



**STOP-LOSS**

# Renewal Proposal

**Created for**

Seminole Board of County Commissioners

**Presented by David Chiokadze**

Telephone: 215-667-5625

David.Chiokadze@sunlife.com

# Why Sun Life?

## A leader you can continue to count on

As employers make the decision to take on additional risk with self-funding, finding a stop-loss carrier you can count on to provide financial protection from high-cost claims is often an essential step. At Sun Life, we know that being your best partner for stop-loss means being dependable, responsive, and innovative.

We work together with you, our clients and broker partners, to optimize care and cost and to reimburse your most expensive claims, fast.



### Healthcare advocacy and care navigation

**Count on our clinical experts to empower members to navigate the healthcare system, access the care they need, and confidently make decisions about their health.**

- Access to a wide variety of programs including medical Rx management, negotiation specialists, and condition-specific management
- Clinical expertise and in-depth knowledge of the healthcare system
- Fast, seamless, objective process to get expert guidance, quickly
- Improved health outcomes, better member experiences and potential cost savings



### Strength and Stability

**Count on us to deliver the coverage and customized solutions that best fit your needs.**

- The largest independent stop-loss provider<sup>1</sup>
- A dedicated team of experts to support you every step of the way
- Over 5.5M covered members and \$2.5B of in-force premium<sup>2</sup>
- Strong financial ratings, consistent underwriting and dependable, fast claim reimbursement



### Insights and Innovation

**Count on us to provide actionable insights that make it easier to make the right decisions for your self-funded medical plans.**

- Annual high-cost claim and injectable drug trends analysis with actionable recommendations
- Insights on emerging Rx trends and legislative topics that could impact employers
- Self-funding best practices and customized benchmarking data to guide your self-funded strategy
- Interactive tools to make doing business with us even easier



## Predictable renewals

Our comprehensive renewal approach provides customers with fair and predictable renewals.

All of Sun Life Stop-Loss renewals include the following:

1. An explanation about how **pooling helps deliver rate stability**
2. A **claims summary** showing how your plan is performing
3. Education about **market factors** that affect stop-loss rates
4. A clear renewal illustration that outlines **current rates and renewal options**



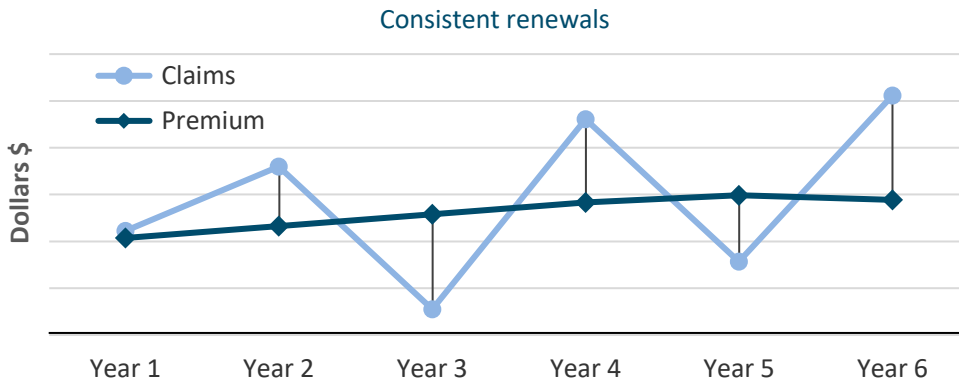


## SECTION ONE

# How pooling helps deliver renewal rate stability over time

Sun Life is able to provide increased rate stability through pooling.

Pooling combines stop-loss claims experiences between companies to help spread risk and create the opportunity to produce more consistent renewal costs across a large book of business.



The chart above shows how our pooled approach can provide protection against significant changes in renewal costs. Your Stop-Loss claims can rise and fall from year to year, largely due to the volatility often associated with high-cost claims.

