



THIRD ANNUAL SUN LIFE STOP-LOSS RESEARCH REPORT

# Top ten catastrophic claims conditions

SPRING 2015



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### Did you know?

Sun Life is the #1 independent stop-loss carrier in the United States.<sup>1</sup> We have dedicated more than 30 years to helping make self-funding more affordable for employers. Sun Life Stop-Loss customers enjoy innovative services including Sun Life Stop-Loss Benchmark, SunElite<sup>SM</sup>, SunResources<sup>®</sup>, SunExcel<sup>®</sup>, and Verisk Health Medical Intelligence.

These services can help customers contain health care costs and gain insight. Customers receive customized self-insured marketplace reports, medical plan document reviews, access to quality medical vendor networks with discounted pricing, and in-depth medical data analytics.

1. The #1 ranking is based on the 2014 year-end Sun Life Stop-Loss premium of \$1.03 billion and on our analysis of publicly available financial information and third-party market share data.



## Executive summary

In its third annual stop-loss catastrophic claims report, Sun Life analyzed its stop-loss catastrophic claims data spanning four years from 2011 to 2014. Claims data were from Sun Life Stop-Loss policyholders that range in size from approximately 50 to over 100,000 employees, located across the United States.

Sun Life surveyed the top ten catastrophic claims conditions, analyzed the highest-cost stop-loss claims, discovered a potential emerging new trend, and examined the relationship between self-insured employers' risk tolerance, incidence, and claims costs.

The total of all stop-loss claims payments during the four-year study was \$2.1 billion. If we add those stop-loss claims payments to first-dollar claims costs for catastrophic conditions, the overall cost for catastrophic conditions was \$4.8 billion.

### Here are the key findings:

- The top ten claims conditions remained mostly the same compared to last year's rankings. The top ten costliest claims conditions comprised over half (52.8%) of the \$2.1 billion in claims that Sun Life reimbursed to stop-loss policyholders between 2011 and 2014.
- Cancer continued its dominance as the most costly catastrophic illness and still represents approximately one quarter (25.7%) of all stop-loss reimbursements (which includes the sizeable cost of intravenous medication) during the four-year period.
- Less than 1.5% of claimants produced claims over \$1 million, but those claimants accounted for a disproportionate 16.7% of the overall claims costs.
- Transplants breached the top ten conditions in 2013 and 2014, which could be the beginning of an upward trend.
- Due to the variances in cost of catastrophic conditions and claims frequency, the stop-loss deductible level selected continues to affect employers' costs.



# TOP 10 CATASTROPHIC claims conditions

The top ten catastrophic claims conditions range from various cancers to conditions present at birth to infection. Compared to last year's report, the same conditions remain within the top ten, with some changes in positions.

The top three conditions represented 33.5% of all stop-loss claims reimbursements during the study time frame. Cancer continues to be the leading catastrophic claims condition with positions at #1 and #2 (in last year's report, the same two conditions were #1 and #3), followed by chronic end-stage renal disease, which moved down one notch to the #3 position.

The remaining conditions were generally consistent with last year's report, including the presence of two conditions that affect infants—congenital anomalies (#4) and disorders relating to short gestation and low birth weight (#5).

From 2011 to 2014, conditions in the top ten represented over \$1.1 billion in stop-loss claims reimbursements, which was 52.8% of all reimbursements made. The combined remaining conditions added up to just over 47.2% (\$986 million) of all stop-loss claims reimbursements.

Total payments		Medical condition	Percentage of total paid stop-loss claims	Value of paid stop-loss claims
33.5% Top 3 of all conditions	1	Malignant neoplasm (cancer)	17.6%	\$367,880,466
	2	Leukemia/lymphoma/multiple myeloma (cancers)	8.1%	\$168,724,691
	3	Chronic/end-stage renal disease (kidneys)	7.8%	\$162,451,305
66.5% Remaining conditions	4	Congenital anomalies (conditions present at birth)	4.3%	\$88,950,652
	5	Disorders relating to short gestation and low birth weight (premature births)	3.2%	\$67,474,522
	6	Congestive heart failure	2.6%	\$53,360,418
	7	Cerebrovascular disease (brain blood vessels)	2.5%	\$52,220,511
	8	Pulmonary collapse/respiratory failure (lungs)	2.3%	\$48,560,851
	9	Complications of surgical and medical care, not elsewhere classified	2.3%	\$47,927,582
	10	Septicemia (infection)	2.2%	\$45,053,536
✓	All other conditions	47.2%	\$986,023,854	

### Cancer maintains its lead as the dominant catastrophic claims condition

Cancer conditions now hold the top two spots: #1 is malignant neoplasm and #2 is leukemia/lymphoma/multiple myeloma. Combined, those conditions accounted for \$536 million in stop-loss claims payments, which represents over 25% of total stop-loss claims payments. The 2011–2014 data continue to demonstrate the financial weight that cancer diagnoses and treatment costs had on self-insured employers.

What contributes to the high cost of catastrophic cancer conditions? The 2014 data show that intravenous medications are a significant factor. Approximately 50% (representing nearly \$25 million) of the top 20 intravenous medications are used to treat a range of cancers including the top two catastrophic claims conditions—malignant neoplasm and leukemia/lymphoma/multiple myeloma.

For the near future, Sun Life continues to anticipate that cancer will remain the leading medical condition that results in stop-loss catastrophic claims reimbursements.

### Kidney disease continues to be both frequent and high-cost

The third condition in the top three is chronic/end-stage renal disease (kidneys). This condition holds this position because it is common and the cost of treatment is high—it totals over \$337 million in combined first-dollar (the amount that employers pay before reaching the stop-loss deductible) and catastrophic claims payments.

