

Stop-Loss Coverage: A New Opportunity for Health Systems to Achieve Financial Sustainability

Key takeaways:

- Health systems across the U.S. continue to navigate post-COVID-19 pandemic challenges including shrinking margins, rising inflation, workforce shortages and more.
- Stop-loss coverage is one tool health system leaders have at their disposal to offset the costs associated with these challenges and put their organizations on the road to better financial health.
- CATAVERT™ stop-loss coverage solutions can help providers manage and reduce their financial risk associated with employer-sponsored health plans, improve cash flow and reduce fixed costs.

The vast majority of healthcare is paid for by the government and employers. In fact, according to KFF, nearly 153 million people under the age of 64 are covered by employers. That means 64 percent of covered workers are enrolled in self-funded plans, the cost of which is typically the biggest line item for an organization after payroll. Further, many employers have reported that the cost of providing health benefits will become unsustainable in the next five to 10 years.

Health systems are employers like any other organization, and many of them are self-insured.

We've also continued to see the costs of healthcare continue to rise. According to benefit consultant Aon, costs for employers are likely to rise 6.5 percent in 2023, bringing the average cost per-employee to \$13,800. Contrary to popular belief, it is the employers who are increasingly footing the bill for these costs. The expenses are becoming increasingly burdensome and, historically, navigating these costs has been confusing to all parties involved and wildly inefficient.

For an employer, a covered life who requires an extended hospital stay or a new (expensive) therapeutic intervention can result in a massive spike in healthcare costs.

These so-called “shock claims” can range from \$100,000 to millions in dollars in care delivery cost.

Oncology treatment is one of the leading drivers of high-cost claims, along with neonatal intensive care unit stays and emerging gene and cell therapies. Stop-loss coverage is a tool that many non-health system employers are able to leverage to smooth out the swings on these large expenses. Stop-loss coverage exists to help protect employer-sponsored health plans against catastrophic financial loss resulting from extraordinary healthcare claims.

Why Stop-Loss Has Ignored Health Systems

Historically, insurance companies have struggled to develop a stop-loss offering that made sense for health systems. This was due in large part to the more complex benefits programs that self-insured health systems offer their employees and their families that make them - as organizations - more time consuming to work with.

The reality is that this is an industry that has a high rate of customer churn, and many in the stop-loss space were not able to capture a return on their investment when they worked with providers.

Together, this has put providers - as employers - at the financial mercy of the health of their workforce and their families.

Now Is the Time for CATAVERT™

Like its sister company Contigo Health, LLC, Catavert, LLC, is actively working to improve the quality of care while reducing costs. The next phase of this work is the launch of CATAVERT™ stop-loss coverage solutions to support health system employer-and payvider-sponsored health benefits plans. (We define ‘payvider’ as a provider that has its own integrated network of clinicians and financing options.)

CATAVERT™ stop-loss coverage solutions are created specifically to protect self-insured health systems, representing a new opportunity to help providers on their path to financial sustainability, including improving cash flow, reducing fixed costs and reducing financial risk. Health system leaders have become adept at managing clinical risk, and through CATAVERT™, we are helping them manage financial risk as well by offering protection from increasing claims costs and threat of catastrophic loss.

Contigo Health: The Power Behind CATAVERT™

CATAVERT™ is the sister company to Contigo Health which was founded by Premier in 2019 to bring employers and health systems closer together. Over the last four years, Contigo Health has taken steps to expand our capabilities to meet the needs of the organizations we work with.