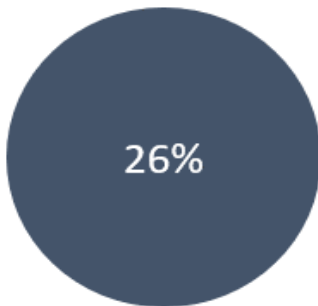
In a non-pooled approach, your renewal premium would likely be adjusted each year to reflect your individual claims experience. The corresponding rate changes might be extreme, depending on how poor or how favorable the experience was during the most recent contract periods. Pooling decreases volatility, since the cost of the high-cost claim is shared by the entire customer pool.

### Proven results you can depend on

Our pooled approach has provided stability for our clients in good times and bad.

Below is the distribution of rate increases over the last three renewal years **2020-2022** <sup>3</sup>:

Greater than 20%



Greater than 30%



Greater than 40%







## SECTION TWO

### Specific claims summary

#### Seminole Board of County Commissioners, Specific claims summary

The charts below show your current Specific claims activity related to your Specific deductible.

This chart shows the total number of claims that exceeded the Specific deductible during the contract period(s). For the current period, the expected claim count is a year-to-date number to be comparable to the claim count.

#### Number of claims beyond Specific deductible

Year	Spec level	Claim count	Expected	Actual to expected
<b>Current</b>	\$350,000	0	1	0%
<b>Prior 1</b>	\$350,000	0	3	0%
<b>Prior 2</b>	\$350,000	2	3	73%
<b>Totals</b>		2	7	30%

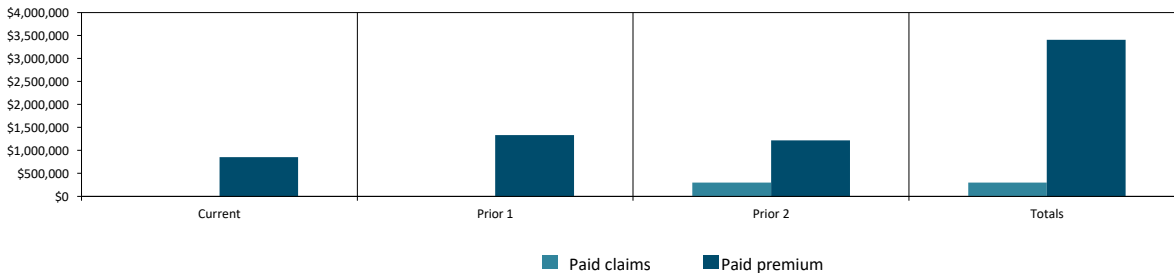
This chart shows the total number of claims that exceeded the Specific deductible during the contract period(s). For the current period, the expected claim count is a year-to-date number to be comparable to the claim count.

#### Reimbursed claims compared to paid premiums

Year	Claim count	Paid claims	Paid premium	Loss ratio
<b>Current</b>	0	\$0	\$851,155	0%
<b>Prior 1</b>	0	\$0	\$1,336,919	0%
<b>Prior 2</b>	2	\$301,852	\$1,221,782	25%
<b>Totals</b>	2	\$301,852	\$3,409,855	9%

This chart shows your total reimbursed claims compared to total paid premiums.

#### Paid claims versus paid premiums



This chart shows your total reimbursed claims compared to total premiums.

### Estimated reimbursable claims

When preparing your renewal options, Sun Life assumes that a number of claims have not yet been reported in the current policy period. We use a completion factor to help us predict how many claims will be submitted for reimbursement in the remaining months of the policy period. A completion factor is an estimated amount of time it might take for an incurred stop-loss claim to be submitted for reimbursement.

#### Estimated reimbursable claims projection

Reported claims	Not-yet-reported claims
Spanning the 8 completed months of the policy year	Spanning the remaining 4 months in the policy year
30%	70%

This chart shows the estimated percentage of reported and not-yet-reported claims for your policy year as of the date of this renewal proposal.



## SECTION THREE

### Market factors that affect stop-loss rates

A variety of market factors impact the development of your stop-loss rates. Some of the more influential are medical trend, leveraged trend, your healthcare plan design, and your group's demographics. However, other factors such as economic conditions, current federal and state legislation, and the stop-loss industry itself are also taken into consideration.