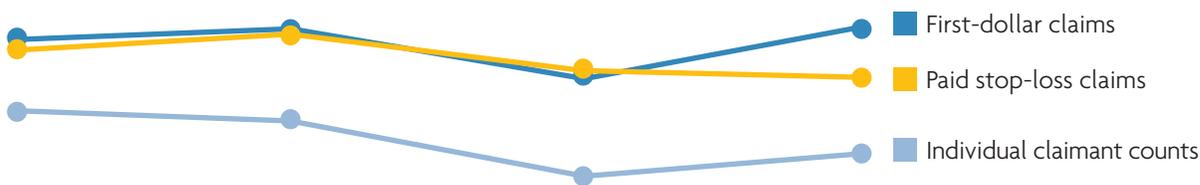
During 2011–2014, the data show that the number of catastrophic claims for chronic kidney disease (CKD) and end-stage renal disease (ESRD) has remained relatively stable. During the four years, the numbers rose and fell slightly each year, with individual claimant counts ranging from 384 to 414, first-dollar claims cost from \$36.8 million to \$47.8 million, and paid stop-loss claims from \$36.6 million to \$42 million. This overall steady CKD/ESRD trend experienced in these self-insured groups is also reflected in the American population.<sup>2</sup>

To understand the costs for chronic/end-stage renal disease, we reviewed treatment costs and billed charges. During 2011–2014, the average treatment cost for chronic/end-stage renal disease was approximately \$210,000. It is probable that a large majority of those costs are related to dialysis, the primary treatment for chronic/end-stage renal disease.

During the same time frame, the data show that billed charges (the initial amount that the health care provider charged) varied widely and were up to three times higher than the paid charges. Sun Life plans to explore this variance in dialysis costs in greater depth in other communications.

Chronic/end-stage renal disease has been in the top three catastrophic conditions since before Sun Life published its first catastrophic claims report in 2013. Sun Life believes that it will continue to maintain its presence in the top three as long as the condition remains common and treatment costs remain high.

### Kidney disease 2011–2014



#### A key cost-driver in catastrophic claims

One of the contributors to the cost of catastrophic claims is intravenous medications, which accounted for over \$71.4 million, or 13%, of the total paid stop-loss claims during 2014. The top 20 intravenous medications are quite expensive and represent 65% of total intravenous medications administered for catastrophic claims conditions. Note: To learn more about the top 20 intravenous medications, please see page 15, Appendix 1.

2. Based on an internal analysis of information published by Milliman, United Network for Organ Sharing (UNOS), National Marrow Donor Program (NMDP), and the Center for International Blood and Marrow Transplant Research (CIBMTR).

# Transplants on the move

## What is the difference between a billed charge and a paid charge?

A billed charge is the initial amount that the health care provider charges.

A paid charge is the amount paid to the health care provider after discounts were applied.

To find more definitions of terms used in the self-funded industry, see page 16, Appendix 2 Glossary.

In the 2011–2014 study period, transplants were the eleventh-highest catastrophic claims condition, representing over \$41 million in stop-loss claims payments. However, this condition appeared in the top ten twice over the last two years, holding the #10 position in 2013 and the #5 position in 2014.

Over the four years, the number of lung, heart, kidney, and liver transplant procedures remained relatively consistent. Of the top five transplant types, only bone marrow/stem cell transplants showed a marked increase. This could be the beginning of a new trend.

