



Stop Loss Procurement Results and Analysis

Prepared for Polk County

November 25, 2025

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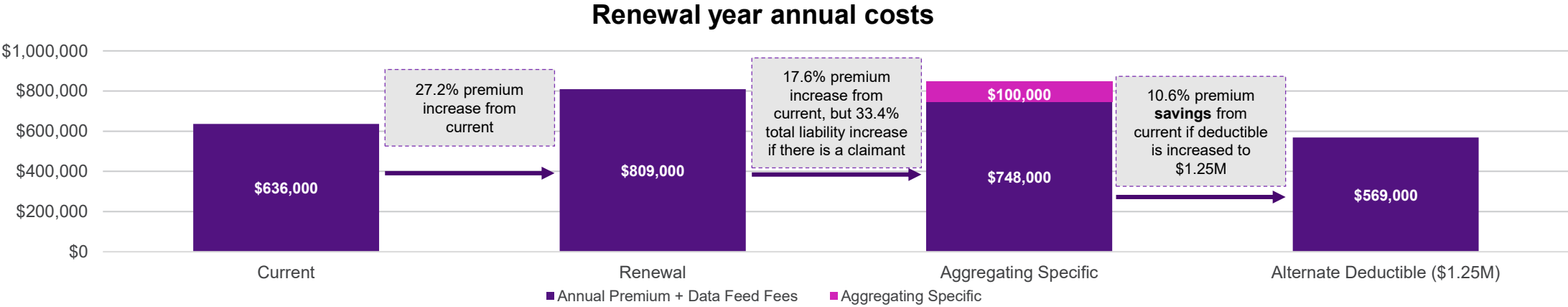
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Summary

Procurement Summary

Current	Renewal and RFP
<ul style="list-style-type: none">Polk County purchases stop loss from Aetna with a \$1,000,000 deductibleContract covers all months of incurred run-in in addition to the policy yearNo members are lasered on the policyCurrent premium is \$11.51 per employee per month (PEPM)A 11.5% increase was assumed for 2026 (\$712K total budgeted)	<ul style="list-style-type: none">Aetna has provided a renewal of 27.2% for a rate of \$14.64 PEPM (\$97K gap to budget)WTW procured bids from its Stop Loss Collaborative (SLC) partners at the current termsHM, Swiss Re and Voya declined to quote (DTQ) due to poor loss history and uncompetitive pricingAetna reduce the status quo renewal by \$75K (8.5%) during negotiation



Results

- Aetna's proposal is the best financial offer at the current deductible level, with a 27.2% renewal increase and provides alternatives to lower the premium
- Based on total enrollment of 4,605

Benchmarking

2025 stop loss premium rates by deductible levels

- Polk County currently has a PEPM rate of **\$11.51**, **19% lower** than the average PEPM rate



Source: 2025 premium data were provided by BCS, HM, Optum, PartnerRe, QBE, Sun Life, Swiss Re, Symetra and Voya, and are based on their full books of business (n = 8,234). Benchmark data should be used only as a point of reference. Stop loss coverage can vary greatly by employer industry and risk tolerance.



Stop loss



CONSIDER:

- Stop loss deductible level is based on an organization's risk strategy; trading higher fixed costs for lower claim volatility.
- In general, larger organizations are able to manage higher deductible levels and, in some cases, may forgo stop loss entirely.

Stop loss benchmarking – coverage



79% of employers of your size have a specific stop loss policy.
Most employers of your size elect coverage with a \$301K - \$400K deductible.
It's not uncommon to see deductibles between \$250K and \$750K.

