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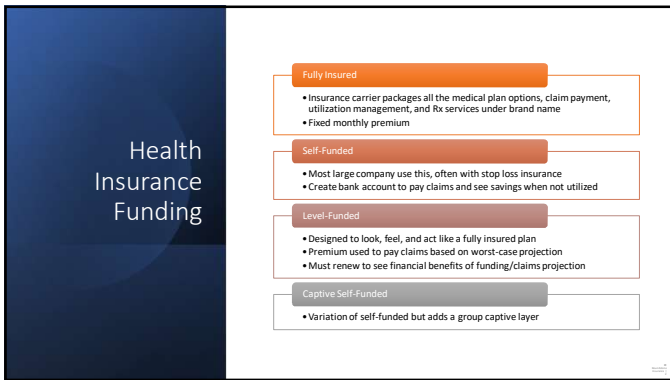
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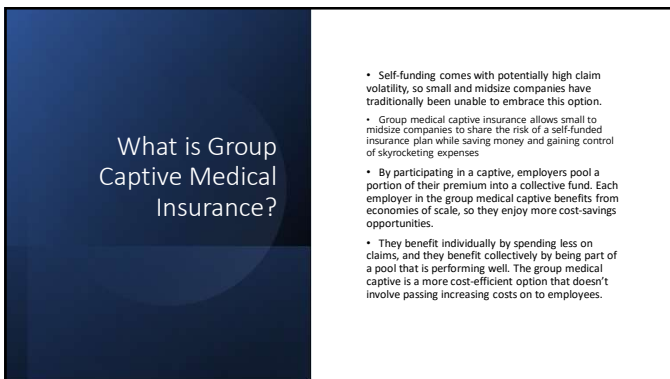
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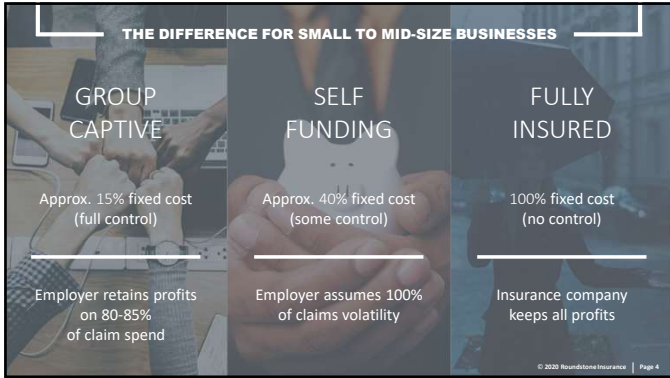
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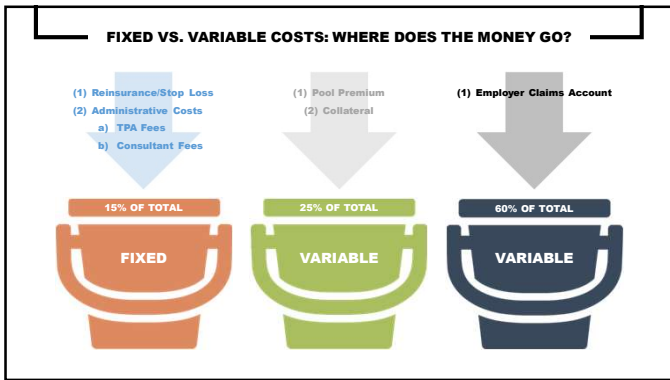
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**Spec and Agg**

- Specific and Aggregate Coverage
  - Specific (often referred to as the Spec)
    - Claims for one individual on the plan
    - Cap placed on the amount the employer will pay for that individual
    - Specific Deductible
  - Aggregate (often referred to as the Agg)
    - Claims for the group
    - Cap placed on the amount the employer will pay for that plan year
    - Attachment Point

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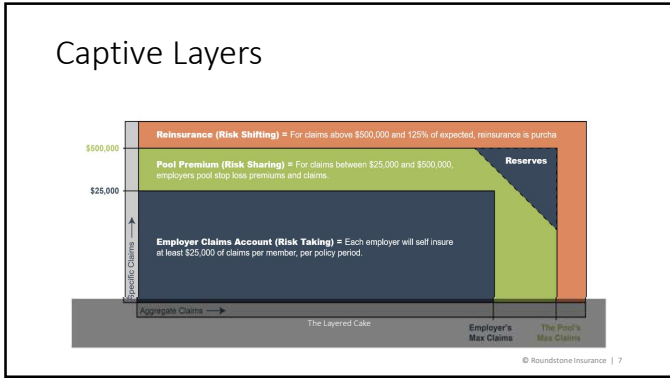
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### Contract Basis

**Important Dates for Stop Loss coverage**

- Incurred – date the claim was incurred
- Paid – date the claim was paid
- Incurred/Paid

**Contract format/timeframe**

- 12/12 – claim must be incurred and paid within the 12-month period
- 24/12 – claim needs to be incurred within 24 months and paid within 12-month timeframe
- 12/18 – claim needs to incur within a 12-month timeframe and be paid within an 18-month timeframe
- First year is often 12/12
- Subsequent years is often 24/12

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### Contract Basis

**Terminal Liability (TLO)**

Option that would only apply when a group decides to leave the self-funded/stop loss structure and return to fully insured. Provides a run-out period to allow for claims that were incurred during contract period but not paid until next period when the fully insured contract is back in place.

