

## 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.

Fully-Insured Plans	Self-Insured Plans*
1. Doctors and hospitals are paid by your health insurance company.	1. Doctors and hospitals are paid by an administrative service company, which collects money from your business.
2. Your health insurance company collects a monthly premium from each enrolled employee.	2. The administrative service company is paid a fee to manage your employer's self-funded program.
3. Fully-insured plans are governed by state laws.	3. Self-insured plans are governed by federal laws through the Department of Labor.

### 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. It 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 is 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.

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## **What federal law regulates self-insured plans?**

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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.

There are some reforms under the Affordable Care Act (ACA) which apply to self-insured plans (for more details see handout on ACA). These include dependent coverage to age 26, preventative services, no lifetime limits, and improved claims and appeals processes.

Other aspects of the Affordable Care Act do not apply to self-insured plans, including the ten essential health benefits, small employer tax benefit, review of premium increases, and annual insurance fees to providers. Other market reforms, such as insurance premium restrictions, guaranteed issue, and renewability do not apply to self-insured policies.

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

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All self-insured plans must have an appeal procedure that meets the detailed requirements defined in federal law. Check your benefit contract, or the summary plan description, 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?**

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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](http://www.dol.gov/ebsa)

For more information on self-insured plans, visit the Minnesota Attorney General's website at:

[www.ag.state.mn.us](http://www.ag.state.mn.us)