		Employer Size								
		< 250 EEs	250 - 499 EEs	500 - 749 EEs	750 - 999 EEs	1,000 - 2,499 EEs	2,500 - 4,999 EEs	5,000 - 7,499 EEs	7,500 - 9,999 EEs	10,000+ EEs
% With Spec Stop Loss		97.4%	97.8%	97.8%	98.9%	90.4%	79.3%	63.4%	51.5%	29.4%
Deductible Levels	≤\$50K	34.6%	1.4%	1.0%	0.2%	0.2%				
	\$51K - \$75K	30.0%	4.2%	0.6%		0.1%				
	\$76K - \$100K	19.3%	19.4%	3.5%	0.7%	0.6%				
	\$101K - \$150K	12.4%	39.1%	26.4%	12.2%	3.0%	0.2%			
	\$151K - \$200K	2.5%	22.2%	33.4%	29.4%	15.2%	0.6%		1.2%	
	\$201K - \$250K	0.6%	7.9%	17.2%	21.5%	16.6%	3.9%			
	\$251K - \$300K	0.3%	3.9%	10.2%	20.1%	24.3%	12.6%	5.9%		0.8%
	\$301K - \$400K	0.1%	1.1%	4.6%	10.2%	20.8%	31.1%	13.4%	8.5%	3.3%
	\$401K - \$500K	0.1%	0.7%	1.8%	3.6%	11.2%	21.9%	24.1%	17.1%	4.1%
	\$501K - \$750K	0.1%	0.2%	1.2%	2.0%	6.1%	18.7%	32.6%	29.3%	25.4%
	\$751K - \$1.0M	0.0%			0.2%	1.7%	8.3%	13.4%	19.5%	25.4%
	\$1.1M - \$1.5M		0.1%			0.2%	2.6%	10.2%	17.1%	25.4%
	\$1.6M - \$2.0M						0.2%		6.1%	13.1%
	>\$2.0M							0.5%	1.2%	2.5%

Source: 2024 prevalence data was provided by BCS, Berkley, HM, Optum, Partner Re, QBE, Sun Life, Swiss Re, Symetra and Voya and is based on their full book of business. (N=11,000)
Percent of employers with Stop Loss based on WTW's 2024 Health Care Financial Benchmarks Survey (N=1,136)
Prevalence data should be used only as a point of reference. Stop loss deductible thresholds can vary greatly by employer industry and risk tolerance.



Stop loss



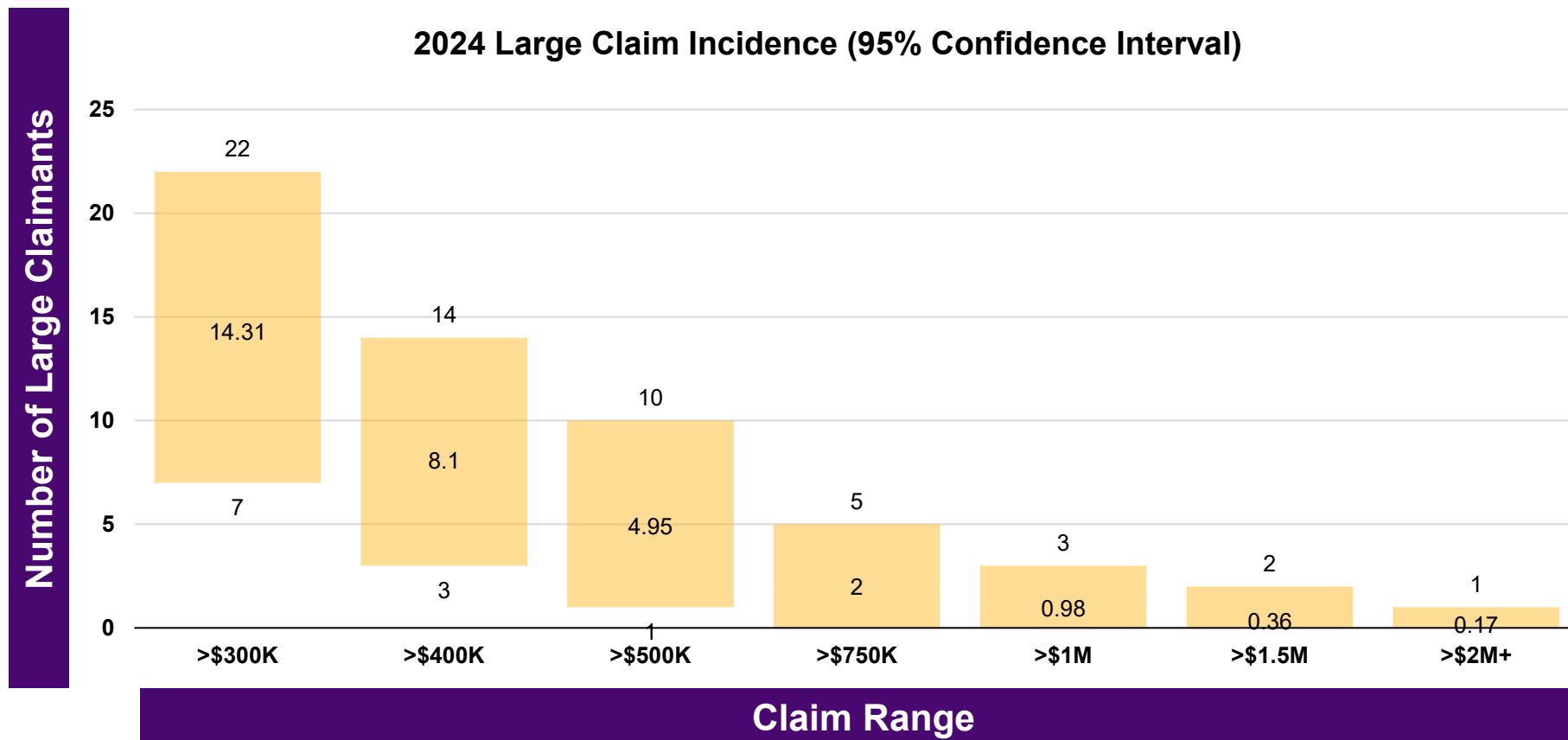
CONSIDER:

