

ACHS Session Notes

The New Stop Loss Frontier
Monday, May 23, 2011, 1:40-2:30 PM

Potential Topics & Questions

SHORT TERM ISSUES: What are the structural changes as they directly relate to PPACA? What do these changes mean to the Stop Loss industry today?

1. Will Stop Loss come under further scrutiny (a la DOL and HHS studies of Self-insurance) and will current practices such as disclosure underwriting and lasering come under attack, even more than today.

2. How are Broker Commissions on Fully Insured Medical playing out, given the Minimum Loss Ratio requirements? And, how will it impact the Self-funded market?

3a. Reaction to some of the plan design elements PPACA is creating - e.g., coverage to age 26 for dependents, lifetime maximums, annual maximums, etc.

3b. Dealing with potential GAPS in stop loss coverage (e.g. mirroring the underlying plan document - clinical trials, looking for extended run-in contracts, etc.).

4. The Exchanges – how are employers likely to react? Will the penalties be enough to steer them in desired directions?

5. Will high risk pools look different in the future? Are they a viable model going forward?

MEDIUM TERM ISSUES: What are the Stop Loss Market Responses to PPACA?

6. Will more stop loss regulation create other spin-off issues such as regulation of the claim pick for ASL?

7a. Will there be more players in the market (smaller local Health Plans that have traditionally offer fully insured insurance products) looking to self-insure some of their programs and offer stop loss coverage as well?

7b. Will there be a boom for carriers, reinsurers, and other players in the stop loss market? Will there be new roles in stop loss?

7c. With the consolidation of Health Plans – What is the effect on the Stop Loss markets?

8. PPACA has created greater interest in Stop Loss, suggesting there may be an up-tick in demand. Will that drive further product differentiation and more creative ways of structuring the risk?

- *What is the future for alternatives like broker sponsored purchasing coalitions?*
- *What is the role of captives in the future?*
- *Where will the increased demand for product differentiation take the product? (e.g. underwriting guarantees, Agg/Spec variations, etc.)*
- *How are all of these issues likely to impact capacity, pricing and underwriting? (Supply/Demand Flip Chart).*

LONG TERM: Looking into the future, what does PPACA mean to the Self-funded industry, and the Stop Loss industry? What is the possible fall out to these structural changes? What types of Legislations might we expect next?

9. Are Provider Billing practice changes likely to occur? If so, what... (e.g., will hospital costs and chemo eventually have price controls)?
