

## WHAT IS SELF-FUNDING?

### **Costs are based on actual claims - You pay for only what is used**

An employer who chooses to self-fund invests in a fund to pay for the cost of its employee benefits plan, rather than paying a premium to an insurance carrier. The amount of money set aside is based on a professionally calculated risk analysis that helps determine the projected level of claims. The employer can also purchase stop-loss insurance to protect the plan from both an individual catastrophic claim as well as aggregate claims that exceed a pre-designated level. Any money left over in the fund remains there, earning a return to help pay for future claims.

### **Custom-designed benefits meet the needs of your employees**

In a self-funded plan, the employer can decide which benefits to offer and custom design a plan best suited for its employees. In addition, self-funded plans are regulated by the federal ERISA statute, eliminating many expensive and duplicative state-mandated benefits.

### **You pay SummaCare a fee to administer claims**

Services provided by SummaCare include claims adjudication for medical, dental, vision, prescription administration, network access to national and regional PPO providers, customer service, utilization review, case and disease management, wellness services, access to stop loss carriers, membership billing and eligibility, client reporting, actuarial services and benefit design services.

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## SHOULD YOU CONSIDER SELF-FUNDING?

### **Proven to save money**

Employers who self-fund can save money by paying only for actual claims, not a fixed premium for expected claims. For eight years running, healthcare costs have risen less for self-funded companies than for the fully insured.

*(Source: Kaiser/HRET Employer Health Benefits 2007 Survey)*

### **Consistent benefits for out-of-state employees**

A self-funded plan complies with federal law under ERISA and is exempt from state-mandated benefit requirements. A multi-state employer can offer consistent benefit plans across the company.

### **Reduced state insurance premium taxes**

The total premium paid by a fully insured plan is subject to state insurance premium taxes of up to two to three percent. Under a self-funded plan, only stop-loss insurance is subject to the premium tax.

