

Fully Insured vs. Self-Funded Plans

Highmark offers two primary funding options for our commercial group health plans: fully insured coverage and self-funded, or administrative services only (ASO), plans. We can work with you to identify the best option for your organization's needs. Both offer strong benefits for your organization.

Understanding Fully Insured Coverage

With fully insured coverage, your company makes a regular monthly payment to Highmark. You enjoy the benefit of our provider negotiated rates and pay a fixed rate (premium) throughout the contract period, based on the number of employees enrolled and type of policy.

This type of coverage is prospectively rated, meaning the rates are based on your organization's past claims experience projected into the future contract or policy year.

With fully insured coverage:

- Highmark assumes the risk that the premium rates may be inadequate or excessive to cover all of your employees' claims in any year.
- Employees pay their deductible, coinsurance, and co-pays, and you can choose to have them pay for part of the premium

Advantages of Fully Insured Coverage

Based on how employees fill out their wellness profile, we provide personalized outreach through our health coaches. Together, we can lower risk for illnesses, better manage health conditions, provide extensive support for complex health problems, and change unhealthy habits. Our health coaches work with your employees to:

- **Less risk:** Highmark covers claims, meaning your organization is not responsible for any unexpected overages due to unexpected claims.
- **Convenience:** There are no extra administrative costs or logistics. For organizations with dental, vision, or pharmacy benefits, these plans are all included in one bill and managed through a single employer portal.
- **Dental and vision discounts:** Fully-insured groups with 51+ employees can receive medical discounts when they also buy Blue Edge Dental and Blue Branded Vision. Highmark gives up to a 5% discount off dental rates for groups with 10 to 150 enrolled members. We also offer up to a 2% discount on Blue Branded Vision for groups with 51 to 199 employees.
- **Built-in pharmacy benefits:** Our integrated pharmacy benefits can save your organization up to \$172 per employee per year, a savings built into yearly plan rates.

Understanding Self-Funded (ASO) Coverage

With self-funded plans, also called administrative services only (ASO) plans, Highmark acts as a third-party claims administrator (TPA) for the group's health benefit plan.

With self-insured coverage:

- Highmark handles administrative services but assumes no risk for the cost of claims. The group pays for all of the claims incurred and an administrative fee.
- A reserve (prefund) is required to set up the account. This amount is used to offset claims expenses when the agreement ends.
- If expenses exceed the premium paid, the balance is due to Highmark.
- If expenses were less than the premium paid, Highmark refunds the difference.
- Organizations often get stop-loss insurance to help cover claims over a certain amount.
- Organizations can add our integrated pharmacy benefits, which can save an additional \$172 per employee per year. Discounted dental and vision rates are also available.

Advantages of Self-Funded (ASO) Coverage

- **Reduced workload:** You have access to our employer portal to manage and pay employee claims, reducing time and stress for your benefit administrators.
- **Cost:** If you are a larger employer with the resources to pay all employee claims, self-funded plans can potentially lower costs for your organization.
- **Stop-Loss:** Highmark can bill for HM Insurance Group stop-loss insurance so you only get one bill.