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Partial, Self-Insured Health Insurance Plans are not just for Corporate Giants Anymore

By Gary Lefkowitz

Everyone is painfully aware that employee health insurance costs are escalating to the point requiring employers to drastically cut benefit coverage and/or shift costs to their employees or even drop coverage altogether. What they may not be aware of is the cost-efficient alternative that is not being used by a majority of businesses.

I'm referring to partial, self-insured health coverage. Nearly two-thirds of the Fortune 500 companies use them. Yet, only one-third of all participants in private employment-based plans nationwide are covered this way. It doesn't add up. Why?

First, times have changed.

Partial, self-funded plans are not just for corporate giants anymore. If you have 50 or more employees, you can now access this kind of coverage. Second, some older versions of these plans were poorly implemented, which created bad "word-of-mouth" and a "high-risk" image. Third, misinformation scared business people away from them.

So, why should you consider a partial, self-insured health plan?

The reasons are compelling. The potential cost savings are significant. If your actual claims are less than your projected claims at the end of the year, would you turn away a refund? Of course not! With a fully funded plan, Oxford, Aetna or some other insurer

would get your refund. With a partial, self-insured plan, you get the refund. In addition to the potential financial benefit, the employer can fine-tune a plan before and during its coverage without the costly regulatory mandates and burdens of fully insured plans.

Now, what about the risks? The key word is "partial" self-insured. If the plan is designed properly, it would include the purchase of catastrophic insurance which protects the employer against the costs of excessive claims over the course of a year, in a given month and attributed to an individual employee.

Although partial, self-insured health coverage may not be for every business, those that employ more than 50 people should seek proposals to com-

pare it with the rapidly rising costs of fully insured plans.



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