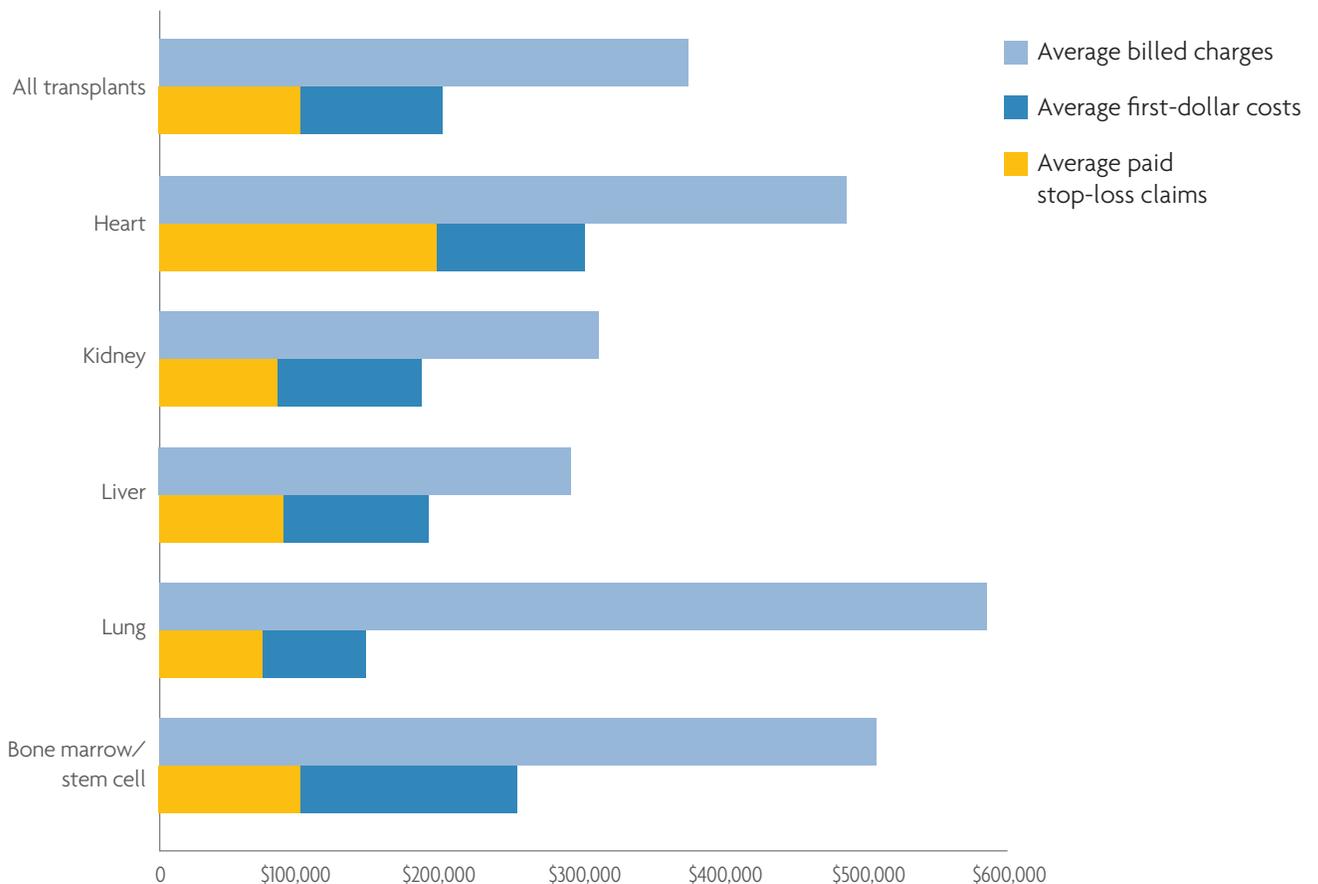
## Transplant costs

Overall, transplants do not occur frequently, but they are expensive. For example, the average costs of different transplants ranged from approximately \$155,000 to more than \$300,000.

In addition to the cost of the transplant itself, there are additional expenses that can occur before and after the procedure. Those additional expenses can include:

- evaluation in order to be listed to receive a transplant,
- pre-transplant care and monitoring,
- unplanned pre-transplant hospitalization for acute care needs,
- post-transplant monitoring (which can include diagnostic workups and additional office visits), and
- complications.

## Top five transplant types by average costs from 2011 to 2014



The data show that the average cost for a transplant was approximately \$206,000 per person. Additional care added another \$162,000. During the four years of the study, over 44% of the average costs were first-dollar claims paid by the employer, with the remaining costs reimbursed by the stop-loss carrier.

### Bone marrow/stem cell transplants increase

In 2013 and 2014, the number of bone marrow/stem cell transplants increased dramatically, rising from 13 (in the combined years of 2011 and 2012) to 36 (for 2013 and 2014).

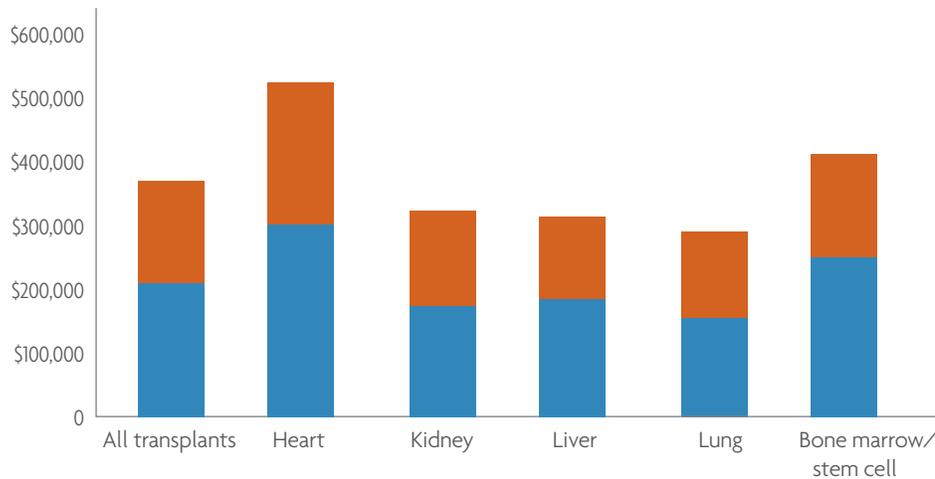
The rise in bone marrow/stem cell transplants could be attributed to new uses of the transplant, such as for the treatment of ovarian, testicular, and brain cancer. The 2011–2014 catastrophic claims data for these types of transplants appear to align with reported trends in the medical industry.<sup>3</sup>

Additional reasons for the increase might also be due to advances in medical procedures, such as better human leukocyte antigen (HLA) matching methods (which increased the donor pool), advances in toxicity reduction, and targeted immunosuppressive agents.<sup>4</sup>

### Transplant procedures plus additional expenses

2011–2014 average total of transplant and associated costs

■ Additional expenses  
■ Transplant cost



**Bone marrow/stem cell transplant claimants increased 177% from 2011–2012 to 2013–2014**

Data based on Sun Life Stop-Loss claims as of year-end 2014.

As medical advances continue and new applications for transplants are used, Sun Life believes that transplants may increase its footprint as a catastrophic condition.

3.–4. Based on an internal analysis of information published by Milliman, United Network for Organ Sharing (UNOS), National Marrow Donor Program (NMDP), and the Center for International Blood and Marrow Transplant Research (CIBMTR).

# Million-dollar claimants

We analyzed our highest-cost claimants to illustrate how catastrophic conditions can seriously add to an employer's budget. To find the million-dollar claimants, we calculated total paid charges, which include the cost of first-dollar claims and the paid stop-loss claims.

