MAY 1, 2012

Stop Loss Coverage

Today, the DOL, Treasury and CMS issued a request for information regarding stop loss insurance. Self-insured employers sometimes purchase stop loss coverage to limit and spread-out risk. Neither self-insured employers, nor stop loss coverage, is subject to state insurance mandates. At the same time, some small employers are switching to self-insured plans and then purchasing stop loss coverage that in effect covers all plan benefit claims (e.g., any claims above $5,000). Such an arrangement allows them to limit the financial risk of the plan, while getting out of state insurance mandates and all other Affordable Care Act requirements that would apply to insured plans (such as medical loss ratios, premium increase limits, etc.)

Some believe that the request for information is the start of an attack on self-insurance, while others believe it is simply an attack on egregious situations in the small employer market. Whenever a request for comments are solicited, you can guarantee that the anti-employer groups will submit comments. If anyone would like to submit pro-employer comments or join in such a filing, please let us know. Comments are due by July 2, 2012

http://www.gpo.gov/fdsys/pkg/FR-2012-05-01/pdf/2012-10441.pdf