

An Obamacare Alternative for American Small Business Owners

By Russ Carpel, CEO of LevelFunded Health

If you're like many U.S. small business owners, you may have seen recent "dramatic" price increases on your annual health insurance premiums. Whether this is true or not, you should set aside one minute to learn more about level funding below, as it has the ability to save your business thousands annually on health benefits. Level funding is also not subject to annual ACA open enrollment periods allowing you to switch and save immediately!

What is Level Funding?

Level funded health plans appear like a hybrid between a traditional group health insurance plan along with a form of self-insurance. Small businesses in most states that employ five or more employees can cover their employees on their own with the added security blanket of an A-rated health insurance carrier that handles the plan's administration. These plans include a stop-loss insurance policy that essentially acts as a hedge against future claims and eliminate risk above your total monthly payments. Businesses that meet underwriting approval typically see monthly premiums that are 10% -40% lower monthly than their traditional group health insurance plans. Additionally, these programs offer the business an opportunity for a massive refund at year's end on any unused amounts in the claim's fund.

How Does Level Funding Work?

If accepted into a level funded benefits program, the monthly premium remains the same "level" during the entire year. The monthly premiums are typically broken up into three (3) buckets. With most programs, ~1/3rd of the monthly premium goes to pay claims when employees need to consume health care, ~1/3rd goes into the plan's administration, and the final ~1/3rd goes to pay a stop-loss premium reducing risk if actual expenses go beyond the claims fund. The monies paid monthly for the claims administration and the stop-loss policy are not refundable to the employer. However, the final ~1/3rd (the claims fund) is refundable back to the employer based on actual claims experience (claims paid out) throughout the year.

These programs are partially based on “utilization of health care”. Therefore many small businesses (particularly those that employ a fairly healthy workforce) tend to see 2 months premiums or more refunded back to them at year’s end. Should the inverse happen and the group depletes the entire claims fund, employers are 100% protected by the stop-loss policy on all claims over the annual funded amount.

Advantages of Level Funding

First and foremost, businesses do not have to pay premiums which are based on community rates, which might be higher than a specific employer group’s risk. Instead, an employer only pays the actual claims, along with an additional administrative fee. Another benefit of level funding is that if all the money you set aside each month to cover claims is not used, you will receive a refund at the end of the year from the surplus. This is money that under a traditional plan would be forever gone regardless of your actual medical use. Additionally, many level funding plans provide detailed reporting on utilization trends giving you important information on where employees may be causing overspending (such as unnecessary use of emergency room visits instead of urgent care).

For more information on level funded health plans,
feel free to contact LevelFunded Health online at LevelFunded.com
or give them a call at 1-888-451-3700.



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Russ has over 14 years of experience in business development, marketing, management and private equity fundraising. Most recently Russ founded ForeverCar, a venture-backed start-up that brought innovation in distribution and product marketing, to the vehicle service contract industry. Previously to ForeverCar, Russ spearheaded national ad revenue for multiple top-tier media brands, including; CBS, Crain Communications, The Economist and Investing Channel. Prior to his stint in the national media business, Russ ran national new business development for Robert Brandt and Associates, a full-service marketing and public relations firm. Russ holds a B.S. in Marketing and Public Relations from Bradley University and he's also completed coursework towards an M.A. in Sports Marketing and Public Relations from Northwestern.