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SELF-FUNDING

trends at a glance



BETTER **BUSINESSES**
BETTER **LIVES**

Introduction

Data within this Trend at a Glance is based on the 2020 UBA Health Plan Survey and are based on responses from **11,788 employers** sponsoring **21,980 health plans** covering **1,366,186 employees nationwide**. Reseco Insurance Advisors is a member of United Benefit Advisors (UBA) and by using this data, we can help employers more **accurately evaluate costs**, contrast the current benefit plan's effectiveness against competitors' plans, and adjust accordingly. This gives employers a **distinct competitive edge** in negotiating rates—and recruiting and retaining a superior workforce.

Altogether, UBA's survey is nearly three times larger than the next two of the nation's largest health plan benchmarking surveys combined. The resulting volume of data provides employers of all sizes more detailed—and therefore more meaningful—benchmarks and trends than any other source. The scope of the survey allows regional, industry-specific, and employee size differentials to emerge from the data. In addition, the large number of plans represented allows for both a broader range of categories by plan type than traditionally reported and a larger number of respondents in each category. Historically, these types of benchmark data were unavailable to small and mid-size employers. For larger employers, the survey provides benchmarking data on a more detailed level than ever before.

SELF-FUNDING

Across all plans, approximately 80% are fully insured and **20% are self-funded or level-funded**. Historically, self-funding has been most attractive to the large group market, with approximately 60% of these groups choosing to self-fund. In 2020, **66% of large employers** are self-funded or level-funded, illustrating even greater interest in this funding method among these groups. Among midsize employers (100-499 employees), **approximately 30%** of employers choose self-funding, which has been fairly consistent over the last five years. The small employer market (25-99 employees) tells a different story. While only 7% of these employers chose self-funding five years ago, **18%** of these groups chose to self-fund or level-fund in 2020. This surprising year-over-year growth is a metric to watch and **small groups should evaluate this option** based on their industry, size, region, plan type, population risk, regulatory environment and other factors. UBA finds that, on a regional basis, there are areas of the country where self-funding is also on the rise, particularly for small and midsize groups, so **it is critical to benchmark your plan** regionally as well as nationally when evaluating this option.

Along with benefits for employers, self-funding models have an advantage for employees as well, namely lower deductibles. Among self-funded plans in the 2020 survey, the average in-network single deductible is \$2,000 and the average in-network family deductible is \$4,000, compared to \$2,500 for singles and \$5,000 for families in fully insured plans.

PERCENTAGE MIDSIZE EMPLOYERS FULLY INSURED

2015: 75%
2020: 69%

PERCENTAGE SMALL EMPLOYERS FULLY INSURED

2015: 93%
2020: 82%

PERCENTAGE LARGE EMPLOYERS FULLY INSURED

2015: 37%
2020: 34%

