



Aegis Risk Medical Stop-Loss Premium Survey

Executive Summary

In its eighteenth year, the 2024 Aegis Risk Medical Stop-Loss Premium Survey measures the ongoing expense and coverage of medical stop-loss amongst employer-sponsored, self-funded health plans. Recent pricing and renewal requests are further detailed with annualized increases ranging from 10.4% at a \$100,000 deductible to higher, more leveraged increases of 13.1% at \$500,000. The primary focus of the survey remains current premium rates, as shown in the following graphs and tables. Stop-loss premium reflecting over 1.1 million covered employees for a total of over \$1 billion in annual premium expense is measured.

Average Stop-Loss Premium—It Varies

Stop-loss coverage among plan sponsors varies greatly, causing development of an average premium cost to be a difficult task. Each group has an individual stop-loss (ISL) deductible and contract type that varies from another—all with significant impact on premiums. Enrollment size and group demographics are other variables that can have an impact on group-specific rates.

However, normalization of responses can be reasonably attained: Larger plans typically select higher ISL deductibles, and contract type can be accounted for by underwriting ratios. *For this survey, all contracts are equated to a mature "paid" contract.*

When plotted on a graph, a trend line can be drawn showing average premium cost by size of deductible for the continuum of coverage. Further variation may still exist due to PPO networks, pharmacy coverage and group demographics.

The survey's intent is to show policyholder paid premium expense. Therefore, broker commissions are not removed. They are a frequent component of premium and may be hidden, if not unknown, to respondents, including the correct manner to deduct. Those with excessive (or minimal) loads may observe it in their comparison to this survey.

Pricing and Renewal Rate Increases

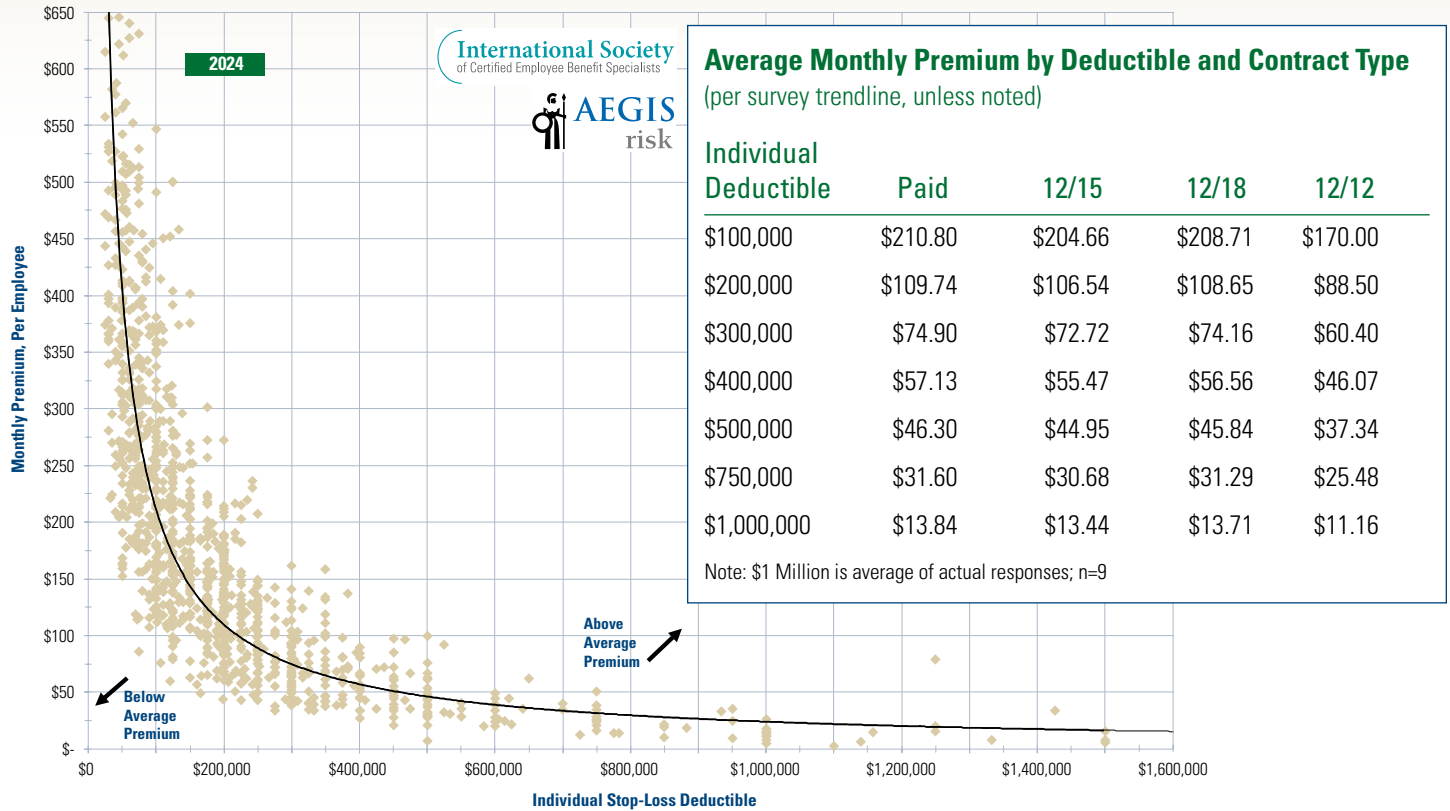
This annual survey provides opportunity to compare current year pricing to the previous year's data. The graph below shows annualized premium increase from 2022 to 2024—or two renewal cycles. The effect of leveraged trend occurs as the deductible remains unchanged, but the underlying cost of catastrophic medical claimants rises over time and is fully borne by stop-loss. As the deductible increases, leveraged trend does too, as covered claimants and their trended dollars become larger. Of note, over the two-year analysis, the most recent year from 2023 to 2024 reflects a moderation, as premiums increased at a lower rate of 5% to 9% for the range of deductibles shown below.

