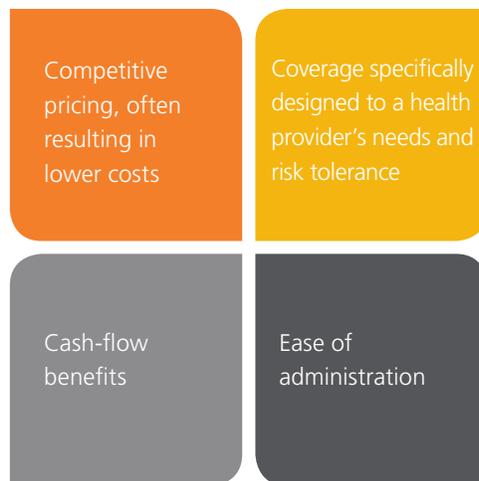


## Health care providers benefit by consolidating stop loss reinsurance programs

The shift from volume- to value-based care is gaining traction with health care providers. This significantly changes how providers are paid and how they deliver care to their patients. Increasingly, government programs and private health insurers are transferring financial responsibility for the cost of care to health care providers through global payments, accountable care organizations, bundled payments and other reimbursement mechanisms. These new reimbursement models present opportunities to share in upside savings. However, they can also bring the risk of significant financial losses.

**For health care providers, consolidating stop loss programs helps deliver:**



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Stop loss coverage limits a health care provider's financial responsibility for large, unexpected claims on individual members.

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Stop loss is designed to limit a health care provider's financial responsibility for large, unexpected claims on individual members. Purchasing it can have a significant impact on the bottom line. However, stop loss offered by a government program or embedded as part of a private insurance company's managed care contract is generally a one-size/one-price-fits-all proposition.

Stop loss coverage (also known as "provider excess loss") should generally be tailored to the price and risk tolerances of the health care provider. It also needs to deliver reasonable protection for the risk assumed in managed care contracts. However, when stop loss reinsurance is embedded into a number of different managed care policies, the health care provider does not receive the economies of scale and purchasing power in either price or program flexibility. When stop loss is embedded into the managed care contract it is not able to be customized, and the pricing is based on the risk pool of the insurer, not the experience of the individual health care provider. Some health

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Care providers may have much better claims management/cost management experience than the other health care providers in the risk pool and the stop loss rates may not reflect this efficiency. Carving out or unbundling stop loss from the managed care contract often lowers the price, because the industry uses claims experience, tested in the competitive marketplace, and refined over many years.

Health care providers may want to consider consolidating these financial risks into one provider excess loss policy. The advantages of negotiating a consolidated reinsurance policy in the commercial marketplace are:

- Coverage specifically designed to meet the organization's risk tolerance
- Ability to offer best price by taking advantage of the buying power of the full membership
- Better cash flow because specific claims payments are made as soon as a deductible is reached, not at the end of a settlement period
- One administration process for all claims reporting and filing
- Consolidated financial reporting of the claims payments, payment requests and pending claims
- One renewal process for all stop loss coverages
- Access to cost containment programs such as transplant networks, neonate services and hospital audit programs
- Expansive stop loss policy terms and riders, such as a refund of premium when claims experience is favorable.

Health care providers are moving into the business of not only providing accessible, high-quality health care services, but also taking on the financial responsibility for those services. For providers, it's time to seriously consider consolidating their stop loss insurance to obtain the best price and policy terms.

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Consolidating stop loss can lead to better pricing and policy terms, as well as improved cash flow.

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To learn more contact Optum at **1-866-427-6845**, email us at **[engage@optum.com](mailto:engage@optum.com)** or visit **[optum.com](http://optum.com)**.

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Optum Stop Loss products are underwritten by Unimerica Insurance Company, and in California, Unimerica Life Insurance Company.



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