- The cost of your stop loss premium is likely to be higher or lower depending on how your claim experience compares to norms.
- High claimants are not all the same to a stop loss carrier. Some conditions (e.g., complex pregnancies) are one-time expenses, while others (e.g., genetic conditions) may recur each year.

Stop loss benchmarking – high-cost claimants



An employer of your size is likely to see between 0 and 3 claimants over \$1,000,000 annually.



Source: Incidence rates based on 2019-2021 MarketScan data trended to 2024 (2021: N=15.6M members, \$88B in claims)

Rates above should be used only as a point of reference.

All results are subject to unforeseen and random events and should, therefore, be interpreted as having a likely range of variability from the estimate.

Comparison of Proposals

Financial Summary

	In Force Policy	Renewal	Aggregating Specific	Alternative Deductible
Quote Option				
Carrier	Aetna	Aetna	Aetna	Aetna
Proposal Status		Firm	Firm	Firm
Firm Through Date		11/28/25	11/28/25	11/28/25
Specific Contract Basis	Paid	Paid	Paid	Paid
Specific Deductible	\$1,000,000	\$1,000,000	\$1,000,000	\$1,250,000
Annual Specific Premium	\$636,000	\$809,000	\$748,000	\$569,000
<i>\$ Increase</i>			<i>(\$61,000)</i>	<i>(\$240,000)</i>
<i>% Increase</i>			<i>-7.5%</i>	<i>-29.7%</i>
Aggregating Specific Deductible			\$100,000	\$0
Total Fixed Costs	\$636,000	\$809,000	\$748,000	\$569,000
Total Fixed and Potential Costs	\$636,000	\$809,000	\$848,000	\$569,000
<i>\$ Increase</i>			<i>\$39,000</i>	<i>(\$240,000)</i>
<i>% Increase</i>			<i>4.8%</i>	<i>-29.7%</i>

Specific Premium Rates by coverage tier				
Composite	\$11.51	\$14.64	\$13.54	\$10.29
Annual Specific Premium	\$636,000	\$809,000	\$748,000	\$569,000

Notes:

