

Self-insured vs. Fully Insured

Self-insured

Fully-insured

The employer does not pay premiums; instead, it pays fixed costs (administrative fees and stop-loss premiums) and variable costs (employee health care claims).

PAYMENTS

The employer pays monthly premiums to an insurance carrier.

The employer assumes the risk.

ASSUMPTION OF RISK

The insurance company assumes the risk.

Employers have more control and freedom in their plan designs.

PLAN DESIGN

Employers are more limited by insurers' plan design options.

The Employee Retirement Income Security Act of 1974 (ERISA) pre-empts state regulations.

COMPLIANCE PAYMENTS

The plan must comply with state regulations.