

## Self-Funding: Your Solution for Reform Compliance

With the passage of the Affordable Care Act (ACA), the healthcare landscape is changing rapidly. Employers must ensure compliance with the ACA **and** have the ability to offer their teams superior benefits at the best possible value. Companies, both large and small, are choosing self-funding on an increasing basis to control costs and customize benefits.

Self-funded plans are not subject to many of the ACA provisions fully-insured plans must comply with, including reserve requirements, mandated benefits, premium taxes and most State regulations. Self-funding is a proven, cost-effective method for providing employee benefits, and about 70% of employer health plans are self-funded.

Economic advantages of self-funding include increased cash flow, interest income on claims reserves and gains from cost containment efforts. Reporting such as monthly, quarterly and annual recaps of all costs provide transparency. The transparency aspect of self-insured plans allows the employer to understand what is on the horizon at all times. By understanding the drivers of costs, companies with self-funded plans can explore and implement options to their healthcare programs that reduce the trend of rising healthcare premiums.

A fully-insured benefit plan provides a standardized set of benefits which cannot be modified and this restrictive structure limits the employer's ability to adapt. Both fully-insured and self-funded plans will provide employers with comparable protection, but only self-funding allows employers to manage healthcare as they see fit.

## Self-Funding At-a-Glance

- ▶ Portability—plan designs can remain the same regardless of administrator or stop loss carrier.
- ▶ Savings potential—profit margins and risk charges, typically associated with fully-insured carriers, are eliminated from the plan.
- ▶ Exempt from most laws regulating fully insured plans on the State level.
- ▶ No premium tax on claims expenditures, resulting in lower overall program costs.
- ▶ Simpler administration and greater flexibility in plan design.

## The HealthSmart Advantage

- ▶ Wellness and disease management programs that improve employee health while managing costs.
- ▶ Catastrophic intervention programs to manage cases requiring aggressive treatment programs.
- ▶ Pharmacy benefit options, including formulary management and steerage to generics.

Our ability to provide customized solutions sets us apart from traditional healthcare providers. By anticipating and responding to ever-changing workforce and regulatory dynamics, we keep you a step ahead of the competition. Most importantly, we believe the health of your employees not only impacts healthcare costs, but also productivity, work quality, workers' compensation and disability costs. We support and empower members to take charge of their own health and well-being.

With more than 40 years of experience in the self-funded arena, HealthSmart can create a solution for you and your employees that will make a positive impact on your bottom line. Our services, strategies and processes solve the corporate healthcare problems that keep you up at night.