## High-cost claimants trending up

The 2011–2014 data show that 1.5% of claimants generated claims costs of \$1 million or more. The million-dollar claimants represent \$348 million, which is 16.7% of total paid stop-loss claims. This is a reflection of what we see in the U.S. population at large, where 5% of the population spends 50% of health care dollars.<sup>5</sup>

While the number of individuals with claims in excess of \$1 million was lower in 2014 compared to 2013, it is still markedly higher than the number from 2011 through 2012.

## Million-dollar claimant conditions

The data show that the medical conditions of the million-dollar claimants largely mimic the top ten catastrophic conditions. During 2011–2014, the top

three highest-cost million-dollar claimant conditions were congenital anomalies (conditions present at birth), leukemia/lymphoma/multiple myeloma (cancers), and disorders relating to short gestation and low birth weight (premature births).

The top three conditions represented nearly half of all million-dollar claimant conditions and over \$145 million in paid charges. Of those paid charges, the average employer first-dollar costs were over \$468,000, and the average stop-loss reimbursement was approximately \$974,000 per claimant. It was noted that, for million-dollar claimant conditions, billed charges were an average of 65% higher than paid charges. This underscores the value of both network discounts and a careful review of billed charges for medical care.

The million-dollar claimant presents a juggernaut of rarity and severity that is best addressed with stop-loss protection. Sun Life believes that the medical conditions of million-dollar claimants will continue to be a major driver in stop-loss claims payments.

## Claimants with \$1 million+ claims

	2011	2012	2013	2014	Total
\$1-\$1.5M	42	61	71	80	254
\$1.5-\$2M	15	10	17	13	55
\$2-\$3M	5	2	20	10	37
\$3M+	0	4	6	1	11
<b>Total</b>	<b>62</b>	<b>77</b>	<b>114</b>	<b>104</b>	<b>357</b>
<b>Paid stop-loss claims</b>	<b>\$63.1M</b>	<b>\$71.5M</b>	<b>\$129.8M</b>	<b>\$83.5M</b>	<b>\$348M</b>
<b>Percentage of total paid stop-loss claims</b>	<b>13.0%</b>	<b>14.1%</b>	<b>23.6%</b>	<b>15.3%</b>	<b>16.7%</b>

5. NIHCM Foundation, "Health Care's 1%: The Extreme Concentration of U.S. Health Spending," November 2014, <http://www.nihcm.org/concentration-of-health-care-spending-chart-story>.

## Million-dollar claimant conditions from 2011 to 2014

	Million-dollar claimant conditions	Million-dollar claimant counts	Billed charges as a percentage of paid charges	Billed charges	Total paid charges	Stop-loss claims payments only
1	Congenital anomalies (conditions present at birth)	38	172%	\$100,392,902	\$58,515,228	\$38,166,981
2	Leukemia/lymphoma/multiple myeloma (cancers)	42	157%	\$86,204,977	\$54,821,021	\$36,003,712
3	Disorders relating to short gestation and low birth weight (premature births)	21	156%	\$49,881,000	\$32,073,329	\$20,609,169
4	Malignant neoplasm (cancer)	24	152%	\$46,252,378	\$30,479,434	\$18,446,647
5	Congestive heart failure	16	181%	\$51,082,969	\$28,208,587	\$19,708,395
6	Chronic/end-stage renal disease (kidneys)	19	164%	\$40,694,020	\$24,840,996	\$13,535,593
7	Hemophilia/bleeding disorders	12	120%	\$24,828,153	\$20,605,878	\$11,654,490
8	Transplants	11	167%	\$29,024,331	\$17,397,300	\$13,637,300
9	Pulmonary collapse/respiratory failure (lungs)	11	205%	\$35,194,385	\$17,131,988	\$13,827,467
10	Septicemia (infection)	10	174%	\$22,720,741	\$13,057,191	\$9,682,191
<b>Top ten million-dollar claimant conditions subtotal</b>				<b>\$486,275,857</b>	<b>\$297,130,951</b>	<b>\$195,271,944</b>
<b>Total of all million-dollar claimant conditions</b>				<b>\$848,493,936</b>	<b>\$515,066,368</b>	<b>\$347,986,539</b>

### A rare and expensive medication

Million-dollar claimants have conditions that are sometimes infrequent, but costly. For example, patients with Acquired Hemophilia A (a hereditary blood-clotting disorder) may require an expensive medication called “Recombinant Factor VIII” to stop uncontrolled bleeding. Due to the combined high cost of this medication and associated treatment, Acquired Hemophilia A was the seventh-highest million-dollar claimant condition. Acquired Hemophilia A does not, however, appear in our top ten catastrophic claims conditions list. This is because although the Recombinant Factor VIII medication used to treat the condition is expensive, the frequency of its use is low.

There were just 184 individual claimants associated with the hemophilia condition. Their claims included treatments with and without Recombinant Factor VIII but produced a staggering \$66 million in total claims costs. Of those costs, 30% were individual claims of \$1 million or above. In 2014 alone, Recombinant Factor VIII was the highest-cost intravenous medication, representing \$6.3 million in paid stop-loss claims. Predicting if a million-dollar claimant will show up in a particular employer’s population is extremely difficult. The need for high-priced medical treatments, including medications, can occur within any employee population.

# Navigating the costs

Premature births are only 1.3% of claimants but represent over \$67 million in paid stop-loss claims.