#### Factors that affect stop-loss rates:



#### Healthcare plan and group demographics

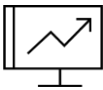
**Healthcare plan design services may like** co-payments, deductibles, employee premium contributions, wellness programs, and participation levels

**Type of health plan network** is a health maintenance organization (HMO), national exclusive provider organization (EPO) or preferred provider organization (PPO) or a reference-based pricing approach

**Group demographics** like the employee population, geographic location of the employer, and type of industry.



**Medical trend** is a prediction of how much healthcare costs will change over time. It is driven by a combination of the changes in costs for services as well as the rates of utilization. Historically, medical trend has increased at a rate that has outpaced inflation.<sup>4</sup>



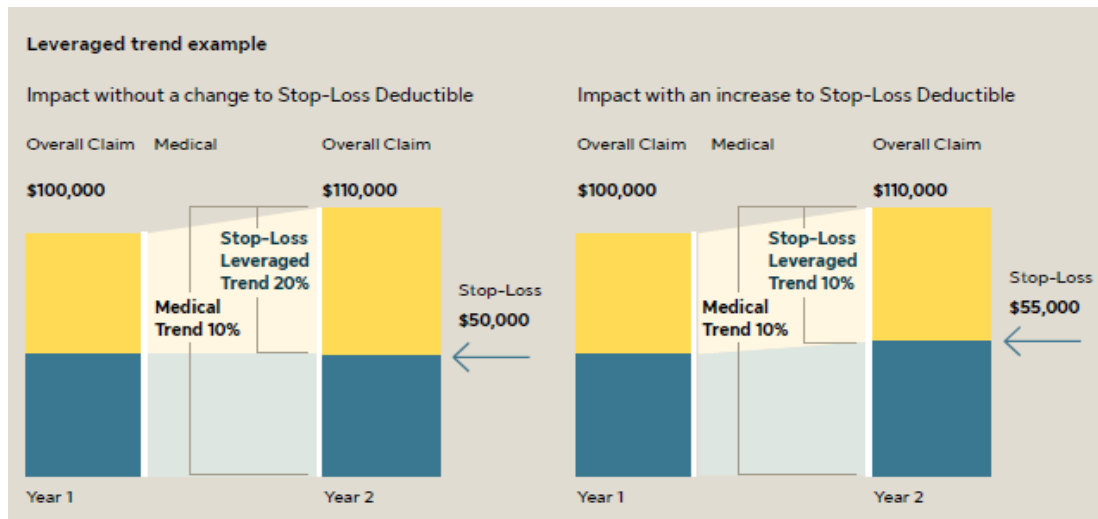
**Leveraged trend** is a prediction of how much the cost of high-cost claims – the type of claims that stop-loss insurance covers – will rise or fall over time in relation to healthcare costs.

If the stop-loss deductible remains the same from year to year, the division of risk between the employer and the stop-loss insurer will change and the stop-loss carrier will assume a larger portion of the risk in return for higher premiums.

#### How can you reduce the impact of leveraged trend?

An employer can offset the effect of leveraged trend on its Specific stop-loss premium by choosing a higher specific deductible to offset the additional risk absorbed by the carrier.

#### Leveraged trend example





# Renewal options

### To accept the renewal proposal, please do the following:

- At the bottom of this page, select a renewal option and sign where indicated.
- Email, fax, or mail this page to me by December 1, 2024, in order to avoid a lapse in coverage.

Policyholder name: Seminole Board of County Commissioners	Account number: 949646
Policyholder Address: 1301 E. Second Street Sanford, FL 32771	Renewal status: Open
Situs State: FL	TPA Name: CIGNA HEALTHCARE
Renewal Eff. Date: January 1, 2025	PPO Name: CIGNA OAP, Network, OA, POS
	Firm through: 11/08/24

### Current and renewal rate summary

Tier	Employees
Composite	1,623
<b>Total</b>	<b>1,623</b>

### Specific Stop-Loss policy details and renewal options

Plan thresholds	Current	Renewal option 1	Renewal option 2	Renewal option 3
Individual Specific deductible	\$350,000	\$350,000	\$375,000	\$400,000
Aggregating Specific deductible	\$400,000	\$400,000	\$400,000	\$400,000
Annual maximum	Unlimited	Unlimited	Unlimited	Unlimited
Lifetime maximum	Unlimited	Unlimited	Unlimited	Unlimited
Claims basis	12/24	12/24	12/24	12/24
Gapless Renewal		Included	Included	Included
Benefits covered	Medical and Rx	Medical and Rx	Medical and Rx	Medical and Rx
Composite	\$75.27	\$87.99	\$84.35	\$81.30
<b>Total monthly premium</b>	<b>\$122,163.21</b>	<b>\$142,807.77</b>	<b>\$136,900.05</b>	<b>\$131,949.90</b>
Renewal rate action as a % increase to current monthly premium		16.9%	12.1%	8.0%

