

The Four Advantages of Self-Funding



Many public sector organizations are choosing to get proactive about containing their healthcare costs and making their plans sustainable. One way they are doing this is by self-funding their health insurance.

Here are four advantages to self-funding:

1

Plan Design Freedom

A self-funded plan can be adjusted, customized, or changed in endless ways, even in bargained environments. Utilization reports can help detect trends and guide plan decisions.

2

Tax Savings

Fully insured plans are subject to federal and state premium taxes. With self-funded plans, some states don't tax premiums. You may also save on some ACA taxes and fees.

3

Lower Administration Costs

Having a third-party administrator manage your self-funded plan is usually less expensive than going through the insurance carrier.

4

Better Cash Flow

In lieu of pre-paying for coverage, you pay out funds only when claims are incurred (other than a monthly administration fee). This allows you to earn interest on the reserve. Additionally, utilization reports will help you forecast claims and insurance costs for the next year, allowing better cash flow and benefit planning.

Interested in Learning More about Self-Funding?

[Download our guide: "Understanding Self-Funded Vs. Fully Insured Health Plans"](#)
or [watch our self-funding video series.](#)