

# Funding Comparison

## Fully Insured Funding

-  Guaranteed annual premium for the plan year.
-  Some blending to carrier manual book rates in very bad claim years.
-  Insurance carrier retains all surplus in good claim years.
-  Carrier sets the pooling levels resulting in more of a high claimant's claims being applied toward renewal adjustments.
-  Higher carrier administrative costs.
-  Inflation trends controlled by the carrier.
-  Limited flexibility in plan designs and eligible covered expenses.
-  New PPAC premium taxes ranging from 2% - 3.5% of the total premium.
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## Stand Alone Self Funding

-  Lower carrier administration costs.
-  Only pay your actual claims plus fixed expenses.
-  Greater flexibility in plan design and claim eligibility.
-  Eliminate PPACA premium taxes and federal benefit mandates.
-  Exposure to high stop loss renewals following a high claim year.
-  Potential lasering of high claimants at renewal and late discover at time of claim.
-  Carrier develops stop loss pricing and claim attachment points using conservative pricing and trend factors.
-  Employers fall into the stop loss carrier trap and ultimately take on too much of the claim risk.
-  Higher Specific Deductibles provide greater "Windfall" profits to stop loss carriers.
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## Consortium Funding

-  Guaranteed annual premium for the plan year.
  -  Lower carrier administration cost.
  -  Only pay your actual claims plus fixed expenses.
  -  Greater flexibility in plan design and claim eligibility.
  -  Eliminate PPACA premium taxes and federal benefit mandates.
  -  Stop loss renewals based on actuarial projections and not loss ratio.
  -  Stop loss insurance premiums are managed to an 80% overall loss ratio.
  -  No lasering at renewal or late discovery of submitted claims
  -  Actuaries develop all stop loss premiums, claim attachment points and trends which are 1% - 3% below market.
  -  All surpluses from member's claim fund are managed by the member.
  -  Enables mid market employers 50 + employees the safest method to self fund their benefit plan.
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- Consortium members benefit from the 24+ years pricing model to get to the most appropriate funding each year.