



# What Works *(and what doesn't)* in Self Funding!

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Transparent Self Funded Case Studies

PRESENTED BY: DANIEL R. MEYLAN

[DMEYLAN@THEPATH.BIZ](mailto:DMEYLAN@THEPATH.BIZ)





# Topics

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1. Introductions – You and I
2. The Self Funded Market – 3 segments
3. Insurance Broker vs Healthcare Advisor
4. Why Self Funding – The Opportunity
5. Key Elements to Success
6. Case Studies – 5 Success
7. Case Studies – Failure
8. Conclusions Q&A

# What Works in the Self Funding!

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My why!



What is your why?

# What Works in the Self Funding!

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*As a healthcare advisor who promotes self funding you are no longer “selling” health insurance you are managing healthcare risk!*

*dmeylan © 2012*

# The Self Funded Market

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**3 Segments**

**Small 1-49**

**Large 50-999**

**Jumbo 1000+**

*Note – 67.5% of all FTEs work for 100+ employers*

# The Self Funded Market

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## USA Business Demographics – 2021\*

<b>Businesses Size # of FTEs</b>	<b># of Businesses</b>	<b># of FTEs</b>	<b>Avg # of FTEs</b>	<b>% of all FTEs</b>	<b>% of all Businesses</b>
1 to 49	6,065,998	33,379,303	6	26.0%	96.4%
50 to 99	120,895	8,303,403	69	6.5%	1.9%
100 to 999	97,757	24,039,357	246	18.7%	1.6%
1000+	9,954	62,624,236	6,291	48.8%	0.2%
<b>Total</b>	<b>6,294,604</b>	<b>128,346,299</b>	<b>20</b>	<b>100%</b>	<b>100.00%</b>
<i>Source: 2021 County Business Patterns US Census Bureau</i>					

# The Self Funded Market

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## **Small Group – 96.3% of all groups 1-49 FTEs (6)**

- employer is typically in survivor mode
- driven by price, usually a spread sheet shopper, transactional mentality,
- limited solutions for each group, level funded plans are possible
- 70% of renewals happen from Oct 1 to Feb 1,
- employer has limited understanding of risk finance cost containment,
- data analytics are irrelevant,
- 60 to 120 day sales cycle,
- commission based comp
- average annual revenue per broker - \$250K

# The Self Funded Market

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## **Large Group – 3.5% of all groups – 50-999 (148)**

- Successful mode - relational mentality,
- driven by personal relationship, advisor controls all aspects of the client relationship,
- level funded or self funded plans in place strong educator,
- TPA and manages “The Stack”, vendors selected based on relationships,
- Vendors are removed from “The Stack” for non-performance or inability to collaborate
- Focus is on engagement, education and control of healthcare costs,
- 6 to 24 month sales cycle in advance of plan effective date,
- Values data analytics,
- Adviser is paid by contracted fee
- Average annual revenue per broker - \$600K

# The Self Funded Market

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## **Jumbo Groups – .24% of all groups 1000+ (6,291)**