The top ten conditions ranking is based on paid stop-loss claims dollars. So how can an employer see what's on the horizon? It's hard to determine what will actually happen, but an employer can gain insight into potential risks and make informed decisions about its coverage levels based on a careful analysis of the health and demographics of its plan members, stop-loss coverage trends, and a general understanding of typical paid charges for medical treatments in its geographic location.

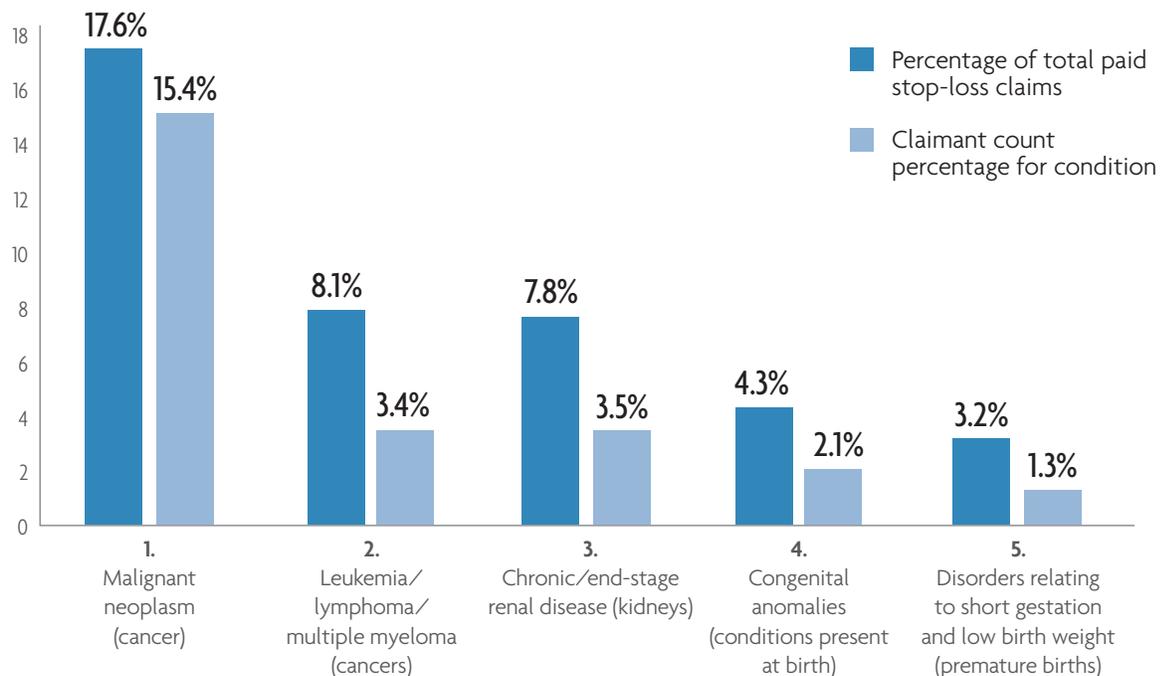
From 2011 to 2014, in addition to analyzing the total cost for catastrophic claims conditions, we looked at how often employers as a group saw the top ten catastrophic conditions in member populations (claimant count frequency), tracked the incidence of conditions (claims per 1,000 members), and noted risk tolerance (the stop-loss deductible amount) to uncover the trends.

## The levers of frequency and cost

As the table below illustrates, the high rank of the first three conditions is a sign of both the dominant frequency and the considerable costs that are currently associated with malignant neoplasm (cancer), leukemia/lymphoma/multiple myeloma (cancers), and chronic/end-stage renal disease (kidneys).

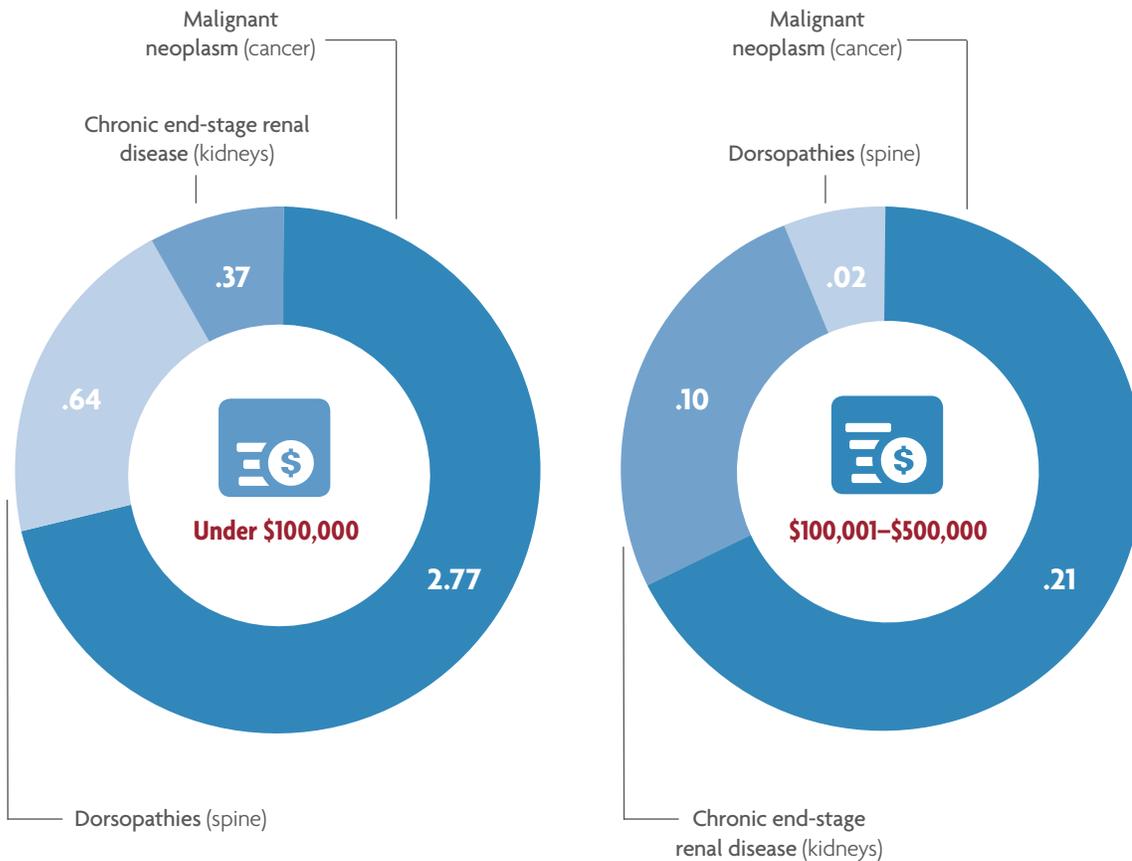
There are other conditions, such as disorders relating to short gestation and low birth weight (premature births), which occur less frequently, but are also costly.