**When does TLO make sense to use?**

Most contracts will go back and cover period prior for incurred to fill the gap. If moving to another stop loss contract (RS or other), TLO is not typically used and not always allowed pending carrier. Going to fully insured would leave a gap that would need to be addressed by TLO.

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## Lasering



**Lasering**

Method of addressing a high potential claim individual  
Contract can apply a different specific deductible for that individual  
They are considered "lasered"



**Benefits to the group when using a laser**

Individual specific laser deductibles will be limited to 3x the ER's spec deductible at renewal  
Isolating the risk with a laser brings attention to the ongoing claimant resulting in cost mitigation  
If the lasered individual leaves the plan, ER does not continue paying to fund a rate increase  
Only 36% of lasered claimants reach their laser amount

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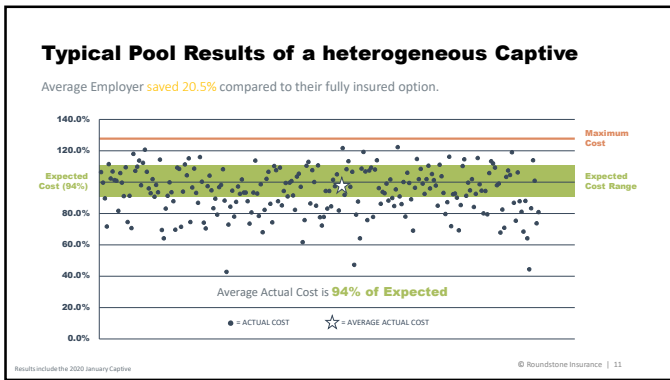
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## Top 10 Best Practices for a Captive Funding Solution

Health Rosetta

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#10

Experienced, Best-In-Class  
Advisor, Underwriter, TPA, PBM  
and Cost Containment Partners

Health Rosetta 13

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#9

Aligned Interests across Solution  
Providers

Health Rosetta 14

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#8

Continued Engagement and  
Sharing Best Practices

Health Rosetta 15

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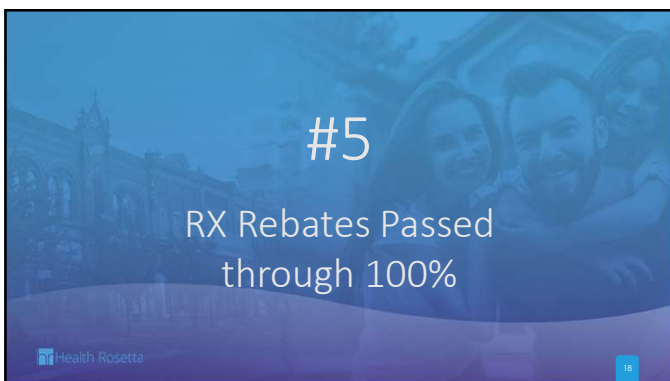
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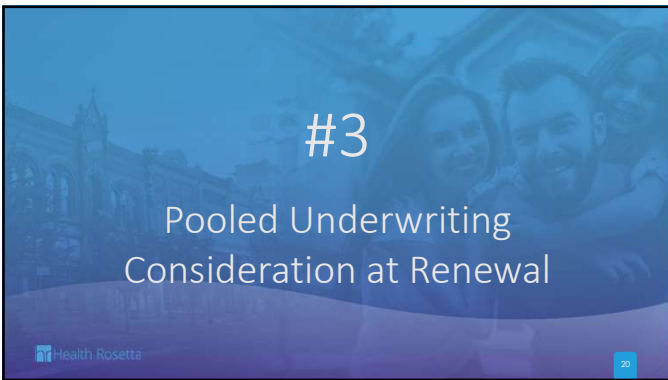
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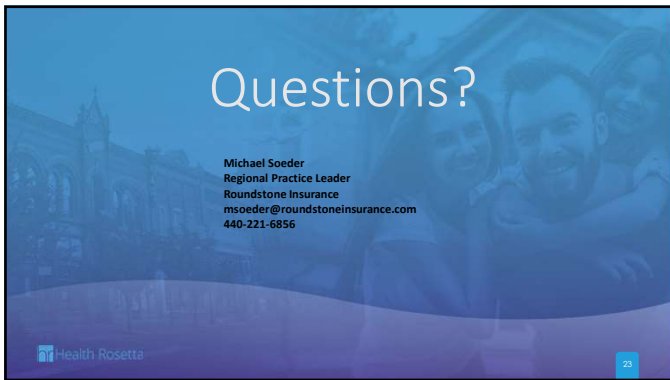
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