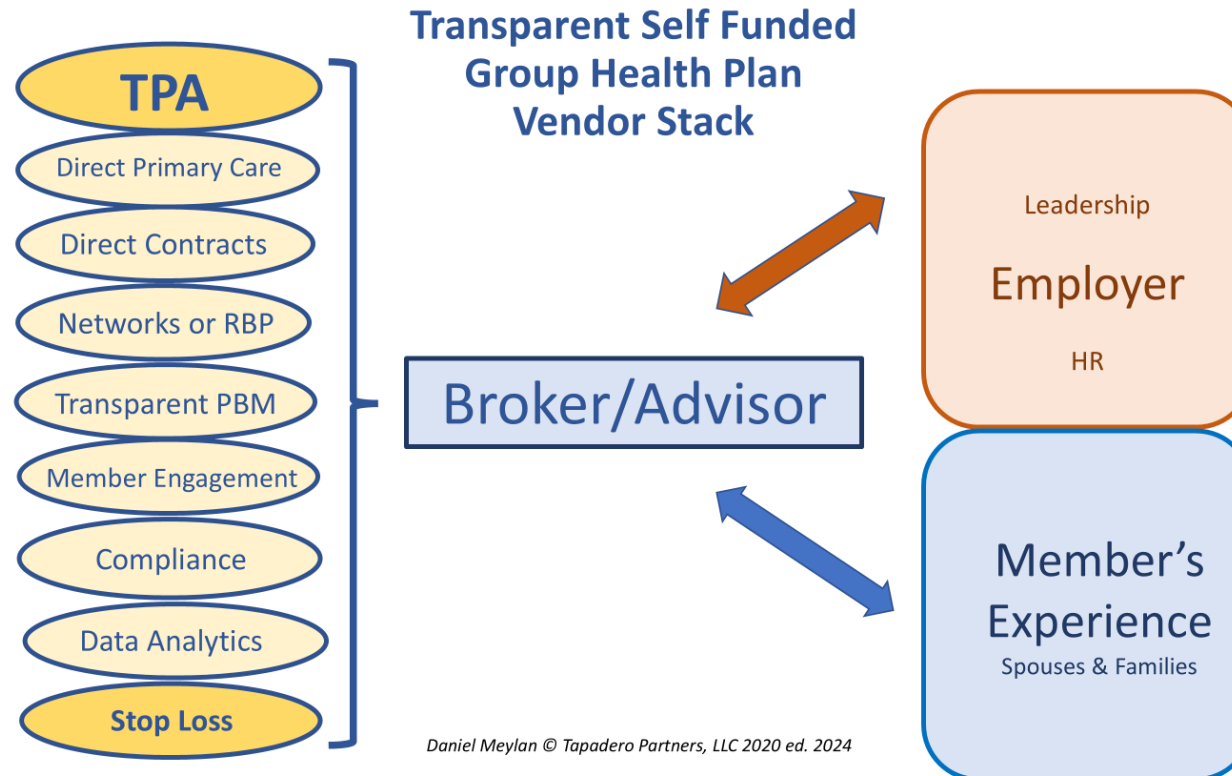
- Significant Operations
- institutional mindset, driven by client control of all aspects of the group plan,
- multiple levels of client ownership with internal staff in the agency usually not the broker,
- sophisticated buyers usually unbundling of all admin costs, requires sophisticated TPA
- 12-24 months sales cycle,
- driven by data and analytics,
- institutional education,
- Average annual revenue per broker - \$1.5M

# Insurance Broker vs Healthcare Adviser

Deliverables	Status Quo Health Insurance Broker	Next Generation Health Care Adviser
Benefit Plan Design Alternatives	X	X
Marketplace Options – Carriers, Networks	X	X
Cost Comparisons	X	X
Commissions	X	
Compliance HIPAA, ERISA, DOL		X
Self Funding & Level Funding Structure		X
Medical Underwriting		X
Education - Employer - Employees		X
Integrated Technology Tools		X
Claims Analysis & Review		X
Rereferenced Based Pricing		X
Direct Provider Contracts		X
Direct Primary Care		X
Vendor Integration - PBM, UCR, MCM		X
Long -Term Strategic Planning		X
Fee Based Compensation		X
<b>Time</b>	<b>40 Man Hours per account/Year</b>	<b>70 Man Hours per account/Year</b>

