

# Is Level Funding Right For You?

If you desire the freedom of a self-funded insurance plan but need a little more certainty for your budgeting concerns, level funding might be an option for you.

## What is level funding?

Level funding is an option that can accompany a self-funded plan, aiding employers in their health coverage budgeting efforts. With level funding, employers pay a set amount each month to a carrier. This amount typically includes the cost of administrative and other fees and the maximum amount of expected claims based on underwriting projections, as well as embedded stop-loss insurance.

### Pros

- **No community premiums**  
You only pay the claims, stop-loss insurance and admin costs you incur. Stop-loss insurance can protect against large claims.
- **No lost money**  
You'll get any leftover money back if low claims lead to a fund surplus.
- **Better utilization reporting**  
You can better pinpoint potential areas where employees could use more education to make wiser health care decisions.

### Cons

- **Potential for higher administrative fees**  
You pay more than just the cost of claims.
- **Out-of-pocket claims costs**  
Consider the worst-case scenario of a high volume of claims.
- **Contractual impact**  
You'll need an experienced expert to guide you through this plan type, as different businesses have different needs.

## Want to learn more?

We're here to help you make the best decision for your company and its strategic goals. Contact Davevic Benefit Consultants, Inc. for more information about coverage options.

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