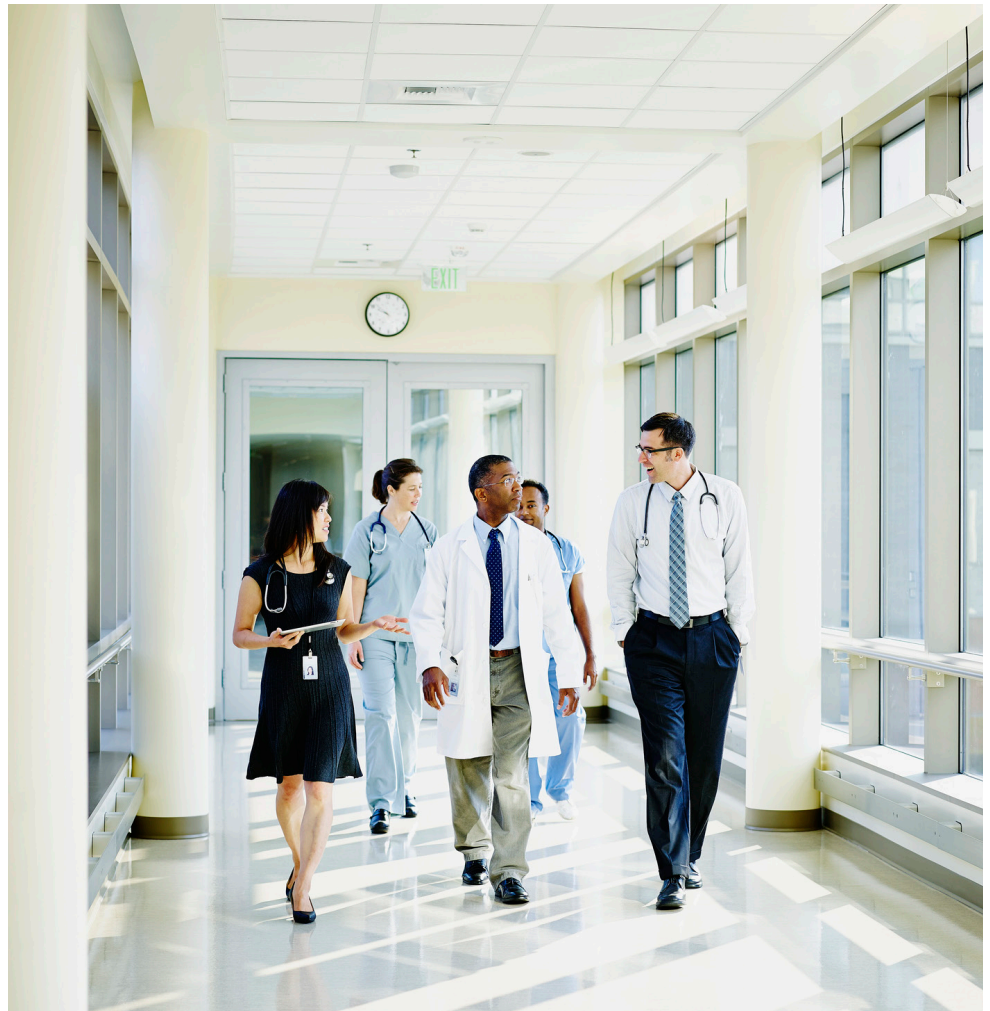
Contigo Health offers four complementary solutions that aim to enable access to cost-effective, holistic care for patients across the country. These include:

ConfigureNet™ - A network of 900,000 U.S. providers spanning 4.1 million locations in all 50 states that help plan members limit out-of-pocket costs when they access out-of-network care.

Centers of Excellence (COE) 360 - COE and bundled cost care program designed to offer a comprehensive care journey providing high-quality care and white glove service for employees and their loved ones.

Sync Health Plan TPA - A third-party administrator (TPA) designed for self-insured health system employer health plans that maximizes domestic utilization rates and integrates with a plan's existing population health management programs.

Payvider Activation - An offering of technology and back-office capabilities to help providers develop and launch integrated delivery and finance systems to grow revenue and gain market share.



Since its launch, Contigo Health has worked to support health systems' abilities to offer comprehensive employee benefits. We've architected the platform, benefits administration solutions and network. Now with CATAVERT™ stop-loss insurance, it all comes together in the form of payvider activation services through which Contigo Health and CATAVERT™ can help health systems stand up and operate their benefits offerings and take back control of this component of their finances.

We are at a precipice as health systems further their evolution to focus on well care instead of sick care - financial management goes hand-in-hand with this. Providers have the opportunity to disrupt health insurance carriers and change the way employers purchase health insurance. We are ready to take that step with them.

Want to know more? Discover how [Contigo Health](#) and CATAVERT™ are increasing access to high-quality care, controlling costs and getting people back to living their healthiest lives faster.

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Steven leads the Contigo Health team and was one of the leaders who initiated the strategy behind Contigo Health within Premier.

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