



Benefit Plan Services

Innovative Employee Benefit Solutions



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Self-Funded Health Benefits

Empowering employers to realize the full potential of their employee benefit dollars.

Innovative strategies for a dynamically changing health care environment.

Why Choose Self-Funding? Employee benefit costs are a reasonably predictable business expense. Unlike traditional health insurance, self-funding allows you to only insure for the unexpected. After all, why insure a highly predictable "known" cost?

Self-funded group health plans have emerged as a leading strategy empowering employers to meet the challenges of increased regulations and rising health care costs. It is estimated that 57% of all health plans in the US are self-funded.* Self-insured plans increase employer options, control and stability enabling them to realize the full potential of their benefit dollars.

How Self-Funding Works - Benefit Plan Services provides ACA compliant plans with optimal flexibility, giving employers the ability to design health benefit plans that fit the needs of their group and align with company objectives. The health plans designed by BPS include a claim fund contribution, a plan administration fee and a stop-loss insurance premium.

Claim Fund Contributions are deposited into a bank account that is owned by the business.

Medical claims incurred during the coverage period are paid out of the self-insured fund. Self-funding provides a unique savings opportunity in which the employer may utilize unused claim funds that can be applied to future medical benefits.

Plan Administration - BPS is a third-party administrator (TPA) specializing in claims management services for employers who self-fund their benefit plans. Plan management includes health plan design and implementation, claims administration, monthly reports and analysis as well as technical services. When covered employees incur medical expenses, BPS handles all claims related processing and makes payments for medical claims using money in the employer's claim fund.

Stop-loss Insurance Premium - Stop-loss coverage provides financial protection of the assets set aside for an employer's self-funded health benefit investment. Stop-loss coverage limits a self-funded plan's financial exposure from day one and provides coverage for the entire plan year, protecting against catastrophic claims and abnormal claim frequency.

* The Kaiser Family Foundation and Health Research & Education Trust: Employer Health Benefits - 2009 Survey; Section 10 Plan Funding, page 156



Seven Reasons

to choose a BPS self-funded benefit plan:



1 Maximize Benefit Dollars

Self-funded plans eliminate the traditional bloat of insurer profits, risk charges, inflation and claim reserves. This can amount to a substantial savings over fully-insured premiums. Employers can retain, invest and apply these savings directly to payment of medical claims.

2 Eliminate State Mandates

Self-funded plans are exempt from state insurance laws. ERISA eliminates mandated benefits and reserve requirements that fully-insured plans are subject to.

3 Reduce Premium Taxes

With a self-funded plan, only the stop-loss insurance is subject to a state insurance premium tax. Traditional fully-insured plans are taxed on the total premium paid. Self-funded plans are also not subject to additional premium taxes that new ACA regulations allow states to impose on fully-insured plans.

4 Plan Design Flexibility

BPS provides ACA compliant plans with optimal flexibility, giving employers the ability to design health benefits that fit the needs of their group and align with company objectives.

5 More Employee Friendly

To the individual group member, a self-funded plan performs just like a traditional insurance plan. Self-funded plans also promote responsible behavior, as group members understand that reducing health care expenses optimize benefits and reduce collective costs for everyone in the group.

6 Stop-loss Insurance

Stop-loss insurance protects the plan from day one if claims exceed the funded claims limit. Reform legislation has increased lifetime and annual plan limits, making stop-loss insurance an increasingly important safeguard to mitigate exposure.

7 Potential Savings

If the claims fund balance exceeds total claims at the end of the plan year, the balance will be available for the employer to fund future medical benefit payments.



Consistent Funding

Flexible Plans. Stop-Loss Protection. Bottom Line Savings.

Consistent Funding from BPS is an innovative health benefit solution designed for small groups with at least 25 covered employees. Consistent Funding features stop-loss insurance protection that provides the same security and predictability as a fully-insured benefit plan – but leverages the advantages, control, customization and optimization of self-funding.

