ASSURANT
Health

Self-Funded for the Smaller Employer
Myth vs. Fact

Many myths have developed around the smaller employer and self-funding. These myths may be eliminated when the facts are presented.

MYTH 1:
Only large employers can afford to self-fund.

FALSE! The fact is that plans with as few as five participants could comfortably self-fund with predictable cost savings.

MYTH 2:
Self-funding fails when bad claims experience occurs.

FALSE! The fact is that self-funding may work in the long run. If the experience is poor in a particular policy year, the employer's liability is pre-set and the stop loss insurance provides protection against adverse claim levels.

MYTH 3:
Self-funded plans cannot provide runoff protection.

FALSE! The fact is that at the end of the policy year, Assurant Health allows six months for all claims incurred in the prior policy year to be processed. At the end of this 6-month runout period, the employer may elect to withdraw remaining unused plan funds or may use the funds to reduce or eliminate future monthly claim prefunding payments.

MYTH 4:
Self-funding fails when a shock claim hits.

FALSE! The fact is that the specific deductible amount helps protect the plan against such unexpected, high-cost claims.

MYTH 5:
Self-funded plans only offer a calendar year deductible.

FALSE! The fact is that Assurant Health's self-funded plans offer the option of choosing among a calendar year deductible, a policy year deductible, or both when choosing a dual plan with HSA and PPO plan.

MYTH 6:
Most self-funded plans are serviced by financially unsound TPAs.

FALSE! The fact is that Third Party Administrators are highly regulated by state TPA laws and in the majority of instances do a professional job of plan administration. Assurant Health self-funded plans include an "Administrative Performance Guarantee." We guarantee administration that will take care of day-to-day claims payments and customer service needs.

Assurant Health markets products underwritten by John Alden Life Insurance Company, Time Insurance Company and Union Security Insurance Company.