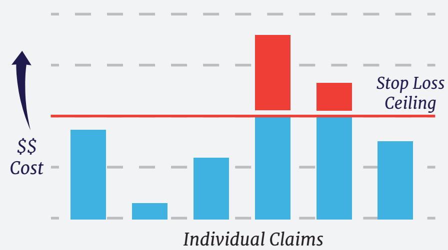
SmartSheet™

What Is Stop-Loss?

If the idea of saving money by offering self-funded health benefits to your employees appeals to you but the risk of paying out large, unexpected or unplanned claims concerns you... you will be happy to know this.

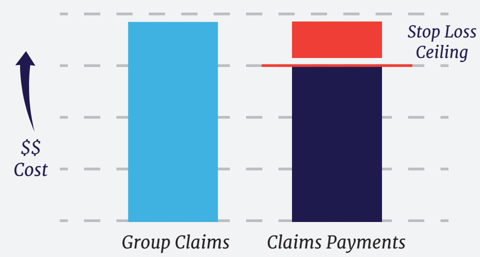
Stop-Loss insurance coverage is a policy that works in conjunction with self-funded health plans. It is an insurance product that provides protection to employers from the financial risk of catastrophic or unpredictable high cost and/or high volume of claims filed under the plan. Stop-Loss protects against claims that could compromise the company's financial health at any given time.

Employers have two categories of stop-loss coverage to consider.



SPECIFIC STOP-LOSS

Protection for high claims on any one individual member.



AGGREGATE STOP-LOSS

Protection that establishes a ceiling on the amount of eligible expenses in total during a contract period.

Stop-Loss premiums are calculated based on the size of the employer, benefit plan, financial status, risk tolerance, employee demographics and members' health status. Stop-Loss coverage is typically purchased by the employer through a TPA, or directly from a carrier underwriter.

Frequently Asked Questions

Q **How does Stop-Loss work?**

A A TPA can source a Stop-Loss insurance carrier who will assist an employer in setting risk limits and terms of a policy. TPA's coordinate the policy's premium payments to the carrier as well as provide administrative services in managing Stop-Loss claims as they occur.

Q **Who is protected by Stop-Loss coverage?**

A Stop-Loss protects and insures the employer, not individual employees. The insurance carrier assumes the risk, paying claim amounts that exceed set limits of the policy