



HM STOP LOSS

HM InSights: Private Exchanges

As the insurance marketplace continues to evolve, private exchanges are gaining interest from groups and brokers alike as a new channel for buying and selling benefits. While the public exchanges primarily are for individual purchases, private exchanges offer an element of choice for employers who have decided to maintain their group coverage while seeking more flexibility in setting costs and plan options.

An Alternative Marketplace for Employer-Sponsored Plans

Private exchanges do not compete with the public exchanges established by the Affordable Care Act (ACA). Instead, they are marketplaces designed to assist groups and their members with medical and supplemental product choices. When employers want to provide more choices to employees or to limit company medical spending while still providing coverage, they can use a private exchange as an alternative for building their benefits packages and enrolling employees. Within this model, employers have greater flexibility in setting a fixed dollar amount for benefits, and employees have greater flexibility in how they spend their benefit dollars.

ABOUT HM INSIGHTS

HM developed InSights to provide producers and their clients with information about industry trends that impact Stop Loss insurance. The information is intended to empower readers with market knowledge that can help them to better make coverage decisions in the changing health care environment.

Private Exchange Variations and Options

Currently, the construction of private exchanges can vary significantly in several key areas:

- **Carrier Choice** – Exchanges can be single-carrier or multi-carrier, giving employers the option to offer employees one carrier with multiple plan options or a choice among several carriers
- **Plan Design** – Exchanges can offer fully insured and self-funded products that are subsidized in a variety of ways – defined contribution or paid-in-full, along with the use of HSAs or HRAs
- **Product Breadth** – Exchanges may offer a broad range of coverage choices like life, disability, critical illness, accident, financial services and more

Groups can work with their broker to determine what best fits their coverage needs.

Stop Loss Protection for Self-funded Private Exchange Plans

As self-funded groups evaluate their coverage options, keep in mind that groups can move into private exchanges and remain self-funded. Plan designs on private exchanges can offer flexibility that both employers and employees will appreciate. If you have self-funded clients who are interested in what a private exchange has to offer, or if you are setting up an exchange for your groups, know that HM can write Stop Loss over private exchange plans, covering those participating in single administrator and multi-administrator exchanges and giving employers flexibility in building a plan that best fits their needs.

Backed by HM Stop Loss coverage, self-funding through a private exchange is a viable alternative for keeping groups in group coverage.



It's our policy to protect.SM
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Coverage is underwritten by HM Life Insurance Company, Pittsburgh, PA, in all states except New York under policy form series HL601. In New York, coverage is underwritten by HM Life Insurance Company of New York, New York, NY, under policy form series HL601. In Pennsylvania, coverage may be underwritten by Highmark Casualty Insurance Company under policy form series HC601. The coverage requested may not be available in all states.