

What Stop-Loss Insurance Does

Self-funded employers pay claims directly. Stop-loss coverage limits the financial exposure from unusually large claims.

	Specific stop-loss	Aggregate stop-loss
Protects against	One very large claim for a single person	Higher-than-expected total claims for the whole group
How it works	Reimburses claims above a set amount per person	Reimburses once total claims exceed a set level for the year
Employer keeps	Claims up to the per-person amount	Claims up to the group's aggregate level

CONTRACT TERMS WORTH UNDERSTANDING

- **Contract basis:** which claims count, based on when they are incurred and paid
- **Special terms for individuals:** coverage sometimes set differently for a known high-cost claimant
- **Reimbursement process:** how and how quickly eligible claims are repaid

QUESTIONS TO ASK

- What is the per-person level, and can our budget absorb it?
- Which claims and services are covered or excluded?
- How have renewals for stop-loss been handled in the past?

Takeaway: Stop-loss does not remove risk. It sets a ceiling on it, which is why the contract terms matter as much as the price.