

# Trends

Statistics and Strategies for Health Plan Sponsors

Third Quarter 2026

## Key statistics on stop-loss insurance



**12.7%** average **rate increase** for plans that maintained the **same specific stop-loss coverage levels** as prior year



The number of **claimants with seven-figure claims** has grown an **average of 25% per year** over the last four years.



**97%** of **specific stop-loss groups** have **medical and Rx** coverage.



**\$250,000** is the **most common specific stop-loss deductible**.

Sources: [Segal's 2026 national medical stop-loss dataset](#) (for the statistics on stop-loss insurance) and SHAPE, Segal's health data warehouse (for the statistic on million-dollar+ claims).

## High-cost claims: A growing threat to health plan budgets

High-cost claims (HCCs) are becoming more frequent and severe, putting unprecedented pressure on health plan sponsors' budgets. Trend drivers, such as specialty drugs, gene and cell therapies, new biologics, higher unit costs and increased utilization, are accelerating overall spend. Claims that once qualified as rare "shock losses" are now recurring events. The rising prevalence of HCCs can quickly destabilize renewals and derail carefully planned budgets — especially for self-funded plans.

### The value of stop-loss insurance

As claims volatility increases, stop-loss insurance plays a critical role in protecting plan sponsors from catastrophic financial exposure. Stop-loss helps cap downside risk by reimbursing claims above defined thresholds, preserving budget predictability and safeguarding cash flow.

However, the value of stop-loss insurance depends heavily on how well it's structured and managed. A policy should be aligned with a plan sponsor's risk tolerance and avoid outdated attachment points, limited contract language or poorly aligned coverage, which can leave plan sponsors exposed just when

protection is needed most — particularly in periods like now of [elevated medical and pharmacy cost trends](#).

## Best practices for getting the most out of your stop-loss policy

To keep pace with industry changes, plan sponsors should regularly reassess their stop-loss strategy. Best practices include the following:

- **Proactively review terms.** Review coverage terms as early as possible before the effective date. Consider bidding coverage more frequently (every two or three years at a minimum) to ensure competitive market terms.
- **Request reporting.** Establish and require monthly reporting of HCCs. Proactive claims monitoring, early identification of potential high-cost claimants and collaboration among insurers, third-party administrators, pharmacy benefit managers and the stop-loss insurer are increasingly essential.
- **Review plan documentation.** Obtain current plan coverage documents and amendments annually to ensure terms and conditions are current. Review and update them annually and evaluate coverage exclusions to avoid gaps in coverage, especially for new treatments, such as gene and cell therapies, which can result in significant financial exposure if not properly addressed.

## Proposed Rule Promotes Fertility Benefits

The Departments of Labor, Health and Human Services, and Treasury recently issued a proposed rule that is intended to give group health plan sponsors greater flexibility in offering fertility benefits.

Plan sponsors should watch for the final rule. Until then, plan sponsors may wish to review their current fertility benefit offerings and consider whether to make any changes in light of the proposed rule.

Sponsors of group health plans can make fertility benefits available through the plan, through a limited excepted benefit arrangement, or both.

Plans that already offer fertility benefits through group health plan coverage may choose to evaluate whether they want to augment that coverage under the group health plan or through a self-funded or insured limited excepted fertility benefit.

While the rule allows flexibility for limited excepted to include a broad range of fertility benefits, they can also be tailored to include specific benefits and can be offered at a lower lifetime amount than the amount in the proposed rule. Plan sponsors can consider what fertility benefit design might best complement benefits already available under the group health plan.

Plan sponsors that decide to offer limited excepted fertility benefits will need to ensure compliance with all aspects of the final rule once it is issued, including the specific notice requirements along with considering implications related to any relevant state laws.

Learn more about the proposed rule in our [June 3, 2026 insight](#).

To discuss the implications for your plan of anything covered here, contact your Segal consultant or [get in touch via our website, segalco.com](#).

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- **Add support for care quality and payment integrity.** Add centers of excellence for high-cost procedures. Also have a plan in place for oversight of specialty pharmacies, payment integrity and out-of-network cost-management as well as medical bill review.
- **Audit.** For large claims, it's important to audit early in the adjudication process.
- **Change incurred claims basis.** Plans with a shorter run-out claims basis should strongly consider moving from a 12/15 policy (i.e., claims incurred during a 12-month policy period and paid within three months after policy expiration) to at least a 12/18 or 12/24 policy. Large claims increasingly take longer to be fully adjudicated. A longer run-out period helps ensure adequate protection and reduces the risk of reimbursement gaps for late-paid, HCCs.
- **Increase individual stop-loss deductible levels.** Plans with healthy reserves may want to consider increases to individual stop-loss deductibles to mitigate the cost of premiums.
- **Add aggregating deductibles.** An aggregating specific deductible is an extra deductible that must be satisfied before stop-loss reimbursements begin, in addition to the normal specific deductible. It allows plan sponsors to lower their stop-loss premium by self-insuring a portion of large claims.
- **Seek experience-rated dividends.** These dividends allow a plan sponsor to receive a refund of part of the stop-loss premium if claims are lower than expected, providing potential cost savings for favorable experience.
- **Shift to per-report pricing.** Stop-loss interface fees are often charged by the insurance administrator for providing detailed reporting of large claims to third-party (unbundled) stop-loss insurers so those claims can be administered and reimbursed. These fees can vary from \$1.50 per participant per month (PPPM) to as high as \$6 to \$8 PPPM. A monthly or quarterly flat-fee model (based on claims reporting frequency) would be more reasonable than per-participant charges and can reduce fees significantly.
- **Negotiate no-laser (i.e., individuals excluded from the policy or covered at higher deductible) provision with rate caps.** No new lasering with rate caps is a stop-loss policy enhancement where, at renewal, the insurer cannot add new lasers and cannot increase the premium rate beyond a set cap. This combination protects plan sponsors from unexpected premium hikes and new lasers at renewal, ensuring stability and predictability in costs.

When treated as a strategic risk-management tool rather than a commodity purchase, stop-loss coverage can help plan sponsors absorb HCCs without sacrificing long-term affordability or plan stability.

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