Business Insurance.

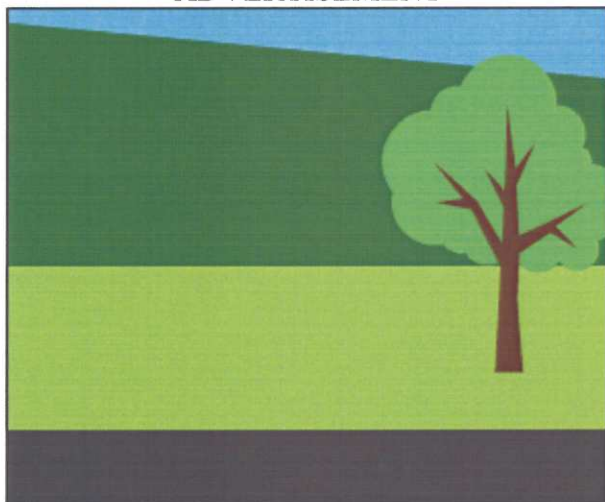# Health care reform drives interest in captive insurers

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The Patient Protection and Affordable Care Act has increased middle-market **employers' interest in** captives to fund medical stop-loss for their self-**funded health benefit plans, captive experts say.** Similar to captive property/ casualty programs, medical stop-loss captives allow self-funded employers to pool part of their excess medical claims costs with other like-minded companies and then purchase commercial stop-loss coverage at higher attachment points.

"The Affordable Care Act is driving more organizations to look at becoming self-insured; and when you become self-insured, you are more interested in loss control," a hallmark of a good captive insurance strategy, said Art Koritzinsky, managing director of Marsh Inc.'s Captive Solutions Group in Norwalk, Conn.

For example, Well Health Ltd., a member-owned group captive formed by Schaumburg, Ill.-based Captive Resources L.L.C., helps members manage their health care expenditures with health care risk management tools, said Sandra Duncan, vp of operations.

Similarly, a medical stop-loss captive organized by Orland Park, Ill.-based Horton Group will require members to implement health risk assessments and wellness programs, said Ken Olson, division president. The captive, intended for self-funded employers with 50 to 200 group members, is set to launch Jan. 1, 2013, he said.

Les Boughner, executive vp and managing director of Willis Group Holdings P.L.C.'s global captive practice in Burlington, Vt., said he has received numerous inquiries about using captives to fund medical stop-loss and is conducting a feasibility study on behalf of one employer.

Chad Kunkel, division senior vp and group captive strategy leader at Artex Risk Solutions Inc. in Itasca, Ill., said his firm is in the midst of launching a group captive to fund medical stop-loss for self-funded midsize employers.