

MYTH: I'M TOO SMALL FOR SELF-FUNDING

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BENEFITS • HR CONSULTING • INVESTMENTS • LIFE INSURANCE • RETIREMENT

AGENDA

- Introduction
- Common Myths
- Good Fit
- Wrong Fit – for now

WHAT IS SELF-FUNDING?

Fully Insured:



Self-Funded:



FULLY INSURED VS. SELF-FUNDING

Fully Insured:

- No risk to the employer
- Experts control the reporting
- Limited to insurer's plan design's

Self-Funded:

- The employer assumes more risk
- Experienced reporting
- More freedom over plan design

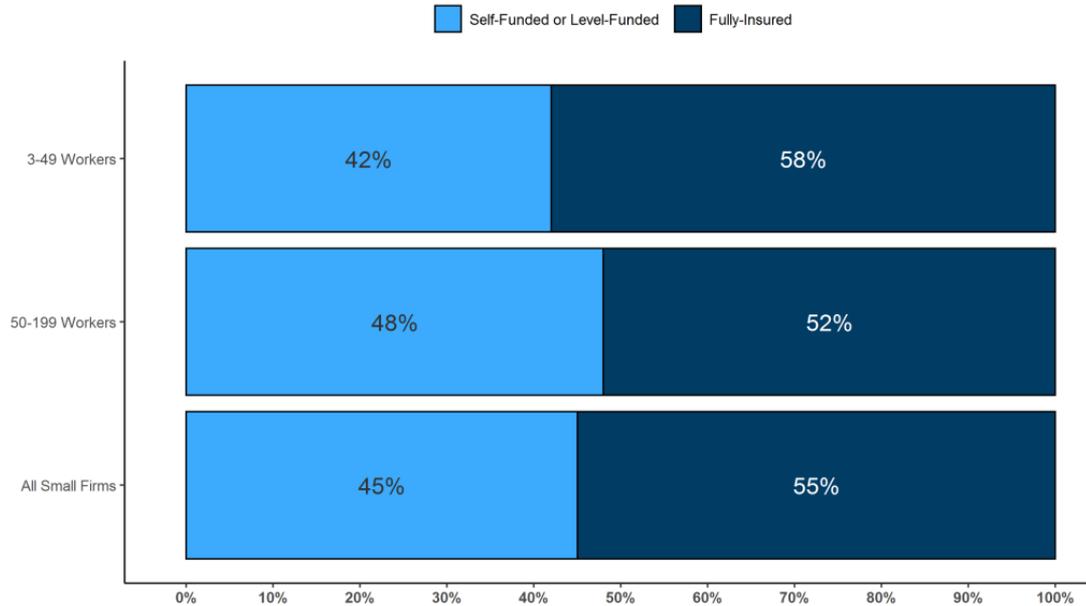
MYTH #1

**I'm Too Small for
Self-Funding**

Minimum of 2 lives – Not
recommended

STATISTICS – FULLY INSURED VS SELF FUNDED

Figure 10.7
Among Covered Workers at Small Firms, Percentage Enrolled in a Level-Funded or Self-Insured Plan, by Firm Size, 2021



Tests found no statistical difference from estimate for all other firms not in the indicated size category ($p < .05$).

NOTE: See end of Section 10 for definitions of self-funded, fully-insured, and level-funded premium plans.

SOURCE: KFF Employer Health Benefits Survey, 2021

MYTH #2

I will have no protection from an unexpected large claim.

- Stop Loss Insurance
- Post Term Exposure

RISKS

- Aggregate vs Specific Stop Loss
- Exposure upon termination – mid year
- Run out period
- Automobile Coordination



MYTH #3

The discounts aren't as good; therefore, my coverage is worse.

- Customized plans – sometimes limitations
- Save on Taxes

COMMON HURDLES



- Medical Questionnaires
- Catastrophic Claims
- Complex and Steep Learning Curve

MYTH #4

Renewals will always be high, and I will be back to Fully Insured in no time.

- Direct Primary Care
- Virtual Primary Care
- Experience Reporting
- EAP Programs

VARIOUS TYPES OF SELF-FUNDING

- Fully Self-Funded
- Partially Self-Funded
- Minimum Premium Plan – Level/Shared Funded
- High Deductible Plans with Employer funded HRA*
- Reference Based Pricing
- Self-Funded Captive



IS NOW THE RIGHT TIME?

- Time
- Desire
- Cost
- Skill

WHY IS IT NOT THE RIGHT TIME?

- Unhealthy Population
- Tight cash flow
- Improper Stop-loss arrangements
- Priorities