### Aggregate Stop-Loss policy details and renewal options

Aggregate rates	Current	Renewal option 1	Renewal option 2	Renewal option 3
Aggregate Benefit Maximum	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Per employee per month rate	\$3.17	\$3.33	\$3.33	\$3.33
<b>Total monthly premium</b>	<b>\$5,144.91</b>	<b>\$5,404.59</b>	<b>\$5,404.59</b>	<b>\$5,404.59</b>
Renewal rate action as a % increase to current monthly premium		5.0%	5.0%	5.0%

### Aggregate thresholds and rates

	Current	Renewal option 1	Renewal option 2	Renewal option 3
Claims basis	12/24	12/24	12/24	12/24
Benefits covered	Medical & Rx	Medical & Rx	Medical & Rx	Medical & Rx
Corridor	120%	120%	120%	120%
<b>Minimum Attachment Point %</b>	<b>90%</b>	<b>90%</b>	<b>90%</b>	<b>90%</b>
<b>Composite Aggregate deductible factor</b>	<b>\$1,601.51</b>	<b>\$2,102.75</b>	<b>\$2,110.59</b>	<b>\$2,117.91</b>
- Medical	\$1,215.14	\$1,616.59	\$1,624.49	\$1,631.81
- Rx Drug	\$386.37	\$486.16	\$486.10	\$486.10
<b>Minimum Attachment Point</b>	<b>\$2,339,325.66</b>	<b>\$3,151,474.86</b>	<b>\$3,163,028.99</b>	<b>\$3,173,721.32</b>
<b>Estimated monthly renewal liability</b>	<b>\$2,599,250.73</b>	<b>\$3,412,763.25</b>	<b>\$3,425,487.57</b>	<b>\$3,437,367.93</b>

Renewal rate action as a % increase to current monthly aggregate deductible factors.

### Total estimated annual plan costs

Total costs	Current	Renewal option 1	Renewal option 2	Renewal option 3
Total annual premium	\$1,527,697.44	\$1,778,548.32	\$1,707,655.68	\$1,648,253.88
Annual Aggregate Attachment Point	31,191,008.76	40,953,159.00	41,105,850.84	41,248,415.16
<b>Total estimated self-funded plan costs</b>	<b>\$32,718,706.20</b>	<b>\$42,731,707.32</b>	<b>\$42,813,506.52</b>	<b>\$42,896,669.04</b>
Renewal rate action as a % increase to total estimated annual plan cost.		30.6%	30.9%	31.1%

Select renewal option			
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Please indicate the renewal option you have selected by initialing one of the three boxes above. The premium rates agreed upon as part of the renewal will be effective on the Policy Renewal Effective Date. Your signature on the renewal proposal constitutes your acceptance of the terms, conditions, assumptions and contingencies set forth in it.

Please acknowledge your acceptance of the renewal proposal, which includes all pages of the proposal, by signing below and returning the signed page to David Chiokadze.

Policyholder Signature: _____	Date: _____
Printed Name: _____	Printed Title: _____

# Renewal options, continued

October 28, 2024

Policyholder name:	Seminole Board of County Commissioners
Account number:	949646
Renewal status:	Open
Renewal Eff. Date:	January 1, 2025

## Specific Stop-Loss coverage

The following options and programs are included in your policy:

- **No New Laser Gene Therapy Enhancement:**

With this enhancement, we will not add a new laser, modify or increase the amount of an existing laser that was previously set for another treatment or condition, directly related to the cost of a gene therapy drug. We will continue to employ strategies to mitigate the impact of high-cost gene therapy claims, ensuring renewal stability.

