



Term Glossary

Policy Period

This is the timeframe that your current policy is valid, it marks the beginning and end of your contract.

Specific Deductible

The amount for each individual covered under your health plan for which you are responsible.

For example, if an employer has a \$50,000 Specific Deductible, it means that for each individual enrolled in the plan, you pay \$50,000 before your stop-loss insurance begins reimbursing you for any claims over that amount.

TPA

Your Third-Party Administrator (TPA) is who manages your health plan on a day-to-day basis. Not only do they administer your plan, but they also do things like process claims, track and provide claims reporting, manage your cost containment solutions, provide plan guidance, manage plan eligibility and open enrollment, and other tasks.

PPO Network

Your Preferred Provider Organization (PPO) Network contracts with medical providers and facilities to negotiate discounted rates.

PBM

Your Pharmacy Benefit Manager (PBM) acts as an intermediary between the insurance provider and pharmaceutical manufacturers. PBMs perform functions such as: creating formularies and pharmacy networks, negotiating pharmacy rebates/discounts, processing pharmacy claims, reviewing drug utilization, and more.

Self-Funding

The alternative to a fully insured plan, self-funding gives you the flexibility to create more customized plans and have access to member data. Instead of a fixed monthly premium, the employer funds the claims as they come in, with protection against catastrophic claims provided by

purchasing stop-loss insurance. There is a high potential for savings if the plan runs well (healthy members = lower plan costs).

Gross Premium

This is your net premium plus any additional commissions and fees.

Net Ceded Premium

This is your premium cost before any broker commissions or additional fees are added.

Stop Loss

Employers who self-fund purchase stop-loss insurance to mitigate the risk of funding potentially catastrophic claims. It provides a layer of protection and financial stability.

Contract Type

This is the basis on which your claims are incurred and paid within your policy. The first number represents the months that your claims must be incurred within, and the second number stands for the months that your claims must be paid within.

For example, if you have a 24/12 contract that begins 1/1/2025, it means that your policy covers claims incurred from 1/1/2024–12/31/2025 and paid from 1/1/2025–12/31/2025.

Specific Coverage

Health insurance coverage for your plan on an individual (member) basis.

Aggregate Coverage

Health insurance coverage for your member population as a whole.

Aggregate Attachment

This is calculated by annualizing your single and family enrollment multiplied by the single and family aggregate factors and then adding a 25% corridor.

Spaggregate

This is a self-funded health benefit plan that provides the advantages of an ERISA plan while guaranteeing costs like a fully insured plan. It offers an annual maximum cost, fixed monthly payments regardless of claims, and flexibility in plan design. The employer's monthly payments fund a claims reserve and stop-loss insurance. Claims are paid from the reserve, with the stop-loss carrier covering deficits. Any leftover funds at the end of the year are retained by the employer.

Corridor

This is an additional percentage (25%) over your annualized aggregate claims projections.

Acronyms

ABD – Aged Blind or Disabled
ACA – Affordable Care Act
BUCA – BlueCross, United, Cigna, Aetna
CHIP – Children’s Health Insurance Program
CM – Case Management
COB – Coordination of Benefits
COBRA – Consolidated Omnibus Budget Reconciliation Act of 1986
COE – Centers of Excellence
DM – Disease Management
DPC – Direct Primary Care
EOB – Explanation of Benefits
ERISA – Employee Retirement Income Security Act
FDA – Food and Drug Administration
FI – Fully Insured
HIPAA – Health Insurance Portability and Accountability Act
HMO – Health Maintenance Organization
ISL – Individual Stop Loss
LF – Level-Funded
MEC – Minimum Essential Coverage
OOP – Out-of-Pocket
PBM – Pharmacy Benefit Manager
PCP – Primary Care Provider
PEPM – Per Employee Per Month
PMPM – Per Member Per Month
PHI – Protected Health Information
POS – Point of Service
PPACA – Patient Protection and Affordability Care Act
PPO – Preferred Provider Organization
RBP – Reference-Based Pricing
RFP – Request for Proposal
SF – Self-Funded
TPA – Third Party Administrator
UM – Utilization Management
UR – Utilization Review