

Self Funding Real Life Example



Auto Sales Company
 Central PA
 Total Employees on Plan: 33

Prior Conventional Plan:

\$250 Deductible
 20% Coinsurance
 \$15/\$25 OV Copays

Self Funding Option:

Layer 1 (Employer Ded)
 Layer 2 (Employer Plan)

\$5,000 per Employee
 \$250 Deductible
 20% Coinsurance
 \$15/\$25 OV Copays

No Change
 In Plan
 For Employees

Financial Calculations

Premium Savings

Conventional/Fully Insured Premium	\$215,064.00
Self Funding Option Premium	\$129,038.00

Premium Savings Generated **\$86,026.00**

1st Year Self Funding Cost Exposure

Maximum Exposure calculation by Ins. Co.	\$111,834.00
Administrative Fees for Self Fund Opt.	\$4,356.00
Self Funding Option Premium	\$129,038.00

Worst Case Scenario-Max Cost **\$245,228.00**

1st Year Actual Costs

Actual Funding Cost	\$43,000.00
Administrative Fees for Self Fd Opt	\$4,356.00
Self Funding Option Premium	\$129,038.00

Actual Total Year One Cost **\$176,394.00**

Savings Calculations

Conventional/Fully Insured Plan Cost	\$215,064.00
Total Self Funding Option Cost	\$176,394.00

Actual Year One Savings **\$38,670.00**

Projected Year Two Savings (15% Trend) **\$51,574.00**

Projected Year Three Savings (15% Trend) **\$66,413.00**