



New World
ALTERNATIVE RISK TRANSFER
INSURANCE SERVICES

**SELF-INSURED
EMPLOYER
HEALTH INSURANCE**

What is Self-Funded?

Health self-funded plans provide small employers the opportunity to save on health care expenses by directly funding expected claims and buying stop loss insurance for excess claims. These plans often offer a value proposition for small employers that are disadvantaged by small group rate regulation (community rated and limited rate band states). In community rated and limited rate band states, small employers with expenses less than the norm often must pay substantially higher premiums to subsidize groups with health problems. Self-funded plans are designed to provide an alternative that helps these groups capitalize on their good health and low health care costs. In addition, many groups over 25 lives choose a self-funded plan for its economic advantage, allowing employers to actively participate in their company's employee health care coverage, gaining greater control over both the design and financing of the plan.

How does it work?

With self-funding, you – the employer – assume direct responsibility for financing your company's health care benefits plan. You fund your group's claim expenses, up to determined amounts. If your actual expenses are less, your group may keep the savings or use it to help offset next year's contributions. If the employer plan expenses exceed these amounts, you have Stop Loss protection:

Aggregate Stop Loss Insurance – protects against high claims incurred by your group as a whole, provided by an Insurance Company.

Specific Stop Loss Insurance – protects against high claims incurred by an individual group member, provided by an Insurance Company.

Plan Features – The health plan for your employees can look the same:

- Comprehensive PPO network plans
- Tax-advantaged HSAs and HRAs plans
- Lifetime Maximum Choices - \$3 million
- Deductibles ranging from \$250 up to \$2,500
- Prescription Drug Coverage – choose drug deductibles from \$0 and \$150

What groups should consider self-funded?

Self-funding can be financially advantageous if your small business claim expenses are at or below the norm among groups who purchase conventional insurance. Employers are selected for the likelihood that they will benefit from their participation. Self-funded plans offer these employers an opportunity for substantial savings on high quality health coverage. If your group includes members with serious, ongoing health conditions, conventional insurance coverage is probably a better alternative.

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