

Definition of Level-Funding

A Level-Funded health plan (also known as a partially self-funded plan) is a type of health insurance plan that combines the cost savings and customization of self-funding with the financial safety and predictability of a fully insured health plan.



Why Level-Fund?

Level-Funding offers you several key advantages over a traditional health plan. When you choose a Level Funded Health Plan you benefit from:

- **Lower Fixed Costs:** Most businesses realize immediate monthly savings.
- **Lower Claims Costs:** If claims are lower than expected, you would enjoy even greater savings.
- **Limited Risk:** Stop-loss insurance protects you against individual or total claims exceeding your annual budget.
- **Flexible Benefit Options:** Wide variety of customized benefit designs including tax-favored HSA, HRA, and FSA plans.
- **Wellness Plan Designs:** Participant engagement and personal health coaching are critical to bending the curve of rising healthcare costs.

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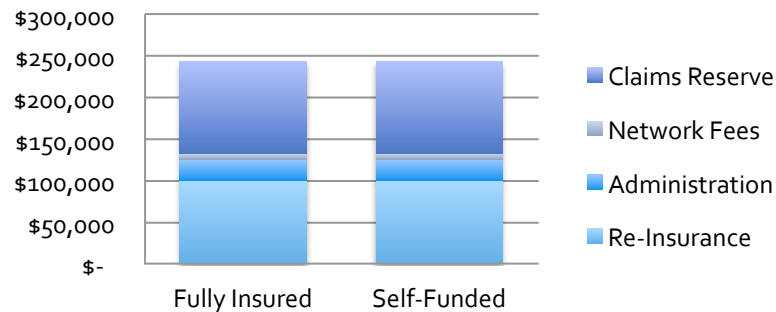


Level - Funded Health Plan



Benefits of Level - Funding

Who OWNS the Claim Fund?



Level-Funded Health Plans

ISI sells a Partially Self-Funded, Level-Funded Health Plan and is governed principally by the Federal Employee Retirement Income Security Act (ERISA). Level-Funded Health plans allow employers to pay a preset level premium equivalent which includes fixed costs and maximum claims fund. Because the employer is pre-paying the claims, 100% of the unused funds at the end of the contract period will be returned to the employer as savings!

Level-Funding is contractually stronger than its counter parts in the marketplace and provides national provider access via several PPO network.

The Process

- Plans allow employers to potentially save money on health insurance premiums by having their employees answer health questions and provide medical history.
- By providing the insurance company with this information, individual-specific premiums can be calculated which is not available through the ACA plans. (Healthier People Cost Less to Insure)
- With healthier employees, the employer can recoup money through the claims fund at the end of the year!

What is Level - Funding?

Healthcare Costs

As the cost of healthcare continues to escalate more and more, employers are looking for alternative solutions. Level-funding offers employers a powerful, practical alternative to traditional insurance. It allows employers to directly fund their actual claim costs while limiting their risk with the purchase of stop-loss insurance.

Traditional Insurance vs. Level-Funding

With traditional fully insured plan, the insurance carrier pays for most of the benefits and offers members small out of pocket expenses in the form of deductibles, copays and coinsurance. A level-funded plan is a partially self-funded health plan, the employer pays the cost of the benefits up to a higher deductible, but purchases stop-loss insurance to reimburse the plan if claim expenses exceed the deductible.

Protection

Stop-Loss insurance protects the plan against individual catastrophic claims (specific stop-loss) or their total claim expenses (aggregate stop-loss) exceeding their annual budget. Employers hire a Third Party Administrator (TPA) to process and pay the claims, provide professional customer service and manage the plan on behalf of the employer.

Level-Funded health plans allow employers to pay a preset level 4-tier premium equivalent, which includes fixed costs and the maximum claims fund. Because the employer is pre-funding the claims, any unused claim funds at the end of the contract period will be returned to the employer as savings.

