



**BlueCross BlueShield  
of Oklahoma**

## **Comparing fully insured and self-funded groups**

### **Fully insured groups**

When an employer provides fully insured health care coverage to its employees, the employer pays a monthly premium to an insurance company. Fully insured plan rates may be based on a pool of claims from a number of employers. The premium is due in advance of the coverage and is actuarially projected to cover anticipated claims cost. In exchange for the premium, the insurance company assumes the responsibility of providing health coverage and performs other tasks. The premium paid monthly generally remains the same for a set period of time (e.g. 12 months).

### **Self-funded groups**

Self-funded groups are normally referred to as Administrative Services Only (ASO) groups. The employer pays for its covered members' medical claims out of its own financial resources. Additionally, the employer pays a set fee for the cost of a plan administrator to process claims. A self-funded employer only pays benefits based on their employees' previous or potential claim experience. Employers retain control over the funds set aside to pay health claims. This allows employers to invest funds for maximum return until needed to pay for health claims.