- Results based on total enrollment of 4,605 (Aetna's renewal)
- Data feed fee does not apply to medical administrator

Procurement Summary

Alternative Deductible Levels

- Polk Conty to consider risk tolerance across alternative specific deductible levels in 2025
- The most premium savings potential that Polk County could achieve is through the \$1.25M specific deductible level

	Current Deductible	Alternative Deductible Levels
Specific Deductible	\$1,000,000	\$1,250,000
Specific Premium Rate	\$14.64	\$10.29
Annual Specific Premium	\$809,000	\$569,000
Difference in Premium vs. Current Deductible		\$240,000
Difference in Stop Loss Deductible		\$250,000
Ratio		0.96
Historical Claims Over Deductible Level		
Current Year-to-Date	1	0
Prior Year	1	1
2 nd Prior Year	0	0

Assumed Enrollment: 4,605

- (1) Note that claimants are not exclusive and could exceed multiple deductible levels
- (2) Prior year claim amounts have not been adjusted for claim trends

The above exhibit is provided to assist in evaluating your program and estimating plan expenses. The evaluation was performed using data obtained from you and those providing benefits under your plan, including, but not limited to, providers, vendors, insurers and administrators and is unaudited. Due to unknown variables which can exist at the time this projection was performed, WTW cannot and does not guarantee any final outcomes.

Coverage Terms and Provisions

Stop loss provisions	Current	Requested
Effective date	01/01/2025	01/01/2026
Specific deductible level(s)	\$1,000,000	\$1,000,000; \$1,100,000; \$1,200,000
Contract terms (incurred/paid period)	Paid	Paid
Pharmacy included?	Yes	Yes
Mental health/Substance abuse included	Yes	Yes
Maximum liability (annual/lifetime)	Annual: Unlimited Lifetime: Unlimited	Annual: Unlimited Lifetime: Unlimited
Actively at work and non-confined provisions waived	Yes	Yes
Pre-65 retirees covered	Yes	Yes
Post-65 retirees covered	No	No
Aggregate stop loss requested	NA	NA
Aggregate stop loss maximum benefit	NA	NA
Aggregating specific corridor requested	NA	NA

Coverage Terms and Provisions (continued)

Criteria	Aetna
No new lasers at renewal included	No
Renewal rate cap included	Yes; 40%
Experience rated refund included	No
Data feed fee funding	Not applicable
Medical carrier shared savings fee covered*	TBD

*It is important to consider the shared savings fee terms between the client and their medical administrator to ensure the fees would be covered in full by the selected stop loss carrier.

