



Why Obamacare is Driving More Companies to Self-Fund Their Health Plans

It's been around for decades, but many of today's businesses have either been unaware of self-insurance or have not fully understood the benefits self-funding has to offer. That is changing rapidly as Obamacare drives more small to mid-sized companies to seek effective and affordable alternatives to fully-insured plans and forces the elimination of current plan offerings. TPAs like Self Insured Plans can design, administer and manage a self-funded plan for your organization that can manage risk and promote wellness while creating the opportunity for savings.

1. Self-Funded Plans Excluded from Certain ACA Requirements

Self-insured plans are not subject to the same ACA rules as fully-insured health plans with regard to the scope and design of benefit packages. For example, the rules requiring minimum essential benefits, rating mandates and risk adjustment system participation do not apply to self-funded plans. This gives TPAs greater ability to develop customized health plans to support the unique needs of your group and build programs to manage the cost and quality of your plan. Because self-funded plans are designed to return plan savings back to the plan, they are also not required to adhere to the Medical Loss Ratio (MLR) standards that require fully insured plans to provide premium rebates in the event that 80% MLR targets are not met - eliminating a key concern for many fully-insured groups.

2. Confusion with Obamacare Plan Offerings

Companies and individuals struggle with ACA mandates and all of the confusion surrounding when, where and how these mandates apply to you and your employees. TPAs are the voice of calm reason in the midst of chaos. They can provide you with a clear path to an affordable, ACA-compliant program that enables your organization to continue to provide affordable health care coverage while also driving employee wellness.

3. More Provider Reimbursement Options

How providers are paid matters. Typically, fully-insured offerings offer provider reimbursement at network rates contracted by their parent organization (with discounts that can be based on an inflated pricing structure). TPAs can offer more innovative reimbursement structures based on a percentage of Usual, Reasonable & Customary (UCR) or Cost+ which offers a percentage above Medicare reimbursement and can result in significant plan savings.

4. Greater Cost Transparency

As Obamacare drives an increasing need for understanding and managing plan costs, TPAs are the ones who can provide you with extensive claims and utilization data that can be used to target areas for disease management and wellness initiatives. If 80% of plan costs are generated by 20% of your plan participants, it is essential to have a program that can easily identify those individuals and groups that can derive the most benefit from making healthier life and nutrition choices, as well as direct them to those services and facilities that deliver the best outcomes. TPAs provide you with greater access to health plan data and will work closely with you and your plan participants to build individualized programs that manage both cost and quality.

5. Expanded Broker Recognition and Partnership

Because Obamacare is fostering greater awareness of both the short and long-term benefits of self-funding, more and more brokers are reaching out to third party administrators. Because TPAs have ready access to significant data elements and the ability to provide transparency on true cost, quality and utilization activity, they are the ones who can respond most effectively to the demands of health care reform. This is causing brokers to rethink their earlier 'hands off' positioning with regard to TPAs and look to partner with benefits administrators to manage costs – giving you more options for selecting a health plan and administrator that can deliver the most value.

If you have not considered self-funding your health plan, now is the time to look at all the benefits self-funding has to offer as a result of Obamacare.

For More Information:

Contact Self Insured Plans today at **239.403.7884**, or email steve.rasnick@90degreebenefits.com for more information.