

What Does It Mean To Be Self-Funded?

Owens Community College

A decorative background pattern consisting of a series of overlapping triangles. The triangles are outlined in thin lines of light blue and yellow, creating a geometric, crystalline effect across the lower half of the slide.

savage

HOW IT WORKS

Fully Insured

- A monthly premium is paid to the insurance company based on the number of employees covered under the plan.
- The **insurance carrier holds the risk** and liability in paying the claims.

Self Funded – (Owens Community College is self-funded)

- **Fixed fees** (administration costs) are paid to the insurance company (UHC) on a monthly basis based on the number of employees covered under the medical plan.
- **Claims** are paid on a weekly basis.
- Owens Community College “pays their own way” so **Owens Community College holds the risk** and liability in paying the claims, not the insurance company (UHC).
- Self-funded insurance is a lower cost for employees than a fully insured plan would be for a company the size of Owens Community College.

Area of Greatest Opportunity

4

FIXED FEES (Admin)

13¢

UHC
Administration
Cost



VARIABLE COSTS (Claims)

87¢

Physician Costs
Prescriptions
Hospitalizations
Other Medical Services

Fixed Fees / Administration

Managed thru negotiation efforts with carrier

Variable Costs / Claims

Managed thru appropriate use of the medical plan and focus on health/wellbeing initiatives

WHY WELLNESS MATTERS?

5

**Employees have the ability to impact direct costs to the plan.
If managing the 13¢ is the only approach to controlling health care costs, then
results will be limited – even in a “best-case” scenario.**

Employees monitoring their health and lifestyle...**over 50% of all
health care costs are due to lifestyle.**

Identifying chronic conditions early allows for the **ability to manage
chronic illnesses resulting in lower out of pocket costs, better
overall health and improved prognosis.** The Owens Community
College medical plan is designed to encourage members to seek
age/gender appropriate preventive care services at no cost.

Healthcare trend is about 7%. In addition to trend, other factors such as
plan design and utilization impact the overall cost of the plan. Many
employers have implemented cost containment strategies such as
mandatory wellness programs, smoking surcharges and spousal rules as a
means to control rising healthcare costs. **Owens Community College
does not have any mandated rules or surcharges that apply to
benefit elections.**

**WHY IS THE
CLINICAL
COMPONENT
IMPORTANT?**

Thank you!



This presentation describes the benefit plans and policies available to you as an employee of Owens Community College. The details of these plans and policies are contained in the official plan and policy documents, including some insurance contracts. This presentation is meant only to cover the major points of each plan or policy. It does not contain all of the details that are included in your Summary Plan Descriptions. If there is ever a question about one of these plans and policies, or if there is a conflict between the information in this presentation and the formal language of the plan or policy documents, the formal wording in the plan or policy documents will govern. The benefits highlighted and described in this guide do not represent a contractual obligation, either implied or expressed.