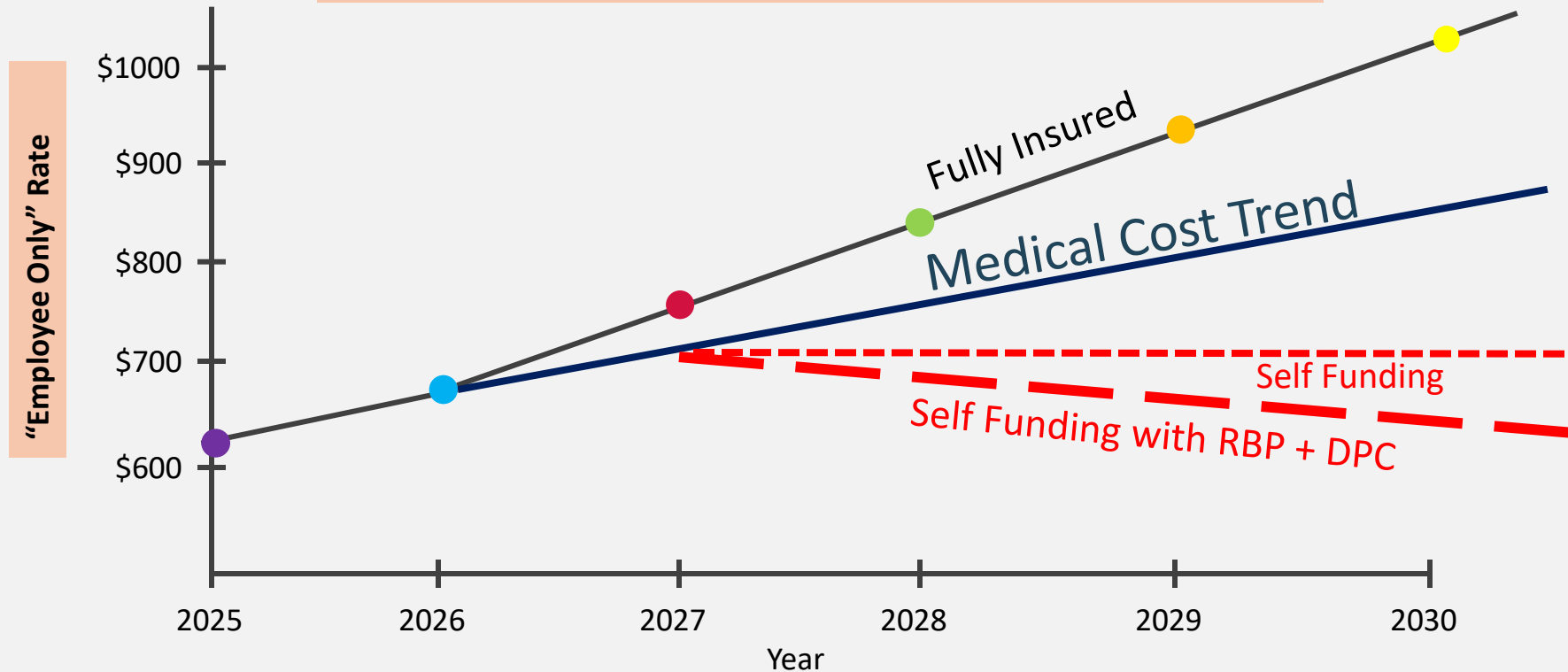


# The Self Funded “Stack”!



# Why Self-Funding?

## “Employee-Only” Rate Illustration



*This sample chart illustration is provided for educational purposes only. Actual results may vary and are not indicative of future performance.*

# Self Funded – Key Elements to Success

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- a. Preparation and Planning
- b. Leadership Engagement – Internal & External
- c. Communication and Education
- d. Culture – what fits
- e. Transition Plan – managing disruption
- f. Collaboration – team effort
- g. Accountability – measuring results and outcomes
- h. Flexibility – adaptation

# Self Funded – Success #1

Type of Business	Lawn & Garden & Landscaping
State	Kansas
# of FTEs	23
Type of Plan	Level Funded
Type of Plan Refund	12/21 - 100%
Prior Plan	BUCA Fully Insured
Time frame	3 years
Cost Containment Strategy	Direct Primary Care + RBP
3 year PEPM final cost including DPC	\$441
Savings PEPM (Return of Claims Fund)	\$130
Saving % of total	29%
Employee OOP Savings	\$36,000



# Self Funded – Success #2

Type of Business	School District
State	Texas
# of FTEs	1400+
Type of Plan	Self Funded - Independent TPA
Prior Plan	Self Funded - BUCAASO
Time frame	2 years
Cost Containment Strategy	DPC, Direct Contracts, Bundled Pricing, RBP Wrap
Savings PEPM	\$455
Saving total %	32%
Savings total \$	\$8,000,000



# Self Funded – Success #3

Type of Business	Manufacturing
State	Georgia
# of FTEs	425
Type of Plan	Self Funded - Independent TPA
Prior Plan	Self Funded - BUCAASO
Time frame	3
Cost Containment Strategy	DPC, Direct Contracts
2020 PEPMSpend incl DPC Costs & member OOP	\$ 1,200
2023 PEPMSpend incl DPC Costs & member OOP	\$ 1,156
Saving total cost vs medical trend	\$ 2,200,000
Savings PEPMvs trend	\$ 135



# Self Funded – Success #4

Type of Business	Manufacturing
State	Kansas
# of FTEs	200
Type of Plan	Self Funded - Independent TPA
Prior Plan	BCBS Fully Insured
Time frame	1 year
Cost Containment Strategy	DPC - onsite clinic, Direct Contracts, Transparent PBM, RBP, Single Parent Captive
2024 Projected Rate Increase	48%
2025 PEPM Self Funded Max Cost	4% rate Increase
Projected Savings	\$ 1,100,000
Projected Savings PEPM	\$ 458