The employer makes a consistent monthly payment that is similar to a traditional premium without all of the unnecessary costs loaded into a fully-insured plan. The program features aggregate stop-loss insurance protection that covers unexpected claims frequency or catastrophic claims from day one, fully protecting the employer's investment by capping the claims liability.

The employer's benefit investment performs to its greatest potential, paying medical expenses as they occur. At the end of the plan period, the employer will utilize any remaining claims fund balance to offset future medical benefit payments.

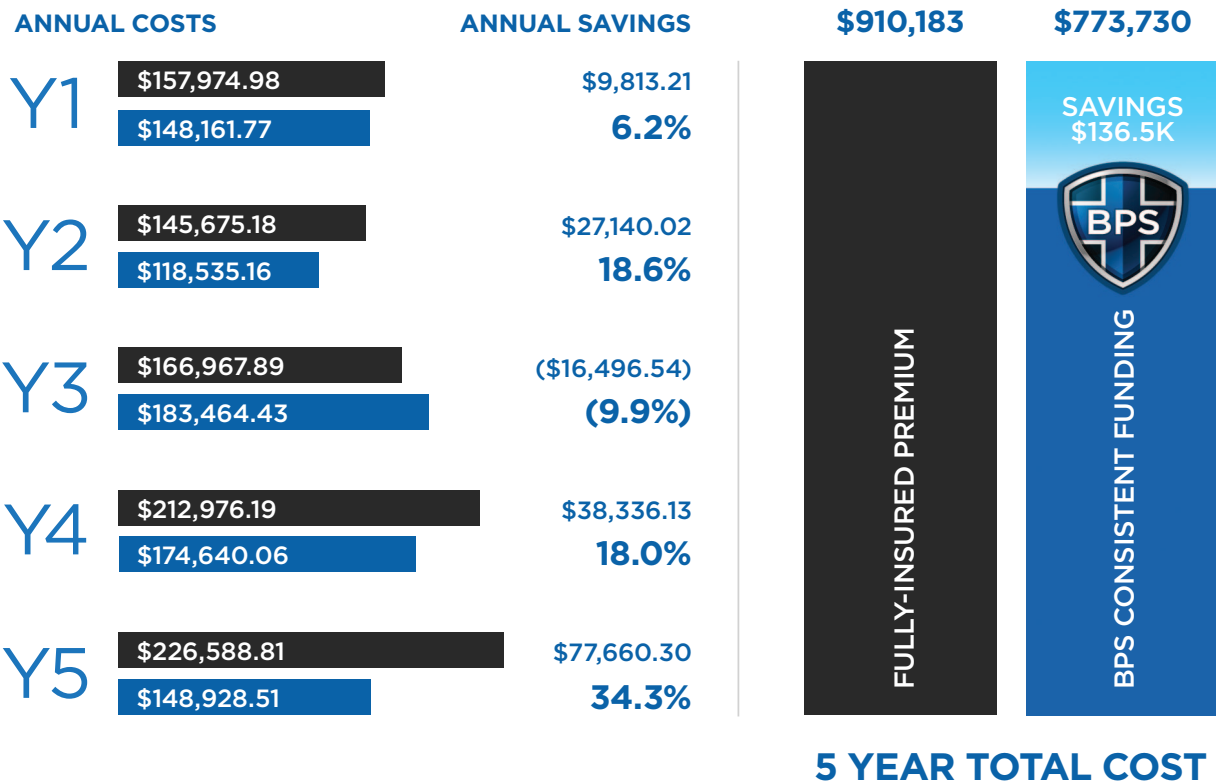
How Consistent Funding Works – There are two types of aggregate stop-loss insurance available:

- 1.** Provides coverage for a 12 month policy period with terminal liability insurance covering claims submitted after the end of the policy in the event of termination.
- 2.** Provides coverage for a 12/18 policy period, which covers claims incurred during a 12 month policy period that are submitted within 6 months after a policy period has ended. This coverage does not require the group to further fund premiums or paid claims in the event of termination.



