



### **Frequently Asked Questions**

- 1) Q. What types of stop loss coverage is offered and is it offered on all Rx plans?**  
A. We offer AGGREGATE stop loss coverage for Rx Plans on a 12/12 and 12/13 basis. Specific stop loss insurance can be offered for specialty drugs upon request. We require a significant contribution by the employer towards the cost of the benefit program and significant participation by the employees. Therefore, we do not offer stop loss on voluntary (employee pay all) Rx plans. The carrier reserves the right to refuse to provide coverage when, in their judgment, an inappropriate level of risk exists or a true employer/employee relationship is not present.
- 2) Q. Do you provide coverage for specialty drugs?**  
A. We provide stop loss insurance for specialty drugs which include Self-Administered Injectables, Biotech drugs and Chemotherapy/Cancer drugs on an aggregate or specific stop loss basis in conjunction with the standard out-patient prescription drugs aggregate stop loss insurance program.
- 3) Q. What is a 12/12 and a 12/13 contract?**  
A. A 12/12 contract requires that all claims be incurred and paid within the 12-month contract period. The 12/13 contract requires that all claims be incurred within the 12-month contract and paid within the 12-month contract plus one extra month for run-out.
- 4) Q. What is the minimum annual premium?**  
A. The minimum annual premium is \$2,000 (regardless of group size).
- 5) Q. When is the premium due?**  
A. At least 95% of the estimated annual premium must be submitted with the signed stop loss application. Prior to the anniversary date, we will request the "balance" between the minimum premium and earned premium, if any. For stop loss policies with premiums in excess of \$20,000, we will consider an alternative payment arrangement.
- 6) Q. How small of a group can be underwritten?**  
A. Many states limit stop loss insurance to groups with 50 or more employees. Also, due to minimum annual premium and aggregate attachment point requirements, a prospect with fewer than 100 employees can be a difficult sell.
- 7) Q. What is the minimum aggregate attachment point (MAAP)?**  
A. The minimum aggregate attachment point is typically 125% of the expected claims.
- 8) Q. What are the maximum and minimum benefits?**  
A. The maximum stop loss benefit is typically one time the annual aggregate attachment point. The minimum stop loss benefit, no matter how small the group, is \$50,000. A maximum benefit in excess of \$1,000,000 requires prior approval from the home office.

- 9) **Q. How do I request a quote?**  
A. Submit a completed Request for Quote (“RFQ”) form along with any additional requested documents. The RFQ form can be downloaded from our website at [www.rxreins.com](http://www.rxreins.com). Or, we will gladly mail, fax, or e-mail the RFQ form to you. Submissions may be emailed to [stoploss@rxreins.com](mailto:stoploss@rxreins.com).
- 10) **Q. What do you need to underwrite a case?**  
A. A completed RFQ form along with the most recent 12 months of month by month claims and enrollment data and the top 25 drugs by cost.
- 11) **Q. When is the stop loss insurance confirmed?**  
A. A confirmation of insurance (binder) is issued upon receipt of the signed stop loss Application and receipt of the minimum annual premium.
- 12) **Q. When is the stop loss policy issued?**  
A. The stop loss insurance policy is issued upon receipt and approval of the (1) signed stop loss application, (2) covered/excluded drug addendum, (3) a check in the amount of the minimum annual premium, and (4) the Summary Plan Description (SPD) for the self-funded plan.
- 13) **Q. Who is responsible for “funding” claims?**  
A. The employer is responsible for “funding” all claims, even for claims in excess of the attachment point. The stop loss policy will “reimburse” the employer at the conclusion of the contract period for claims “incurred and paid” during the contract period in excess of the attachment point. Reimbursement is made after receipt and review of paid claims, eligibility, verification of incurred/paid dates and plan maximum limits. In an extreme situation, we may require a claims audit prior to reimbursement of any funds.
- 14) **Q. How is the annual aggregate attachment point (AAAP) determined?**  
A. The sum of all the monthly aggregate attachment points for each month (attachment factor times enrollment) during the policy year will determine the annual aggregate attachment point under the policy. The annual aggregate attachment point will never be less than the minimum aggregate attachment point shown in the schedule of stop loss insurance.
- 15) **Q. Are claims and enrollment data required after the stop loss policy is in place?**  
A. We require the plan administrator to provide **monthly enrollment** and **paid claims** data to our office by the fifteenth day of each month for the preceding month. We will provide the appropriate form. The monthly reporting of enrollment/paid claims data is required by the carrier and is utilized in computing the AAAP as well as the renewal attachment point.
- 16) **Q. What happens if the employee enrollment changes?**  
A. In instances where the employee population shifts more than 10% during the course of the policy period, additional premium may be required. Additional stop loss premium is due within 30 days of notification.
- 17) **Q. Is the plan administrator paid by RxReins?**  
A. In consideration of providing monthly claim reports, we customarily pay the plan administrator an “administrative allowance.” For stop loss policies with premium excess of \$50,000, the administrative allowance is negotiated.