## Top five most frequent conditions from 2011 to 2014



## Comparison of deductible selection and projected claims incidence from 2011 to 2014

Per 1,000 employees



### Stop-loss deductible selection and claims incidence

How often does an employer see certain conditions in covered members? As we discussed in last year's report, the stop-loss deductible amount affects how much the employer pays for different types of catastrophic conditions.

To explore incidence, consider dorsopathies claims. Dorsopathies continue to be the second-most-frequent diagnosis that resulted in a stop-loss reimbursement based on claim incidence per 1,000 employees, but it was not a top ten claims condition. This is because dorsopathies claims are typically lower cost.

When an employer selected a deductible below \$100,000, dorsopathies generated a stop-loss claims incidence of .64 per 1,000 employees.

Conversely, when an employer selected a stop-loss Specific deductible of \$100,000 or above, dorsopathies stop-loss claims dropped. For deductibles between \$250,000 and \$500,000, the stop-loss claims were virtually non-existent—just .01 per 1,000 employees. This is because the lower costs associated with the condition are unlikely to breach a higher stop-loss deductible.

In contrast, malignant neoplasm (cancer) was expensive and prevalent enough to make it the #1 most common catastrophic claims condition. This dominance created a relatively high incidence rate across stop-loss deductibles when compared to other conditions. Employers with a stop-loss deductible of \$100,000 or below experienced an incidence range between 2.5 to just over 4 per 1,000 members. Only at or above the \$250,000 stop-loss deductible level did the incidence rate fall to nearly zero.

### What the employer pays

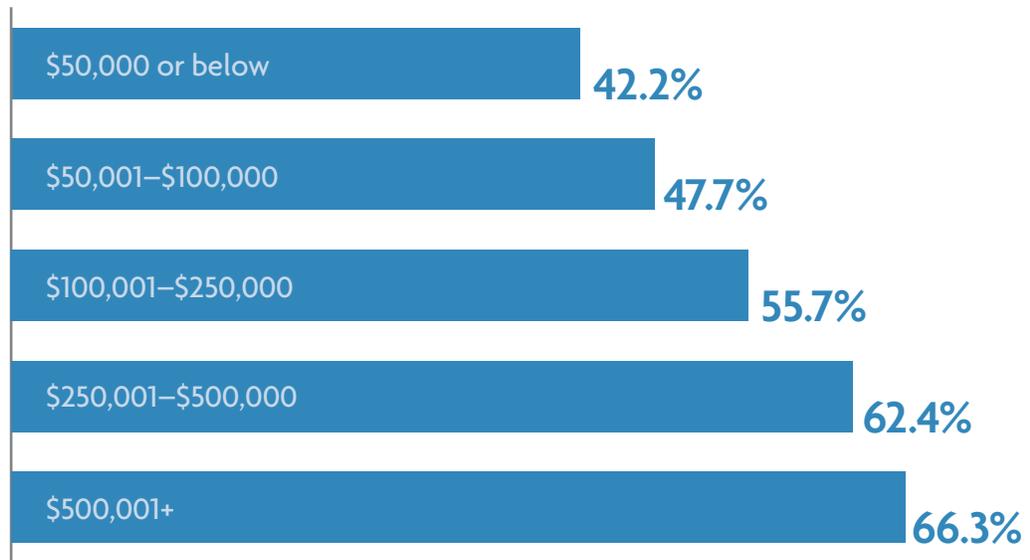
When employers choose lower stop-loss deductible levels, they take on less catastrophic risk. When employers choose higher stop-loss deductible levels, they can assume more of the catastrophic risk and end up paying a larger portion of the total catastrophic claims cost.

The 2011–2014 data show that the percentage of catastrophic claims dollars that employers paid was based on their stop-loss deductibles.

For example, employers that selected a stop-loss deductible of \$50,000 or below paid an average of 42.2% of the total catastrophic claims cost, with the stop-loss carrier shouldering the remaining 57.8% of the cost. The employers that selected a stop-loss deductible above \$500,000 paid an average of 66.3% of the total catastrophic claims cost, while the stop-loss carrier paid 33.7% of the cost.

### Employer catastrophic payments according to deductible from 2011 to 2014

Average percentage paid by employers of total catastrophic claims cost





During the four years of the study, billed charges from providers for catastrophic conditions were **\$8.3 billion**. After discounts were applied to charges, self-insured employers paid **\$4.8 billion**—just over half of the original charges. Stop-loss provided the self-insured employers with a total of **\$2.1 billion** in reimbursements for the catastrophic claims.

