Large Claim Pooling

What is large claim pooling?

Large claim pooling, also known as stop loss coverage, has been designed to help protect against the significant and negative financial consequences of a catastrophic claim. Claims that are over a predetermined amount are removed from the claims experience before renewal rates are calculated. This helps to smooth the impact of large claims on health care premium rates and allows the plan sponsor to continue to provide a comprehensive and affordable health care plan.

In today's health care environment, this added protection is becoming an important benefit as new biologic drugs flow into the marketplace, and both drug costs and the number of individuals utilizing these drugs continues to increase.

Under the Victor Canada Group Benefits Program, claims which exceed $10,000 per individual in any renewal period will be removed from the claims experience, and will not be used to calculate claims loss ratios and required renewal rate adjustments. For purposes of this calculation, claims for the plan member, spouse and each dependent are considered individually. Please note that out-of-country claims are pooled separately.

Some stop loss coverage removes only non-recurrent, catastrophic claims; that is, claims that are not likely to occur again. For example, in the case of a group where an employee has suddenly been diagnosed with cancer, the claims may be considered "catastrophic" financially but are expected to recur. As a result, these claims would not be removed from the client's claims experience. By contrast, Victor's programs offer large claim pooling for all claims which exceed $10,000 per individual. That way, groups can rely on complete protection.

In addition, some stop loss coverage only removes individual claims in excess of the limit. Victor's stop loss coverage provides better protection because it offers an aggregate stop loss limit. In other words, all claims are removed once the $10,000 limit per individual is reached.

How does this impact premium rates?

A pooling charge is included in the health care premium rate. Subsequent renewals will be impacted in that extended health care claims over $10,000 will be removed from the claims experience and, therefore, will not be used to calculate the required renewal action. The pooling charge renews annually and is based on the Victor programs' claims experience.