Annualized Premium Increase, 2022 Through 2024, by Individual Stop-Loss Deductible

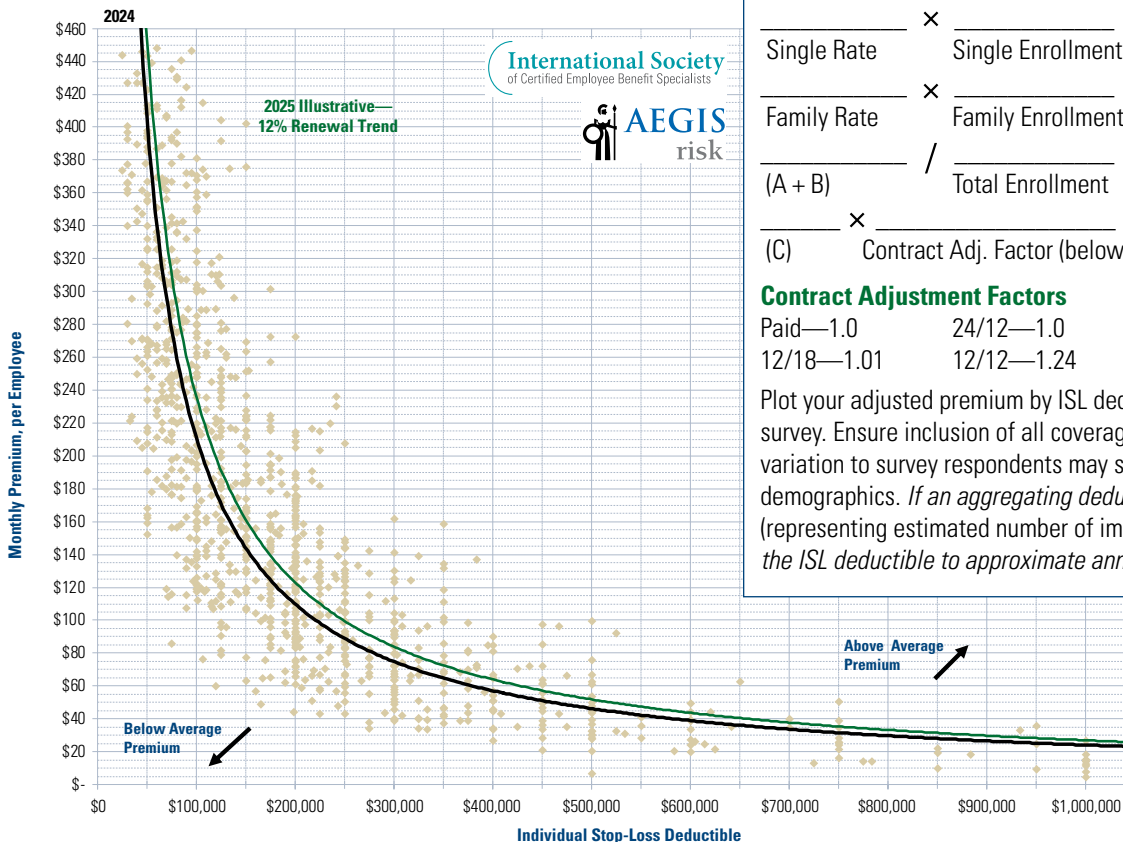


2024 Monthly Premiums, Individual Stop-Loss, by Deductible

(Adjusted to a "Paid" Contract)