## BILLED CHARGES

Health care providers	Discounts	
<b>\$8.3B</b>	<b>– \$3.5B</b>	<b>=</b>

## TOTAL PAID

Employer	Stop-loss carrier	
<b>\$2.7B</b>	<b>+ \$2.1B</b>	<b>=</b>
First-dollar claims payments on stop-loss claims only	Stop-loss claims reimbursements	

Total amount spent on catastrophic conditions

**\$4.8B**

First-dollar stop-loss claims payments and stop-loss claims reimbursements

# Recommendations

## What can a self-insured employer do to manage the rising costs of catastrophic medical events?

### Innovation through insight

Sun Life periodically analyzes its stop-loss claims data to better understand trends in medical conditions that result in catastrophic claims payments. Sun Life uses this insight to develop innovative stop-loss features and services that can help self-insured employers contain costs.

Sun Life recommends that employers analyze their self-insured strategy. If you are a self-insured employer, use this checklist to get started. Next, consider if your current approach still fits your organization's goals or if adjustments are warranted. It may help to learn more about alternative solutions. To continue the conversation, speak to a broker, health plan administrator, or stop-loss carrier.

### Key questions

#### Analysis

	Yes	No
Is there access to relevant industry data so the employer's plan and risk tolerance options can be easily compared to other groups with similar characteristics?	<input type="checkbox"/>	<input type="checkbox"/>
Does the plan administrator have access to tools that makes it easy to perform in-depth medical data analyses?	<input type="checkbox"/>	<input type="checkbox"/>
Does the stop-loss carrier provide educational information in the stop-loss renewal to make it easier to evaluate plan design options that would best suit the organization's risk tolerance and particular member population?	<input type="checkbox"/>	<input type="checkbox"/>
Are you evaluating new products, programs, or consulting services that could help strengthen the self-funded strategy?	<input type="checkbox"/>	<input type="checkbox"/>

#### Cost containment

	Yes	No
Does the medical plan document include language that helps contain costs related to dialysis and other high-cost conditions?	<input type="checkbox"/>	<input type="checkbox"/>
Are relationships in place with key medical vendors with nationwide access?	<input type="checkbox"/>	<input type="checkbox"/>
Does the stop-loss carrier provide nurse consultants who can improve patient outcomes and contain costs before and after a catastrophic claim?	<input type="checkbox"/>	<input type="checkbox"/>
Are the financial costs of cancer being addressed from both the individual and group perspectives?	<input type="checkbox"/>	<input type="checkbox"/>

# About the study

Sun Life conducted an internal aggregate analysis of its stop-loss claims conditions and associated costs during the years 2011 to 2014.

## Methodology

For all reporting except incidence, the claims data include Specific stop-loss claims paid as of December 31 for each year from 2011 to 2014. From a data perspective, the impact on the analysis due to policy reimbursement caps or lasing was not significant.

Because incidence reporting requires calculating the number of covered employees, the claims data for incidence are derived from stop-loss claims reimbursements that apply to the stop-loss policy year during 2011 to 2013.

Claimants who breached the \$1 million threshold were determined using all paid claims dollars (below and above the stop-loss deductible) attributable to that claimant during the calendar year—January 1 to December 31 for each year from 2011 to 2014.

Rounding was on a “to nearest” basis.

## Claims conditions categories

To create conditions categories, Sun Life first reviewed all claims conditions. We then developed groupings based on similar conditions and billing categories.

## Data demographics

The claims data were from Sun Life Stop-Loss policyholders ranging in size from approximately 50 to over 100,000 employees, located across the United States. The industries of these policyholders were determined by counting the number of lives covered by the stop-loss policy. The top 20 are shown in the table on page 14.

# TOP 20 PRIMARY INDUSTRIES

for participating policyholders

	SIC code	Industry
1	8062	Health & hospitals: hospitals, general, medical, surgical
2	8211	Education: elementary and secondary schools
3	9111	Public/government: executive offices
4	8221	Education: colleges and universities
5	5961	Wholesale & retail trade: catalogue & mail order houses
6	7011	Hotels, motels, and tourist courts
7	8069	Specialty hospitals other than psychiatric
8	8051	Skilled nursing care facilities
9	8711	Engineering services
10	4213	Trucking other than local
11	8011	Offices and clinics of doctors of medicine
12	6722	Management investment offices
13	8099	Health & allied services
14	8741	Management services
15	7389	Business services
16	5411	Grocery stores
17	8059	Nursing & personal care facilities
18	5621	Women's clothing stores
19	6732	Educational and religious trusts
20	8071	Medical labs



