Zurich Incurred Stop Loss Policy

What is an Incurred Stop Loss Policy?

The typical stop loss policy contract reimburses claims that are both incurred and paid within the policy period as stated in the stop loss policy or paid within the stop loss policy period. Only an incurred contract option offers to reimburse any eligible claim that is incurred within the stop loss policy period without regard to when the claim is paid.

How does the Zurich Incurred Stop Loss Policy work?

Reimbursement is defined by the incurred date without regard for the date a claim is actually paid by the claim administrator. The policy does include a reporting requirement, as all claims must be reported to Zurich within 36 months of the policy effective date (24 months after the end of the contract year) to be eligible for payment. The incurred contract basis is typically only offered on the specific coverage, but may be matched up with aggregate coverage on a run-out or other contract basis as needed.

How does the Incurred Stop Loss Policy reduce potential gaps in coverage?

- The Incurred Stop Loss policy is a better match with the Employer's plan document, as eligible expenses incurred under the plan during the stop loss policy period would be eligible without regard to the date payment is made by the administrator.
- Zurich defers to the plan language to determine eligible claim expenses and eligibility.
- Coverage for claims that exceed the deductible but are denied could be subject to an Independent Medical Review by an independent review organization (IRO). If found payable, these claims would be covered under the incurred contract without the need to request an exception or contract extension.
- Claims that have the potential to be deemed payable by an IRO are no longer an ongoing concern for a future stop loss policy year, reducing pricing uncertainty.
- Many of the claims that result in the requirement for the policyholder to meet two deductibles under standard contracts due to the spread of payment dates over two contract periods will be subject to only one deductible under an incurred contract, since only the incurred date will dictate the need to meet a deductible.

What is the cost of the Zurich Incurred Stop Loss Policy?

The Incurred Stop Loss policy is priced very competitively, especially when considering the additional protection it provides. Here are examples compared to standard contract options:

12/15 Option	12/24 Option	15/12 Option	Paid Option
+5%	+1%	+5%	+3%

Who should consider the Zurich Incurred Stop Loss Policy?

- Groups with previous stop loss, network and administrative service bundled with an administrative services only (ASO) carrier.
- Groups who typically prefer run-out coverage but who have concerns about the gaps that exist in run-out contracts.
- Any currently self-funded employer looking to better align their stop loss coverage with their plan and reduce potential gaps in coverage.*

Incurred contract versus standard contract scenarios

An insured has a stop loss policy for the 2013 calendar year. An eligible medical expense was incurred in October 2013 but the claim was paid in full by the plan administrator in January 2014.

- Under a paid contract, the expense may not be reimbursable as the claim was paid outside the 2013 policy period.
- Under a Zurich Incurred Stop Loss Policy, the expense is reimbursable, provided that the claim is reported within 36 months of the policy effective date.

An insured has stop loss policies for both 2013 and 2014 calendar years. An eligible medical expense was incurred in October 2013 but 50% of the claim was paid in December 2013 and 50% in January 2014.

- Under a paid contract, a deductible applies to each of the two payments.
- Under a Zurich Incurred Stop Loss Policy, a deductible applies only to the payment made in December 2013.

Why Zurich?

Our combination of medical stop loss expertise and exceptional claims handling makes Zurich the logical choice to help customers control their health care benefits.

For further information about Zurich Incurred Stop Loss Policy, please visit **http://www.zurichna.com/zna/accident-health** to find the appropriate contact for your region.

*Zurich does offer a one-time optional three month run-in to the incurred contract to assist clients moving from paid contracts to incurred. Pricing to add the run-in coverage is +5% in addition to the differential to the existing contract basis.

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