Make Your Own Comparison— A Focused Illustration



To calculate your adjusted premium for comparison:

$$\frac{\text{Single Rate}}{\text{Family Rate}} \times \frac{\text{Single Enrollment}}{\text{Family Enrollment}} = \frac{\text{Total Single Premium (A)}}{\text{Total Family Premium (B)}}$$

$$\frac{\text{Total Single Premium (A)}}{\text{Total Family Premium (B)}} \div \frac{\text{Total Enrollment}}{\text{Total Enrollment}} = \frac{\text{Avg. Mo. Prem. per Emp. (C)}}{\text{Avg. Mo. Prem. per Emp. (C)}}$$

$$\frac{\text{Avg. Mo. Prem. per Emp. (C)}}{\text{Contract Adj. Factor (below)}} = \text{Adjusted Premium}$$

Contract Adjustment Factors

Paid—1.0	24/12—1.0	18/12—1.02
12/18—1.01	12/12—1.24	12/15—1.03

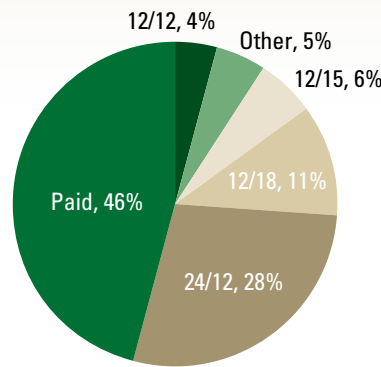
Plot your adjusted premium by ISL deductible to compare with survey. Ensure inclusion of all coverage rates and tiers. Unaccounted variation to survey respondents may still exist, including group demographics. *If an aggregating deductible exists, divide it by 3.0 (representing estimated number of impacted claimants) and add to the ISL deductible to approximate annual impact.*

Coverage Specifications

Contract Type (or Claims Basis)

Contract type has many variations, with "Paid" (i.e., 36/12 and longer) and its close equivalent (24/12) accounting for 74% of plans. All are choices for ongoing, comprehensive coverage. Two options for initial coverage, 12/12 and 12/15, are 4% and 6% respectively. 12/18 provides a longer, six-month runout and is 11%.

Contract Type, ISL



Pharmacy Coverage

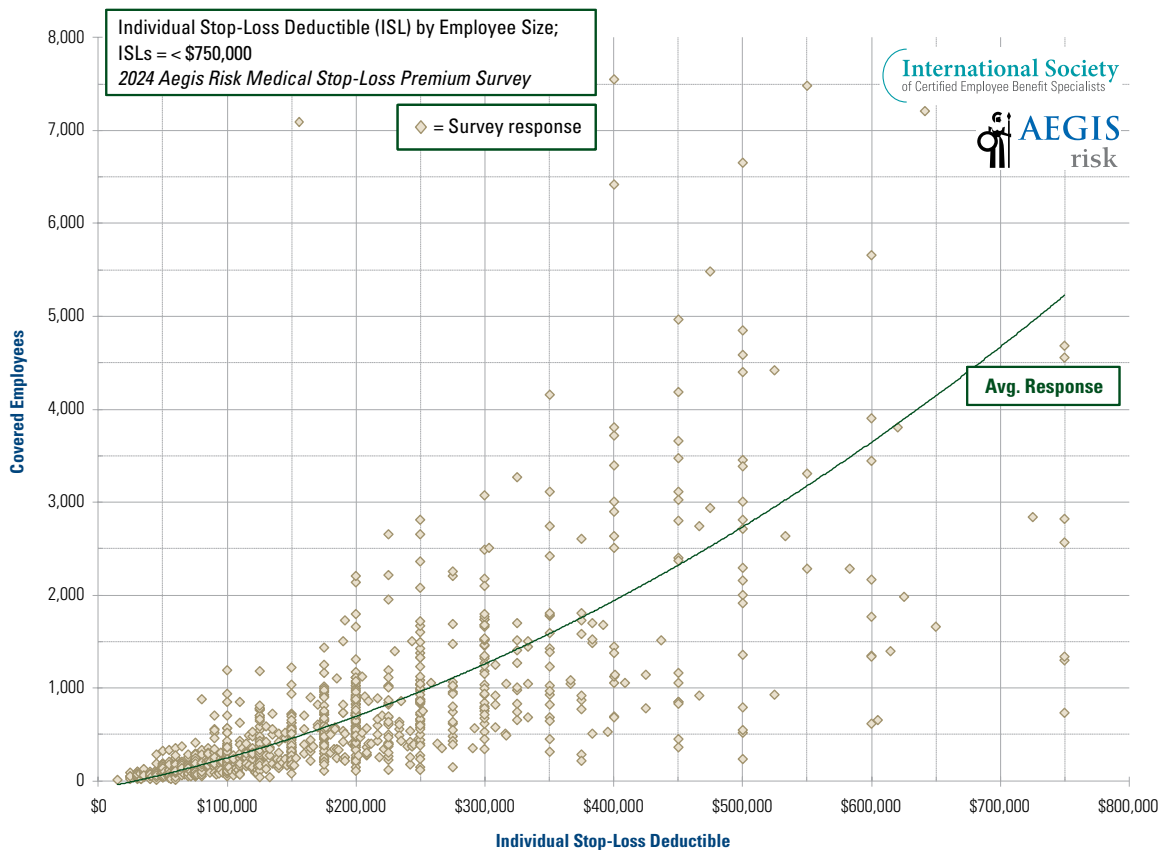
99.8% of surveyed plans cover pharmacy alongside medical. High-dollar pharmacy exposure now requires the coverage.