Consistent Funding Case Study

Fully-Insured vs BPS Consistent Funding



CONSISTENT FUNDING
15% SAVINGS
OVER 5
YEARS

CONSISTENT FUNDING
\$136,453
SAVINGS OVER 5 YEARS

The group size averaged 43 employees with 10 dependents.
The employer was able to maintain the same benefit structure throughout.



Consistent Funding Example

with aggregate stop-loss insurance for a 12/18 policy period

Policy Month	Premiums / Fixed Costs	Funded Claims Limit	Total Monthly Payment	Monthly Paid Claims
1	\$7,500.00	\$15,000.00	\$22,500.00	\$2,100.00
2	\$7,500.00	\$15,000.00	\$22,500.00	\$6,800.00
3	\$7,500.00	\$15,000.00	\$22,500.00	\$60,000.00
4	\$7,500.00	\$15,000.00	\$22,500.00	\$3,000.00
5	\$7,500.00	\$15,000.00	\$22,500.00	\$4,550.00
6	\$7,500.00	\$15,000.00	\$22,500.00	\$5,430.00
7	\$7,500.00	\$15,000.00	\$22,500.00	\$7,800.00
8	\$7,500.00	\$15,000.00	\$22,500.00	\$10,200.00
9	\$7,500.00	\$15,000.00	\$22,500.00	\$8,900.00
10	\$7,500.00	\$15,000.00	\$22,500.00	\$6,104.00
11	\$7,500.00	\$15,000.00	\$22,500.00	\$7,320.00
12	\$7,500.00	\$15,000.00	\$22,500.00	\$4,653.00
13	-0-	-0-	-0-	\$5,300.00
14	-0-	-0-	-0-	\$3,800.00
15	-0-	-0-	-0-	\$2,100.00
16	-0-	-0-	-0-	\$2,250.00
17	-0-	-0-	-0-	\$550.00
18	-0-	-0-	-0-	\$475.00
Totals	\$90,000.00	\$180,000.00	\$270,000.00	\$141,332.00

The table illustrates how Consistent Funding works with stop-loss insurance for a 12/18 policy period. The example assumes a plan will cover 50 employees and 25 dependents each month during the policy year. After the 12 month policy period has ended, a six month run-out period acts as a buffer

to pay any outstanding claims that may remain. Since the paid claims of \$141,332.00 was less than the total funded claims limit of \$180,000.00, the employer will be able to utilize the remaining balance of \$38,668.00 for future medical benefit payments.



Innovative Employee Benefit Solutions

Serving North Carolina businesses since 1977

Our Services

More employers are looking to self-funded group health plans as an employee benefit solution to comply with the complexities of health care reform regulations. In addition to expert plan design and personalized guidance, BPS provides third-party administrative services and claims processing for the group's medical and dental benefit plan.

Plan Designs Include:

- Medical
- Dental
- Life
- Vision
- Disability
- COBRA/HIPAA
- Prescription Drug Card Program
- Local and National PPO Networks
- Utilization Review (Inpatient and Outpatient)
- Catastrophic Case Management
- Disease Management
- Prospective Case Management
- High Risk Maternity Management



Benefit Plan Services

Expert guidance for an ever-changing health care environment.

Benefit Plan Services has been a trusted partner for businesses across the state of North Carolina administering secure, self-funded group plans since 1977. We deliver competitive plans for groups as small as 25 covered employees. BPS provides the expertise and experience to adeptly guide you through the ever-changing health care environment. Our innovative, affordable group plans are strategically designed to promote the health of your employees as well as the health of your business.

Benefit Plan Services, Inc., founded by J. Larry Peters, is one of the oldest TPA's licensed in North Carolina. Larry's experience ranges from

underwriting, marketing and claims administration to officerships in several insurance companies. He is a Chartered Life Underwriter (CLU) and earned a Fellow, Life Management Institute (FLMI) insurance accreditation.

Alan O. Peters, an Elon University graduate, has served as Vice-President since 1983 working as a licensed insurance agent in brokerage sales and administration, claims examination and auditing. BPS is proud to have passed the rigorous approval process to become an approved third-party broker/administrator for a number of insurance companies.