

# Self-funding Fact Sheet



## Orange County Foundation for Medical Care

The Orange County Foundation for Medical Care (OCFMC) offers many solutions in cost containment and exceptional services to those employers who take advantage of the benefits of Self-funding. As a non-profit organization, we are able to control costs through flexible plan administration, integrated medical management, and the expertise of a localized approach.

## CLAIMS ADMINISTRATION

Full TPA Services including Medical, Dental and Vision Claims Administration, Flex Plan Administration and Cobra Administration.

## MEDICAL MANAGEMENT

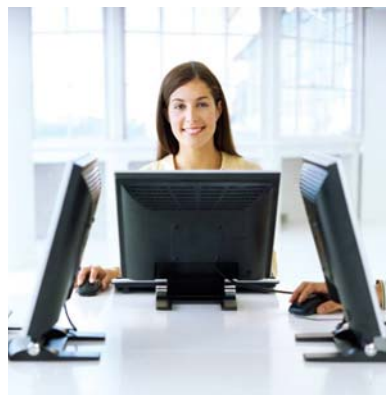
Utilization Management, Catastrophic and Disease Case Management, Nurse Line and Medical Review.

## NETWORKS

Mature and Comprehensive PPO, EPO and Workers Comp Provider Networks (Hospital, Physician and Ancillary Services)

### What is Self-funding?

A Self-funded group health plan (or a 'Self-insured' plan as it is also called) is one in which the employer assumes the financial risk for providing health care benefits to its employees. In practical terms, Self - funded employers pay for each out of pocket claim as they are incurred instead of paying a fixed premium to an insurance carrier, which is known as a fully insured plan. Typically, a Self-funded employer will setup a special trust fund to earmark money to pay incurred claims.

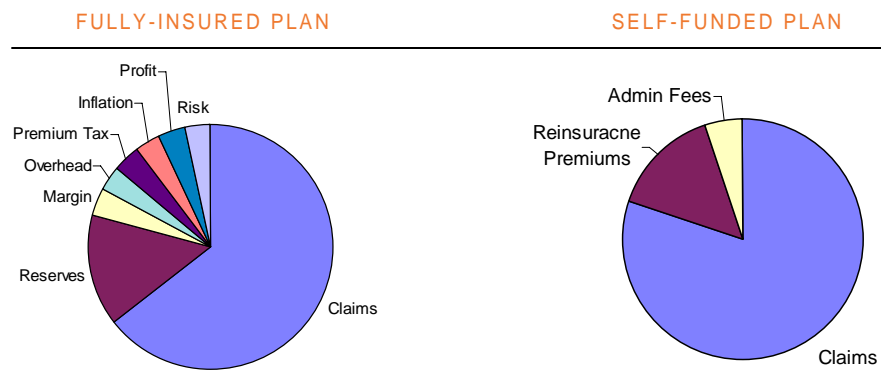


## Cost Savings & Improved Cash Flow

- Interest income is earned and retained by the employer
- Elimination of most State Premium Taxes
- Lower Administrative Overhead
- Elimination of Carrier Profit Margins, Contingency Reserves and Risk Charges
- Retain reserves when the Plan has a good year
- Maintained control over health plan reserves, enabling maximization of interest income
- Eliminate the need to pre-pay for coverage, thereby providing cash flow

## Customization & Increased Control

- Plan Design Flexibility** - The plan can be customized to meet the specific health care needs of its workforce as opposed to purchasing a 'one-size-fits-all' insurance policy. ERISA self-funded plans are exempt from state regulation.
- Service Flexibility** - Increased choice to all vendors including PPO networks and Pharmacy Benefit Managers (PBM). Each strategy is unique and specific to the employer
- Risk Management Effectiveness** - The employer has the ability to choose the level of stop-loss coverage therefore choosing the level of risk comfortable for each plan.
- Claim Costs and Utilization Controls** - Tools such as utilization management and case management can be employed to reduce claim costs.



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