Policy Provisions

Certain provisions are found on most stop-loss contracts. Excluding claimants at renewal, known as lasering, is not permitted for 63% of respondents—56% of those with a renewal rate cap. Plan mirroring is reported by 44% and dividend eligible policies remain less common at 11%.

ISL Deductible by Employee Size

Selection of an ISL deductible is an important decision for any plan sponsor. An organization's own risk tolerance should be its strongest guide—Those more risk savvy, if not larger, can manage with higher deductibles. The exhibit to the right highlights the ISL deductible of survey respondents by their number of covered employees (adjust for any ASD—divide by 3.0 and add to ISL). A trend line reflecting the average response is provided. ISLs of \$750,000 or less are illustrated. Those plans with an even higher ISL are widely dispersed by enrollment but are often several thousand employees or much higher.



Aggregating Specific Deductibles (ASDs)

ASDs, which are separate deductibles requiring fulfillment before any ISL reimbursements, are often leveraged for their ability to ease renewal rate increases. Alternatively, they can retain risk for a policyholder seeking relief only after a multitude of specific "hits." However, they come with a direct transfer of risk back to the policyholder. Of respondents, 16% reported an ASD, with the average size being 56.5% of the underlying ISL. As an example, for an ISL of \$200,000, the ASD, on average, is \$113,000 (56.5%). For adjustment to the survey, any reported ASD was divided by 3.0 (an approximation of the number of claimants necessary to fulfill) and added to the reported ISL for the survey response.

Aggregate Coverage

This additional coverage, against overutilization of the health plan, is most prevalent alongside ISL deductibles of \$250,000 or less and enrollments around or below 1,000. It becomes less common at higher deductibles and/or enrollments—since those tend to be risk-savvier or more stable plans. 125% is the most prevalent level, chosen by 91% of those with aggregate coverage, with 120% next at 5%.

Average monthly premium per employee varies. If alongside an ISL of \$250,000 or less, the average is \$10.76. At higher deductibles, the average is \$3.94. Median premium overall is \$8.08. Although it is a significantly lower expense than ISL, purchasers of aggregate are advised to remain diligent on this expense as well.

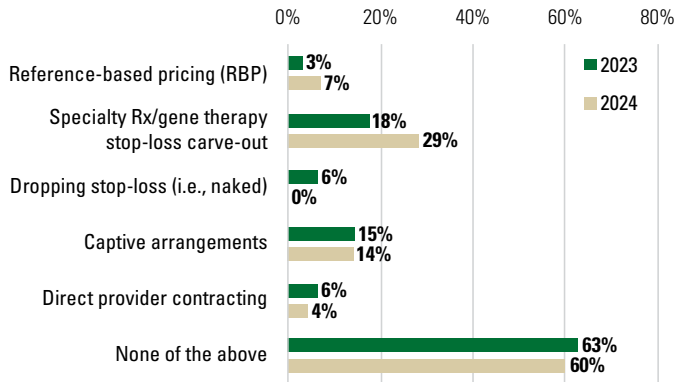
Catastrophic Claimants

Risk Management Strategies

Fueled by ever-rising costs, alternative health care delivery and risk mechanisms are being considered by self-funded plan sponsors. Of those, specialty Rx/gene therapy carve-out and captive arrangements have higher interest at 29% and 14% respectively. However, maintaining the status quo is most prevalent, with 60% responding “none of the above,” consistent with recent years. Reference-based pricing (RBP) remains a minimal 7%.