# Self Funded – Success #5

Type of Business	Non-Profit
State	Kansas
# of FTEs	4100+
Type of Plan	Self Funded - Independent TPA
Prior Plan	BCBS ASO Self Funded Plan
Time frame	2 year
Cost Containment Strategy	DPC - near site clinics, Direct Contracts, RBP
2025 Projected Rate Increase	21%
2025 PEPM Self Funded Max Cost	5% rate decrease
Projected Savings	\$ 9,700,000
Projected Savings PEPM	\$ 198



# Self Funded – Failure #1

Type of Business	International Non-Profit
State	Florida
# of FTEs	2500+
Type of Plan	Self Funded
Prior Plan	BUCAASO
Time frame	1 years
Cost Containment Strategy	Direct Contracts & RBP
PEPM	\$2,100
Causes of failure	Senior Leadership Ignorance
Causes of failure	Communications Failures
Causes of failure	Unwillingness to move to lower cost providers
Causes of failure	High dollar claimants who refused care navigation
Outcome	Terminated Broker, TPA



# Self Funded – Failure #2

Type of Business	Technology Company Government Contractor
State	Colorado
# of FIEs	400
Type of Plan	Self Funded
Prior Plan	BUCAASO - Level Funded - PPO
Proposed Plan	Self Funded - Independent TPA
Proposed Cost Containment Strategy	DPC - Direct Contracts, Transparent PBM
Current PEPM	\$2,600
Proposed PEPM	\$1,800
Causes of failure	Marginal Broker Knowledge
Causes of failure	Leadership Arrogance
Causes of failure	Internal Political Conflicts
Outcome	\$3,800,000 potential savings lost



# Self Funded – Failure #3

Type of Business	Regional Airline - Startup
State	Alaska
# of FTEs	220
Type of Plan	Self Funded
Prior Plan	None
Proposed Plan	Self Funded - Independent TPA
Proposed Cost Containment Strategy	DPC - Direct Contracts, RBP
Proposed PEPM	\$2,100
Causes of failure	Unrealistic expectations set by broker
Causes of failure	Provider Resistance to RBP
Causes of failure	Broker - TPA - Vendor Disputes
Causes of failure	Weak internal leadership from employer
Outcome	Broker & TPA terminated
Outcome	Back to fully insured BUCAPlan @ \$2,400PEPM



# Self Funded – Failure #4

Type of Business	Level Funded Program
State	National Scope
# of FTEs	100,000+
Type of Plan	Level Funded
Target Market	10-250
Underwriting	Individual Apps and GRX
Causes of failure	Aggressive sales strategies
Causes of failure	Inadequate aggregate premiums
Causes of failure	Marginal Stop Loss Arrangements
Causes of failure	Leadership Arrogance
Outcome	DOL Shut Down
Outcome	Broker Community Reputation Damage



*Note – See article on The Fine Art of Level Funding – Beware of the Traps – Daniel Meylan © 2026*



# Self Funded – Failure #5

Type of Business	Hospital
State	Missouri
# of FTEs	500+
Type of Plan	Self Funded
Causes of failure	Bankruptcy
Outcome	Employer failed to fund claims
Outcome	Stop Loss Terminated
Outcome	DOL Intervention
Outcome	TPA incurs \$100K in additional costs
Outcome	Plan sponsor personally obligated for unpaid claims under CAA Fiduciary Liability
Outcome	Broker forfeited all compensation



# Salesmanship vs Leadership

## Fully Insured vs Self Funding

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**Salesmanship talks**

*Leadership listens*

**Salesmanship has answers**

*Leadership has questions*

**Salesmanship reacts**

*Leadership prepares*

**Salesmanship sings**

*Leadership writes the music*

**Salesmanship is reactive**

*Leadership is systematic*

**Salesmanship makes money**

*Leadership builds value*

**Salesmanship solves problems**

*Leadership solves people*

**Salesmanship creates fans**

*Leadership builds legacies*

**Salesmanship is arrogant**

*Leadership is humble*





Daniel R. Meylan  
[dmeylan@thepath.biz](mailto:dmeylan@thepath.biz)  
719-338-6466



# Conclusion

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QUESTIONS & DISCUSSIONS