

Is Your Health Plan Self-Insured?

Your rights regarding your health insurance plan depend on whether the plan is fully insured or self-insured (also known as self-funded). To advocate for your rights, it is important that you understand your insurance plan (also called health plan) and know what your rights are.

What is the difference between a fully insured plan and a self-insured plan?

With a fully insured plan, the employer pays all or part of the premium to an insurer, and the insurer pays claims from the pool of premiums it collects from everyone it insures. Under a self-insured plan, the employer is responsible for collecting or funding a pool of premiums and paying all health care claims out of company assets.

How can you know if your plan is self-insured?

Because many employers use a third party administrator – such as an insurance company – to handle claims, you may not necessarily know if your plan is self-insured. To find out, contact your employee benefits administrator in your employer's human resources department.

Why should you know if your plan is self-insured?

Self-insured plans are regulated by federal law, not by state law, which means state laws that apply to fully insured benefit plans do not apply to self-insured plans. Many states have laws requiring that insurance plans offer specific benefits. Federal law may not require those same benefits; therefore self-insured plans do not have to offer them.

If your original claim is denied, the appeal process for self-insured plans are also governed by federal law rather than state law. Under self-insured plans, you appeal to the U.S. Department of Labor Employee Benefits Security Administration (EBSA) rather than your state's Department of Health.

What federal law regulates self-insured plans?

The Employee Retirement Income Security Act (ERISA) regulates self-insured plans. These plans are under the jurisdiction of the U.S. Department of Labor. For self-insured plans, employers must file a master plan with the U.S. Department of Labor and then prepare a Summary Plan Description (SPD) for their employees.

If your plan is self-insured, what appeal rights do you have?

All self-insured plans must have an appeal procedure that meets the detailed requirements defined in federal law. Check your benefit contract, or the SPD, for the appeal procedure under your employer's plan. While federal law requires a detailed appeal process, the law also allows timelines within the appeal process. Be careful to file an appeal before the deadline given in the letter of denial for your claim.

What can you do if you have a complaint about your plan?

If you have a complaint about your self-insured plan, contact the regional U.S. Department of Labor EBSA office serving Minnesota:

Employee Benefits Security Administration
Kansas City Regional Office
2300 Main St., Suite 1100
Kansas City, MO 64108
816-285-1800
1-866-444-EBSA (ext. 3272)
www.dol.gov/ebsa/

For more information on self-insured plans, visit the Minnesota Attorney General's website at www.ag.state.mn.us.

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