



Self Funded Plan Administration



About Self-Funding

- Employer assumes the risk for employee health care benefits.
- Employer plan assets are put in a trust account, and usually invested. The employer retains control of the plan reserves, and receives the interest income.
- Excess-risk coverage (Stop-loss insurance), if purchased, provides the employer protection against individual high dollar claims or aggregate claims over a pre-determined amount.



More about Self Funding

- Employer has fiduciary responsibility.
- Employer designs benefits.
- Self-funded plans must adhere to federal laws, including ERISA, HIPAA, COBRA, Americans with Disabilities, Pregnancy Discrimination Act, and others, as well as the Patient Protection and Affordable Care Act.
- Plan administered by a TPA (Third Party Administrator).



Reasons Employers Choose Self-Funding

- Lower premium taxes. Insurance companies pay state premium taxes that usually range between 2-3% of premium. Self-funded plans pay substantially reduced state premiums.
- No cost associated with risk and retention; these costs are built into fully-insured plan premiums.
- Employer is free to control investment of plan reserves, and earn interest.



More Reasons Employers Choose Self-Funding

- Self-funded plans are not subject to state regulation, which often results in cost-saving plan design options. Employers can choose cost-containment measures.
- No pooled group experience, employer pays only for its own employees.
- Claims pay after received by the plan administrator, not in advance like insurance premium.



Advantages of choosing South Carolina's leading Third Party Administrator, PAI

- Focus on flexibility and service, customizing services around needs of each group
- Stop-loss shopping and contracting, including Preferred Carriers that offer competitive pricing and other advantages



More Advantages of choosing PAI

- Customer service and claims administration, including member access to their claims information, on-site support for your group, and dedicated service units
- Stringent quality control and performance measurement.
- Access to language support for non-native English speakers
- Contracting with utilization review/managed care



More Advantages of choosing PAI

- Contracting with PPO networks, access to PPO networks save the employer money
- Contracting with Pharmacy Benefit Management
- Wellness and disease management programs
- Preparing government forms (5500s)
- HIPAA compliance
- FSA, HRA



Yet More Advantages of using PAI

- ID card fulfillment
- Preparing and printing employer's plan document
- COBRA compliance/administration
- Reporting, including enhanced reporting option
- Enrollment support, including online eligibility
- Assistance with PPACA mandated notices and communication



About Stop Loss

Specific stop loss insurance—protects the employer from individual high claims. Once the group pays a pre-determined amount on any one individual. (Example, \$25,000).

Subsequent claims are reimbursed by the carrier at 100%, up to the limit in the plan. Specific claim reimbursements do not track toward the aggregate contract.



About Stop Loss

Aggregate stop-loss insurance—reimburses the employer for claims that exceed a predetermined limit, or attachment point, within a specified time period. The limit is usually set as a percentage of expected claims for the contract period (For example, 125% of expected claims.)

Any benefit except Life, Long-Term Disability or Accidental Death and Dismemberment can be included under the aggregate (medical, dental, vision, Rx, and Short-Term Disability)



About Stop Loss-Contract Terms

Incurred and Paid: Claims that are both incurred and paid during the contract period are covered by an “incurred and paid” contract. Expenses prior to or paid after contract termination are not covered. Most aggregate and specific contracts are this type.



About Stop Loss-Contract Terms

12/12--Incurred in 12 months and paid in 12 months.

This contract is typically used for a first-year of self-funding, when the employer would have no responsibility for prior “run-off” claims from a previous year. (Run-off claims would be covered by the fully insured carrier.) For claims to be eligible towards attachment points and deductibles, the expense must be incurred on or after the effective date of the contract and paid during the course of the contract period.



About Stop Loss-Contract Terms

15/12--Incurred in 15 months/paid in 12 months.

This contract helps eliminate uncertainty when switching stop-loss carriers. Claims incurred by unpaid in the three months prior to the effective date of the new contract are eligible to track to the new carrier's attachment point and specific deductible amounts. This is also called "run-in" coverage. A 15/12 can also be quoted with a run-in dollar limit no greater than an estimate of three months of claims.



About Stop Loss-Contract Terms

12/15—Incurred in 12 months/paid in 15 months.

This contract is used by employers who are more risk-averse, and similar to fully-insured coverage. The “run-out” claims paid in the three months after the contract year track towards the attachment point and specific deductible.



About Stop Loss-Contract Terms

Paid: This type of contract covers only claims paid in a stated time period (usually 12 months.) A paid contract is generally used in a second or subsequent year of self-funding, and enables “run-off” claims from the prior year to be covered under this contract.



