Self-Funding

Regence
Group Administrators
An Independent Licensee of the Blue Cross and Blue Shield Association

Self-Funded or Fully Insured – What's the Difference?

Fully Insured: Employers who opt for fully insured healthcare plans pay a pre-set premium to an insurance carrier and hand over control of critical employee benefits to that carrier.

Self-Funded: With a self-funded plan, employers take on the responsibility and management of every aspect of their employees' healthcare benefits.

Third-Party Administrators (TPAs) bring expertise in managing all facets of healthcare benefits for employers, including eligibility, customer service, claims processing and payments, claims reporting, and wellness services.

✓ Flexibility

✓ Affordability

✓ Maximum control

Scan me

Costs of Self-Funding

The cost of a fully insured plan is straightforward—a premium to the insurance provider, which can be expensive. When working with a TPA, an employer choosing a self-funded plan will typically manage costs in these areas:

- Fluctuating claims of covered members
- Set administrative fees
- Set premiums for stop-loss coverage, a policy which reimburses claims costs which exceed an established maximum amount

Self-funding offers substantial flexibility and allows employers to build a plan tailored to their company's unique needs.

The Benefits of Self-Funded Plans

At first glance, a fully funded plan might seem simpler and more appealing than a self-funded plan. However, with a TPA as your partner, a self-funded plan can be both easy to manage and a smart financial choice. In fact, self-funded plans offer multiple benefits:

- **Flexibility:** Self-funding allows employers to design a benefit plan that includes the benefits their employees truly need.
- **Premium Savings:** Employers can avoid losing unused premium payments by funding claims directly.
- **Administrative Cost Savings:** TPAs have lower overhead expenses than fully insured plan providers, leading to reduced administrative costs.
- **Cost Management:** Self-funded plans help employers see where they incur higher costs over time and develop targeted risk management approaches.
- **No Mandatory Benefits:** Self-funded plans are regulated by federal law rather than state insurance laws, which can mandate costly benefits. This allows employers to offer uniform benefit programs across state lines.

With self-funding, employers of all sizes gain flexibility, lower costs, and a variety of other healthcare plan benefits for their company and employees.

Who Should Self-Fund?

Self-funding is perfect for companies who are interested in reducing and managing their healthcare costs and improving cash flow, while still delivering quality health coverage to their employees.

Want more information about whether self-funding is right for you?
Contact RGA today at **proposals@accesstpa.com**

www.accessrga.com

ESFRO-001-024