

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). In order to advocate for your rights, it is important that you understand your insurance plan and what your rights are.

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

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

How can you find out if your plan is self-insured?

Because many employers use insurance companies to handle claims, you may not necessarily know that your plan is self-insured. To find out, contact your employee benefits administrator in your employer's human resources department.

Why does it matter to you that a plan is self-insured?

Self-insured plans are regulated by federal law, not by state law. This means state laws that apply to fully insured benefit plans do not apply to self-insured plans. For example, many states have laws requiring that insurance plans offer specific benefits. Federal law may not require those same benefits, and self-insured plans do not have to offer them.

The appeals process is also different for self-insured plans, because appeals, too, are governed by federal law rather than state law. Under self-insured plans, you appeal to the U.S. Department of Labor 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. The plans are under the jurisdiction of the U.S. Department of Labor.

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 set out in federal law. Check your benefit contract for the appeal procedure under your employer's plan.

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

If you have a complaint about your self-insured plan, contact the U.S. Department of Labor:
(202) 219-8776 voice
(606) 578-4680 voice