# TOP 20 INTRAVENOUS MEDICATIONS

in 2014

Rank	Medication (trade name example)	Associated condition	Condition type	Billed charges	Paid charges
1	Advate	Hemophilia (hereditary genetic disorder)	Other	\$8,075,760	\$6,302,193
2	Avastin	Cancer (multiple cancer types)	Cancer	\$9,683,119	\$5,870,410
3	Neulasta	Cancer (chemotherapy induced neutropenia)	Cancer	\$7,512,008	\$4,550,365
4	Herceptin	Cancer (breast, metastatic gastric cancer, HER2+)	Cancer	\$6,944,802	\$3,751,447
5	Soliris	Paroxysmal nocturnal hemoglobinuria (genetic mutation)	Other	\$9,534,444	\$3,205,687
6	Alimta	Cancer (multiple cancer types)	Cancer	\$4,263,499	\$2,552,508
7	Gammagard	Primary immunodeficiency/others	Other	\$5,172,987	\$1,915,619
8	Gamunex-C	Idiopathic thrombocytopenic purpura/others	Other	\$3,568,099	\$1,873,965
9	Sandostatin	Acromegaly, diarrhea, carcinoid tumors	Other	\$3,041,884	\$1,787,889
10	Rituxan	Cancer (lymphoma, leukemia, others)	Cancer	\$2,970,461	\$1,768,044
11	Cerezyme	Gaucher disease (genetic disorder)	Other	\$2,940,422	\$1,594,660
12	Yervoy	Cancer (metastatic melanoma)	Cancer	\$2,104,675	\$1,505,527
13	Remicade	Crohn's, ulcerative colitis, psoriasis	Other	\$2,292,333	\$1,446,799
14	Eloxatin	Cancer (multiple cancer types)	Cancer	\$2,967,532	\$1,419,361
15	Tysabri	Multiple sclerosis and Crohn's disease	Other	\$2,238,997	\$1,295,779
16	Taxotere	Cancer (multiple cancer types)	Cancer	\$2,313,911	\$1,280,810
17	Fabrazyme	Fabry disease (genetic enzyme disorder)	Other	\$1,491,157	\$1,271,713
18	Erbix	Cancer (colorectal, head and neck, lung, skin)	Cancer	\$2,160,073	\$1,144,032
19	Velcade	Cancer (lymphoma, multiple myeloma, others)	Cancer	\$2,091,753	\$1,088,012
20	Privigen	Primary humoral immunodeficiency (immune thrombocytopenia, others)	Other	\$1,508,706	\$1,051,937

# GLOSSARY

**Acquired Hemophilia A:** A hereditary blood-clotting disorder

**Paid charges:** The amount paid to the health care provider (such as a hospital) after discounts were applied

**Aggregate stop-loss insurance:** One of the two types of stop-loss insurance, it protects the self-insured employer if the total of all claims under the Specific deductible is higher than expected (for the other type of stop-loss insurance, see “Specific stop-loss insurance”)

**Billed charges:** The initial amount that a health care provider (such as a hospital) charges

**BMT:** Bone-marrow transplant

**CKD:** Chronic kidney disease, a medical condition where there is permanent damage to the kidney(s) but they still function well enough to sustain life

**Catastrophic claim:** A claim that exceeds the Specific stop-loss deductible

**Catastrophic claims condition:** The underlying medical condition associated with a claim that exceeds the stop-loss deductible

**Claimant:** The insured member who incurred charges under the medical plan

**Claim:** Charges submitted for reimbursement

**Direct writer:** A carrier that specializes in stop-loss coverage but does not provide the medical claims administration

**ESRD:** End-stage renal disease, a medical condition where the kidneys are permanently damaged, cannot sustain life, and require dialysis or transplant

**First-dollar claim:** A claim that an employer pays that is below the stop-loss deductible

**Fully insured:** A funding arrangement where the employer pays a premium to a health insurance carrier to accept the full financial risk of providing health coverage (the premium covers claims administration, risk and pooling charges, and the cost of the medical services)

**Funding arrangement:** How an employer chooses to handle the risk of providing medical benefits—two popular ways are by self-funding (where the employer assumes the risk itself and can mitigate that risk with stop-loss insurance), or by fully insuring (where the employer pays premiums to a health insurance carrier to assume the total risk)

**Incidence:** A predictive measurement of the frequency of a condition or type of claimant per a subset of employees—such as number per 1,000 employees

**Intravenous medication:** Treatment that is administered through a vein

**Leveraged trend:** How medical trend impacts stop-loss claim liability (it is one of the factors used when determining stop-loss premium)

**Malignant neoplasm:** A cancerous tumor (in this report, we identified this category by claims with International Statistical Classification of Diseases and Related Health Problems (ICD-9) cancer codes 140–208)

**Medical trend:** The impact of inflation on health care costs over time (it is one of the factors used when determining stop-loss premium)

**Plan document:** The medical plan document in a self-insured funding arrangement (also called the “underlying medical plan” or the “plan doc”)

**Providers:** Medical professionals or organizations that provide health services (examples include doctors, nurses, dentists, therapists, and hospitals)

**Specific stop-loss insurance:** One of the two types of stop-loss insurance, it protects the self-insured company from large claims that occur for any one covered individual, such as a claim related to premature birth or a kidney transplant (for the other type of stop-loss insurance, see “Aggregate stop-loss insurance”)

**Self-insured:** A funding arrangement where instead of paying premiums to a health insurance carrier, the employer accepts the full financial risk of providing health coverage, including paying for both the cost of medical services and claims administration—traditionally, the employer hires a health plan administrator to manage claims (also referred to as “self-funded”)

**Stop-loss insurance:** Protection against the risk exposure of a self-funded medical plan

**Stop-loss claim:** A claim that exceeds the stop-loss deductible

**Stop-loss claim payment:** Another way to refer to a “stop-loss claim reimbursement” (see definition below)

**Stop-loss claim reimbursement:** After the stop-loss deductible is met, a payment provided by the stop-loss carrier to reimburse the employer for the portion of the claim that exceeds the stop-loss deductible according to the stop-loss policy

**Stop-loss deductible:** When a stop-loss insurance policy is in place, the portion of the claim risk that the employer retains (the amount above the deductible is reimbursed according to the stop-loss policy)

**Health plan administrator:** The self-insured employer typically hires an organization to administer the health plan and provide services such as paying claims, requesting claims reimbursements from the stop-loss carrier, and processing those reimbursements

**Transplant:** The replacement of organs or tissues in a human from a donor (examples include bone marrow, kidney, and heart)



## Learn more

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