

Stop-loss Premiums Increased by 16% from 2021 to 2023

Rising costs in employer-sponsored health plans continue to be driven by high-dollar claims. The [2023 Aegis Risk Medical Stop-loss Premium Survey](#) revealed that individual stop-loss premiums increased from 2021 to 2023, ranging between 6.9% (at \$100,000) and 15.9% (at \$500,000).

Stop-loss insurance provides protection to self-funded health plans against large and unpredictable health claims, such as catastrophic medical bills, that exceed a predetermined amount. Individual stop-loss coverage deductibles are often tied to the underlying employee population size and the plan provider's risk tolerance.

“This dynamic, known as leveraged trend, occurs as the underlying increase in expense of a catastrophic medical claimant is fully borne by an unchanged stop-loss deductible from one year to the next.”

- 2023 Aegis Risk Medical Stop-loss Premium Survey

Conducted annually, the survey measures the ongoing expense and coverage of medical stop-loss among employer-sponsored, self-funded health plans. One-fourth (25%) of respondents reported a catastrophic claim of more than \$1 million over the

last two policy years, with 7% exceeding \$2 million. These claims result from aggressive hospital billing, specialty pharmacy and orphan drug therapies. Nearly half (42%) of respondents reported that none of their catastrophic claims exceeded \$500,000. Fueled by rising costs, some employers are discussing the following risk management strategies:

- Captive arrangements (15%)
- Direct provider contracting (6%)
- Referenced-based pricing (3%)
- Specialty prescription drug and gene therapy carve-outs (18%)

However, most (63%) are maintaining the status quo and responded with “none of the above,” which is consistent with previous annual surveys.

Employer Takeaway

Stop-loss coverage among plan sponsors and average premium costs vary. While stop-loss insurance can help employers reduce their financial exposures when health claims are higher than anticipated in a given year, the cost of such coverage can increase annually. Rising claims can also make obtaining rates from other providers more difficult.

Employers should continue to monitor health care trends, utilization and spending. Contact us today for more information.