A gene therapy drug is a prescribed treatment that modifies a person's genes to treat or cure disease. Gene therapy drugs must be designated as a gene therapy and FDA approved.

Existing individual Specific Benefit Deductibles applied to a specific Covered Person due to the member's underlying condition or other reasons will apply.

[View our Notice of Enhanced Business Practice here.](#)

- **No New Lasers at Renewal option with Renewal Rate Cap of 50%**

This option prevents new lasers from being added to the new policy if it renews. The rate cap applies to Specific Benefit rates and the Aggregating Specific deductible (if applicable), and it assumes there are no material changes to the underlying plan, the Sun Life Stop-Loss policy, or the covered group.

- **Advance Funding option**

This option enhances the cash flow of your self-funded plan by advancing the stop-loss funds to you or your administrator up front, before you pay the provider.

- **Retiree coverage**

- **Rx claims are included and bundled with the administration (no carve-out PBM)**

This proposal assumes that your stop-loss insurance will include coverage for prescription drug claims and that the standard large claimant reporting from your medical administrator will include both medical and prescription drug claims. Based on the information provided, your PBM vendor is Cigna.

- **Experience Rating Refund**

On each Policy Anniversary, a retrospective Experience Rating Refund process is applied to the Specific Benefit.

If the Loss Ratio Percentage for the Policy Year is less than 70% then 50% of the Surplus --- up to a maximum 15% of the Net Premium paid -- will be returned to the policyholder as an Experience Rating Refund.

The Experience Rating Refund Endorsement is subject to the following conditions:

- Surplus will equal 70%, less the loss ratio percentage for the policy year, multiplied by the Net Premium Paid by the policyholder.
- The "Loss Ratio Percentage" will equal the total dollar amount of all Specific Benefit claims paid by Sun Life divided by the net premium paid for the policy year.
- "Net Premium" will equal the premium paid to Sun Life for the Policy Year, less the commission paid by Sun Life for the Policy Year.

The total dollar amount of Specific Benefit claims paid by Sun Life will be determined after the end of the Policy Year and the Run-Out Period, if any. The calculation to determine whether an Experience Rating Refund is payable will be made 6 months after the end of the of the Specific Benefit Claims Basis (including any Run-Out Period).

If an Experience Rating Refund is payable, it will be paid within 30 days after the calculation is made.

In order to receive an Experience Rating Refund, the policyholder's Sun Life Stop-Loss policy must be in effect at the time the Experience Rating Refund payment is to be made.

- **SunElite<sup>SM</sup> medical document review service**

SunElite is a medical plan document review service for Sun Life Stop-Loss clients. Your custom SunElite report will analyze the plan's cost-containment, federal law compliance and discretionary authority.

- **Sun Life Clinical 360**

Sun Life Clinical 360 is a program utilizing clinical experts who act as a second set of eyes, reviewing claim data to identify cost savings and care optimization opportunities.

This program is automatically included for all Sun Life Stop-Loss clients.

The following are not included in your policy:

- **Terminal Liability option**

## Producer commissions

Sun Life pays the following commission percent to the Stop-Loss producer: 9300.0%.

## Specific Benefit Stop-Loss renewal acceptance

Acceptance of your Specific Benefit Stop-Loss renewal by Sun Life is subject to timely receipt of a signed renewal proposal and contingent upon a review of large claims over \$100,000 with diagnosis/prognosis for the period of January 1, 2024, through September 30, 2024, with accompanying required information. For large claims, the required information includes paid claims, pending claims, and notification of known situations. Upon review of your large claims information, we reserve the right to recalculate quoted rates.

Sun Life will not reimburse for claims expenses incurred outside the Policy Year parameters.



# Renewal options, continued

October 28, 2024

Policyholder name:	Seminole Board of County Commissioners
Account number:	949646
Renewal status:	Open
Renewal Eff. Date:	January 1, 2025

## Aggregate Benefit Stop-Loss

- Features**

Monthly Aggregate Accommodation is not included.  
Terminal Liability option is not included.