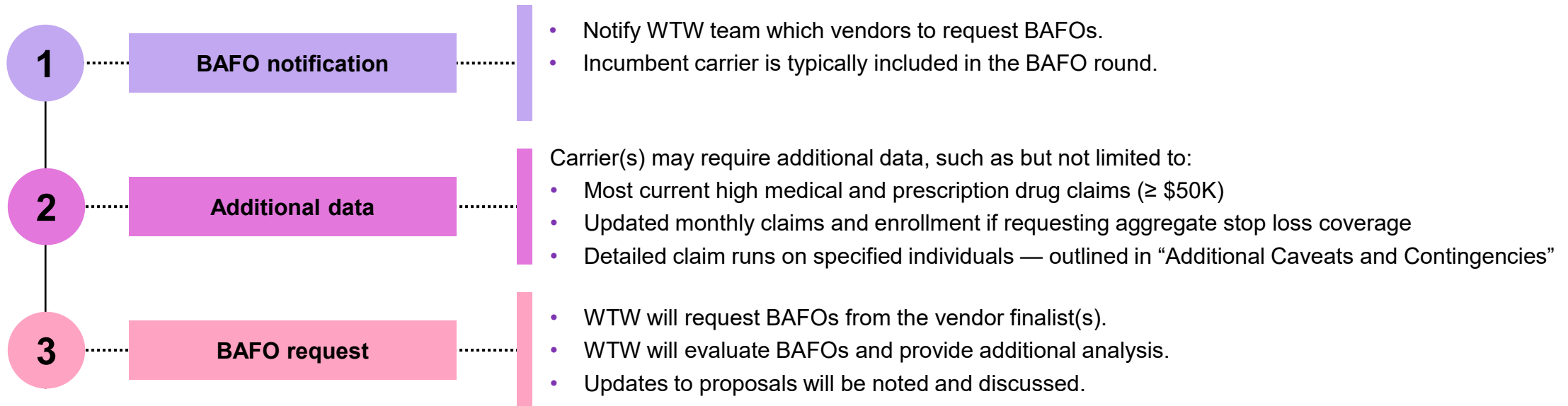
Caveats and Contingencies

Criteria	Aetna
Quote illustrative or firm	Firm
If firm, expiration date	11/28/25
If illustrative, subject to updated information on open or ongoing claims as listed	NA
Proposed lasers	No
Aggregating specific corridor quoted	None
Aggregate coverage provisions quoted	None
Terminal liability option quoted	No
Additional unique terms and conditions/clauses	

Next Steps

Best and Final Offers

- After initial proposals are submitted by the vendors, best and final offers (BAFO) will be requested from carrier finalist(s).
- Once a decision about which carrier to pursue has been made, move on to implementation of stop loss coverage.



Discussion and Qualifications

Discussion and Qualifications

Caveats

- All WTW SLC carrier partners' proposals waive the requirement for disclosure, which requires signing a form indicating that you are providing data to the vendor to the best of your knowledge; carriers outside of the WTW SLC may require disclosure.
 - After the disclosure process (if applicable), the client should commit to the stop loss arrangement by signing the application.
 - If the client defers past the expiration date of the quote, the stop loss carrier has the right to ask for updated data and revise its quote.
- Rates are subject to change if enrollment shifts by +/- 20% to 25% for most SLC partner carriers.
 - Generally, COBRA and retiree enrollment cannot exceed 15% of the covered group, but most of our carrier partners waive this constraint for our clients.
 - Rates are subject to a final census.
- Stop loss carriers sometimes require case management programs be in place.
- If the client's summary plan document (SPD) is silent on any of a stop loss carrier's exclusions, then the stop loss carrier's contract list will prevail.

Additional fees

- Medical and pharmacy vendors may charge a data feed fee to provide reports to an external stop loss vendor.
- In our experience, this data feed cost ranges from \$0.50 to \$4.00 PEPM (no fee was assumed in calculations because the fee does not apply to the medical administrator)
- Some vendors have agreed to fund these data feed fees (see Coverage Terms and Provisions slide).
- To be reimbursed by the stop loss carriers, clients are required to provide documentation of the applicable interface fees.

Contractual disclosure

Participation in the WTW SLC also includes assistance from WTW resolving broad issues or systemic disputes between the client and the selected carrier, relative to products or services (e.g., processing of claims, data feed issues).

- WTW's role relative to any specific claim dispute would be limited to facilitation of discussion between the client and the carriers.
- Please note that WTW is not able to provide an opinion on whether any particular claim denial is appropriate.

Compensation disclosure

Stop Loss Market Update

Market continues to grow, as large claims continue to increase in both frequency and severity, adding budget variability and driving healthcare cost for our clients



Carrier environment

- After a milder 2025 renewal cycle, higher claim severity is likely to push underwriters toward more aggressive pricing for 2026¹
- Over the benefit years from 2020 to 2023, 88% of employers were likely to experience a stop loss claim in any given year²
- Presence of at least one known lasered claimant has decreased to 16%, unchanged from 2024.¹ This is due to the increasing prevalence of a “no new laser” provision

High-Cost Claimant (HCC) frequency

- Rising costs of high-dollar gene therapies, advanced cancer treatments, and large inpatient claims continue to put downward pressure on pricing¹
- 49% of survey respondents report a claimant more than \$1M paid in the last two policy years, with 16% indicating claims more than \$2M¹
- In 2024, 47 claims over \$3M, with 10 being over \$5M and the highest exceeding \$12M²
 - There were 32 claims over \$3M in 2023 and 18 in 2022

