

# 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 MLJ Insurance for more information about coverage options.

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