small group fully insured market?

Very little. Employers that don't want to be overburdened with state regulations and who can afford to self-fund, will do it if they understand the risks and feel they can afford them. It's been that way for the last 30 years I have been in the marketplace.