Advance Fund Hold

This feature, offered by PAI Preferred carriers, allows groups who have reached their specific deductible to pay high dollar claims with their stop loss reimbursement funds.

Provider claims are placed in a “hold” status, pending the reimbursement. PAI releases the check to the provider for payment within two days after the funds are sent to the group.



PAI Preferred Carriers

- A.M. Best Financial Rating of A- or Better
- Rate lock-in commitment *at least* 30 days prior to a group's effective date for prospects
- Advance Fund Hold standard with all contracts
- Offer a Net 15% commission
 - **Sun Life Financial**
 - **HM**
 - **HCC Life**
 - **BCS Insurance Group**
 - **RE Moulton**
 - **Alliance/American National**
 - **IOA Re/Everest**
 - **Zurich**



Other Options for Groups considering Self-Funding

LevelOne Fixed Premium Funding

An innovative PAI option for groups looking to test the waters before self-funding. LevelOne is a fully-funded product (underwritten by Pan American) that gives a group claim experience, flexible benefit design and ability to use excess funds the following year.

Now available to groups of 25 employees or more.



Network Advantages

- Preferred Blue[®] is the largest network in South Carolina
 - 94 percent of physicians
 - 64 hospitals
 - Nearly 16,000 providers
- Direct contracts with providers
- Inpatient Average Savings: 44.7%
- Outpatient Average Savings: 44.6%
- Physician Average Savings: 53.6%





Network Advantages

Network options to save money for out of state and traveling employees, including PHCS, Beech Street, MedCost and others.





Pharmacy Benefit Management

- Management of pharmacy benefits to include online member tools, mail order, and deep discounts through a national network of retail pharmacies.
- Nation's largest independent PBM
- 75 million lives
- 61,000 participating pharmacies
- Resources dedicated to PAI
- Comprehensive reporting



Optional Products

- Health Management
- Stress Management
- Back Care
- Cholesterol Management
- Maternity Care
- Smoking Cessation
- Quit For Life
- Weight Management
- Informed Health
24-Hour Nurse Advisor
- Personal Health Assessment
- Complex Care Management
- CBA Behavioral Health Program
- Healthy Incentives Program



Discount Programs

- LASIK Services
- Tru Hearing
- Bosley Hair Restoration
- Jenny Craig Weight Loss
- Vision One
- Allergy Control Products



Operational Excellence

- **Dedicated Customer Service Teams:** Each PAI self-funded group is assigned a dedicated customer service team that focuses on understanding the needs of your group and your benefit plan. On site visits for employee enrollments, health fairs or by request.



Customer Service Desktop

- Includes telephony
- Access to multiple applications
- Call scripting
- Automatic “notes”
- Customized for each Group



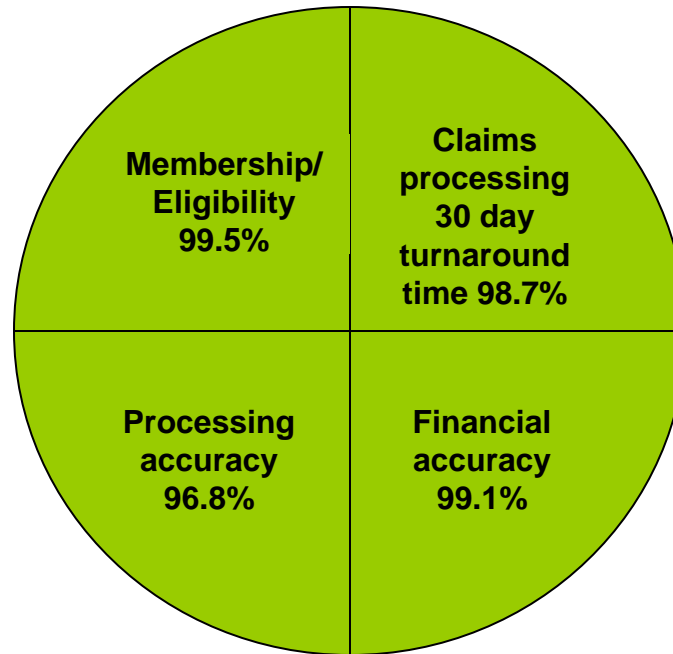
Service Excellence

Abandon Rate: 2%	Average Speed of Answer is 30 seconds
Verifax for Provider Access	96 % First Call Resolution Rate



Track Record: Stats through 2010

- Electronic claims received: 70%





Let Us Help You

With all the uncertainty of Health Care Reform, it's a good time to consider how self-funding can give your employer groups control of their benefit plans, and support you in your role of serving them well.