

# ADVANTAGES AND MYTHS OF SELF-FUNDING

Cigna Abstract for smaller to mid-size companies.\*

**Self-funding an employee health benefits plan** is a long-term health strategy to save money, and provides an excellent opportunity for a company to achieve immediate savings plus sustainable cost control. If you're wondering whether self-funding an employee health benefit plan might be a good option for your company, we would like to help you more fully understand its advantages.

If you're looking to better understand your expenses and have more control over how your dollars are spent, you may be ready to consider self-funding your health plan. Stop-loss insurance with reimbursement will provide protection, and you'll also have opportunities to save money when your health care costs go down.

## Strong advantages

Self-funding can offer employers financial and operational advantages. For example, with self-funding you'll be able to:



Pay for actual claims incurred – sometimes at a discount



Know what and where you are paying



Offer the same plan across state lines



Tailor your plan design for your specific employees



Experience fewer surprises with accurate data and reports

Together, all the way.®



## Common misperceptions

Many smaller employers perceive self-funding as only appropriate for large employers; however, there are many innovative solutions specifically designed for smaller to mid-size companies and can make self-funding a compelling option for employers with as few as 25 employees.\* For example:

### Huge claim liability?

With individual stop-loss insurance, stop-loss is a separate policy, separate from their plan. It is not a part of their plan, you won't pay for claims higher than your policy's limit.

### Hard to budget expenses?

Monthly reconciliation can help protect your company's cash flow – and some of the more innovative self-funding products even offer opportunities to save money.

### Multiple administrative entities?

With an integrated administrative solution, a single company will act as both the benefits administrator and the stop-loss carrier.

## Key differences

As you learn more about self-funding an employee health benefits plan, and consider to transition from a fully insured product, you should also be aware of differences. A benefits administrator can help you minimize risk and better manage unexpected expenses by:

- ▶ Estimating your maximum claim liability and providing solutions to help lower your plan's overall claims risk.
- ▶ Providing accurate estimates of what your terminal liability costs might be, and managing payments, as necessary.

## More information is available

Helping smaller to mid-size companies establish a self-funded health plan can become an integral part of your growing business. Cigna's self-funding solutions have been around for more than 25 years. For more information on self-funding:



[Download](#) a copy of our in-depth white paper on self-funding



Call your broker or Cigna sales representative



\* Product availability may vary by plan type, group size and location, and is subject to change. In most states, Cigna offers group insurance coverage to employers with more than 50 full time employees, as well as administrative services for self-funded plans with as few as 25 full-time employees. For more information, contact your Cigna sales representative.

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