### Minimum Attachment Points

Renewal Option 1	Renewal Option 2	Renewal Option 3
\$37,817,698.28	\$37,956,347.93	\$38,084,655.82

- Aggregate Stop-Loss renewal acceptance**

Renewal acceptance of Aggregate Benefit coverage by Sun Life is subject to timely receipt of a signed renewal proposal and contingent upon a review of monthly claims and lives, by line of coverage, for the period of January 1, 2024, through September 30, 2024. Upon review of that information, we reserve the right to recalculate the Aggregate Benefit Attachment Point.

## General coverage

- Captive coverage**

Any Stop Loss policy issued to a policyholder that is part of a captive program, is excluded from any and all Sun Life incentive, bonus or override programs.

- Affordable Care Act accommodations**

This renewal proposal represents Sun Life's efforts to work with you to meet your requirements under the Affordable Care Act (ACA), including, but not limited to, the dependent age provisions of the ACA. It is the self-funded medical plan's responsibility to keep its census data up to date at all times. If the plan inadvertently does not remove a terminated participant, Sun Life may deny any claims from the participant. However, in that situation, the self-funded medical plan is responsible for the claim.

# Disclosures

1. Sun Life 2023 book of business data.
2. For complete financial ratings, visit [www.sunlife.com/financialratings](http://www.sunlife.com/financialratings).
3. Sun Life renewal statistics data from 2021 to 2023.
4. Health Research Institute Medical Trend "Behind The Numbers" report 2023.

## **Producer licensing**

All Sun Life companies require producers using insurance quotes we issue for the purpose of soliciting, selling, or negotiating insurance to be licensed both by the state where the prospective client is located and by any state where the solicitation, sale, or negotiation of insurance occurs, if different. This requirement pertains to all forms of solicitation, sales or negotiation of insurance, including but not limited to solicitation, sale, or negotiation conducted in person, by telephone, by email, by fax, or otherwise.

## **Producer compensation**

We encourage brokers and their clients to discuss what commission or other compensation may be paid in connection with the purchase of products and services from Sun Life companies. All Sun Life companies may pay the selling broker, agency, or third party administrator for the promotion, sale, and renewal of the products and services offered in this proposal. In addition to our standard compensation, we may make additional cash payments or reimbursements to selling brokers in recognition of their marketing and distribution activities, persistency levels, and volume of business.

For New York situs business, we may pay reduced compensation where fewer services are offered and increased compensation where more services are provided. Producers must comply with the specific compensation disclosure requirements of New York Regulation 194.

## **Plan and rates**

This renewal proposal is based on the employee census information that was provided. Acceptance of the group and final rates will be determined by the Sun Life home office in the United States based on actual enrollment and case experience, if required. Terms and conditions of any coverage under the policy will be determined by all necessary final data and by underwriting rules, policy requirements, and policy provisions in effect on the date coverage begins.

## **Sun Life Companies**

The Sun Life group of companies operates under the "Sun Life" name. In the United States and elsewhere, insurance products are offered by members of the Sun Life group of companies that are insurance companies.

Currently, group underwriting companies include Sun Life and Health Insurance Company (U.S.) and Sun Life Assurance Company of Canada. Sun Life Inc., the publicly traded holding company for the Sun Life group of companies, is not an insurance company and does not guarantee the obligations of these insurance companies. Each insurance company relies on its own financial strength and claims-paying ability.

Group stop-loss insurance policies are underwritten by Sun Life Assurance Company of Canada (Wellesley Hills, MA) in all states, except New York, under Policy Form Series 07-SL REV 7-12 and 22-SL. In New York, group stop-loss insurance policies are underwritten by Sun Life and Health Insurance Company (U.S.) (Lansing, MI) under Policy Form Series 07-NYSL REV 7-12 and 22-NYSL. Product offerings may not be available in all states and may vary depending on state laws and regulations.

## **Stop-Loss information**

The following services are not insurance and carry a separate charge included with the price of coverage: Clinical 360, owned by Sun Life; SunElite<sup>SM</sup>, owned by Sun Life with services provided by The Phia Group, LLC.

## **Information**

Issuance of a Stop Loss policy is dependent upon meeting underwriting guidelines and participation requirements.

Sun Life is your best partner for benefits.  
Learn more by reaching out to your broker or  
Sun Life representative.