Raising concern²

- Newborn/Infant care HCCs continue to rise (with the second-highest number of million-dollar-plus claims following malignant neoplasms)
- Congenital abnormalities (lifelong conditions) have profound impacts and drive high costs, and can contribute to complications late in life

High-cost conditions²

- Cardiovascular disease/disorder became the top 2 claim category and musculoskeletal became the top 3 category, behind malignant neoplasms as top 1, moving leukemia, lymphoma and multiple myeloma into the top 4 spot
- Malignant neoplasms continue to rank in the top spot for both reimbursements and total spend, amounting to nearly thrice that of the second-leading condition (cardiovascular)

Carrier loss ratios

- Million-dollar claims on a per million covered employees basis rose 29% in the past year and 61% over the past four years²
- 15% to 20% average renewal increases

1 Source: 2025 Aegis Risk Medical Stop Loss Premium Survey. 2 Source: 2025 Sun Life High-cost claims and injectable drug trends analysis report.

Stop Loss Collaborative Highlights

Our vendor partners

Our current partners balance competitive choice, allowing us to negotiate favorable contract terms, conditions and experience refunds.



SLC contract features come at no or discounted cost.

Unlimited lifetime maximum	Experience refunds
Covered benefits “mirror” medical plan	No new laser and renewal rate cap guarantee ¹
Waiver of disclosure statements	Choice of plan options to allow for customization of employer needs
120% aggregate coverage at 125% rates	

¹ Perpetual no new lasers and rate caps are no longer standard in the industry. Carriers will give us at a minimum 12 months' notice if the rate cap or no new laser provision will be pulled.

Compensation Disclosure – Marketed Products

Alongside this Compensation Disclosure, you have been provided with a detailed summary and analysis of the incumbent quote(s) (and any recommended or alternate quotes, if applicable) based on what most aligns with the strategic direction you gave us in our pre-renewal strategy discussion. Below is a high-level summary of the incumbent carriers'/vendors' compensation and recommended markets we approached on your behalf and any compensation included with these quotes.

Carrier/Vendor name	Marketed carriers/vendors					
	Line(s) of business	Response	Sub-broker/ Intermediary	Standard compensation	Referral/ Management Fee	Additional compensation
Aetna (Incumbent)	Stop Loss	Quoted	NA	0%	NA	5%

Compensation Disclosure – Marketed Products

Below is a high-level summary of the additional carriers/vendors we approached on your behalf.

Carrier/Vendor name	Marketed carriers/vendors	
	Line(s) of business	Response
HM	Stop Loss	Declined to quote, poor loss history
QBE	Stop Loss	Quoted, pricing uncompetitive +181.1%
Sun Life	Stop Loss	Quote pending
Swiss Re	Stop Loss	Declined to quote, pricing uncompetitive
Symetra	Stop Loss	Quoted, pricing uncompetitive +127.2%
Voya		Declined to quote, pricing uncompetitive

Please note that the quotes from HM, QBE, Sun Life, Swiss Re, Symetra and Voya were originally obtained through the WTW Panels Process.

Compensation Disclosure (continued)

The proposals are presented in conjunction with the Brokerage Terms, Conditions and Disclosures document which was previously provided to you.

As further described in your Brokerage Terms, Conditions and Disclosures document, we may receive other compensation such as contingent compensation related to the lines of insurance we place for you. Based on historical data, we estimate that our contingent compensation may range from 0% to 5% of the total premium we placed for all lines of insurance.

Please review the details of the proposals included to ensure that these meet your expectations. The proposals may differ from your current policy, so we recommend that you read the specifications from the carrier/vendor in their entirety and compare them to your current policy.

Should you have any questions about the proposals or concerns about what is included in this summary, please let us know at once. Please provide us with your selection of coverage. We will confirm the details of this selection in writing with you and the carrier/vendor.

Thank you for your
continued partnership.