Risk Management Strategies, Planned for Review

Check all that apply.

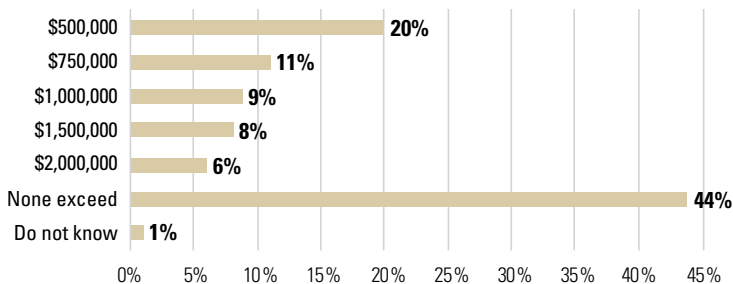


Presence of Catastrophic Claimants and Top Concerns

The frequency of truly catastrophic claimants (>\$500,000) is the basis of stop loss. When inquired on the last two policy periods, 23% of respondents incurred a claimant in excess of \$1 million, with 6% of those in excess of \$2 million. Top claimant concerns were led by cancer/neoplasms (83%) and specialty pharmacy (50%).

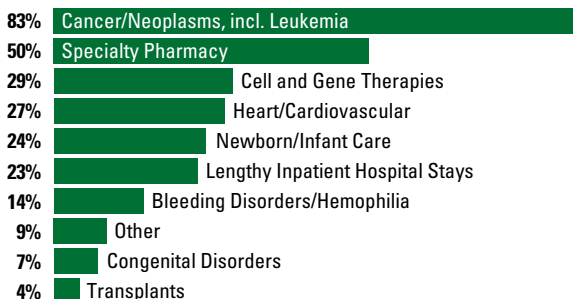
Highest Paid Claimant, in Excess

In One Policy Year, Over Last Two



Top Claimant Concerns

All that apply



Lasered Claimants

At the initial writing of coverage, or potentially at renewal, an underwriter may exclude—or *laser*—certain individuals from coverage. This may occur at a higher deductible or possibly to full exclusion. Of respondents, 16% reported the presence of at least one known lasered claimant—a reduction from 20% in 2023.

2025 Renewal Premiums and Strategies

Renewal Premiums

As discussed on page one, stop-loss typically renews at a higher rate than underlying medical trend due to leveraging—whereby an unchanged deductible incurs a larger percentage of future claims. Actual stop-loss pricing, as measured by this survey over the past two years, reflects a range of increase from 10.4% at \$100,000 specific to 13.1% at \$500,000 specific. However, the most recent year from 2023 to 2024 shows increase not exceeding 9.1% at any deductible—potentially reflecting softer renewal pricing as seen and confirmed by several underwriters for 2024. Altogether, we illustrate a 12% market-wide negotiated renewal trend for 2025 premiums—a reduction from 13% in recent years. The specter of large dollar cell and gene therapies and outsized inpatient billings still challenge aggressive pricing. Actual policyholder results will vary, with increases approaching 20% or more not uncommon, while those with stronger experience more able to obtain an increase a few points lower than our illustrative.

Renewal Strategies

Consider the following actions to manage your stop-loss premium and ensure adequate coverage:

- Index (or increase) deductible to medical trend. If not annually, at least bi-annually.
- Be aggressive! Ask for reductions or review competitive offers. Leverage your plan data and vendor strengths.
- Carefully manage your claims disclosure. Avoid claim denials due to nondisclosed claimants.
- Avoid coverage gaps with “plan mirroring” between your policy and health plan documents. Pursue “laser-free” renewals with rate caps.
- Use an experienced broker or consultant. Stop-loss is a highly specialized coverage with significant claim exposures. An inexperienced advisor can cost your plans hundreds of thousands in premium or through uncovered claims.

The Survey

Sponsored jointly by Aegis Risk and the International Society of Certified Employee Benefit Specialists.

The 2024 Aegis Risk Medical Stop-Loss Premium Survey represents 1,137 plan sponsors covering over 1,100,000 employees with slightly more than \$1 billion in annual stop-loss premium. Respondents range in size from 13 employees to over 41,000.

The 2025 survey opens late spring 2025, with release in late summer. Visit www.aegisrisk.com to participate or register for notification. All respondents receive an immediate copy upon its release. Employers as well as brokers and consultants are encouraged to participate. Direct any questions to survey@aegisrisk.com.

About Aegis Risk

Aegis Risk is a specialty consulting firm with a dedicated focus on stop-loss throughout the plan year. Visit us at www.aegisrisk.com for more information. Survey development and analysis provided by Ryan Siemers, CEBS.