Guaranteed CostRx

Frequently Asked Questions

What is Guaranteed Cost Rx?

Guaranteed Cost Rx is a concept of self-funded employer stop loss viewed as a blend of specific/aggregate stop-loss insurance and a fully-insured plan. The Guaranteed Cost Rx program guarantees that the employer will not pay more than the max cost* for its prescription drug plan.

How does Guarantee Cost Rx work?

Prescription drug claims are paid to the PBM through an Employer Benefit Plan Trust (EBPT). If during the contract year, the EBPT has been exhausted, eligible claims that exceed the stop loss retention amount will automatically be paid by the carrier. Any funds remaining in the EBPT at the end of the year after all eligible claims have been paid are returned to the employer.

What type of insurance policy is Guaranteed Cost Rx?

The Guaranteed Cost Rx program is an aggregate stop loss policy with a monthly accommodation rider.

What is the difference between a standard aggregate stop loss policy and Guaranteed Cost Rx?

A traditional aggregate stop loss policy requires the employer to pay all claims throughout the contract year. Then the policy will reimburse the employer at the end of the contract period for any claims in excess of the attachment point. However, the Guaranteed Cost Rx monthly accommodation rider allows the carrier to settle claims on a monthly basis using an account overdraft method. All stop loss claims are settled on demand and on a monthly basis. This allows the employer's expenses to be steady each month.

What is the difference between Guaranteed Cost Rx and fully insured plan?

Since the Guaranteed Cost Rx program is for self-funded employers, it follows the laws of ERISA and is exempt from state mandates. Self-funded employers are allowed the flexibility and creativity of benefit plan designs while having the stability and efficiency of a fully insured plan. The premium of a fully-insured plan includes premium tax and retention, plus these plans typically don't allow plan benefit flexibility and must include state mandated benefits.

*The max cost applies to eligible claims only. Claims considered ineligible are, but not limited to (1) those not defined as a covered benefit under the benefit plan, (2) incurred by ineligible persons, (3) claims incurred and PAID outside of the contract period, and (4) Third party administration fees and broker commissions.

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