

Priority Health™

Self-funding explained

Understanding your funding options

Helping employers manage their health care costs.

Simply put, employers who self-fund own and assume the financial risk of providing benefits to their employees by paying claims as they are incurred. Self-funding is ideal for employers with 51 or more healthy employees who have cultivated a culture of wellness and engagement.

More reasons to self-fund

Self-funding is available with customizable HMO, POS and PPO plans and can be combined with Flexible Spending Accounts (FSA) and Health Savings Accounts (HSA).

In addition to the potential cost savings groups can experience by self-insuring, self-funded plans are not subject to state premium taxes and are exempt from many of the provisions of health care reform.

Self-funding is one of the many ways Priority Health has been helping employers control their health care costs for over 30 years. In fact, we do self-funding better than anyone.



We offer highly competitive discounts through contracts with our extensive statewide and nationwide provider network.



Our innovative Cost Estimator tool provides transparency into health care spending so employees can see the financial impact of care decisions.



We provide clear, concise data through our monthly reporting package so employers can better plan their cash flow.



Unlike other carriers who have fragmented or restrictive approaches to administration, our approach offers the ease and simplicity of an integrated offering with the flexibility to choose the programs and services that work best for you.



Our administration fee includes more services than other carriers in the market.

Get more for your money with our comprehensive, transparent administrative fee

We go beyond just paying claims and immerse ourselves in the management of your employee's health plan while remaining nimble and efficient, administering your plan with the highest level of accuracy.

ADMINISTRATIVE SERVICES

- ★ Plan document development, including summary plan descriptions (SBDs) and summary of benefits and coverage (SBC)
- Plan document translation services
- Illustrative rates for employee contributions
- Health care reform advisory services
- ★ Regulatory reporting and compliance support
- Online employer administration portal
- Online reporting tool, Employer Insights
- Nationwide network access with deep discounts
- Stop-loss management, both in-house and with external vendors if requested[1]
- Member ID cards, digital onboarding and open enrollment support
- Dedicated account service team

ACCESS TO COST CONTAINMENT PROGRAMS

- Comprehensive in-house care and disease management
- ★ Medical and pharmacy utilization review management
- ★ Proprietary, lowest-net-cost formulary design
- ★ Diabetes Prevention Program access, including virtually through Omada[2]
- Cost transparency tools for medical and pharmacy costs
- Anti-fraud investigations
- Coordination of benefits, subrogation and third-party liability
- ★ PriorityMOM, maternity management program
- ★ PriorityBABY, infant care program

A SUITE OF MEMBER PERKS

- Online member account and mobile app
- ★ 24/7 virtual care access
- Active&Fit discount gym membership
- BenefitHub online discount marketplace
- Teladoc Health mental health (formerly myStrength)
- Dedicated, award-winning self-funded customer service department

WANT MORE? ENHANCE YOUR PLAN WITH THESE ADDITIONAL SERVICES.

- Add benefits navigation and advocacy with PriorityGPS
- Gain control over specialty pharmacy costs.
- Get an easier way to administer your FSA with HealthEquity.

Learn more online at *priorityhealth.com/employer* or contact your Priority Health representative.

★ Services we include that other large carriers or third-party administrators (TPAs) don't include or charge extra for.

[1]*If an external stop loss carrier is selected, an additional fee may apply for stop loss coordination.*
[2]*SaveOnSP is only available to large self-funded groups.*

Priority Health offers two ways to self-fund to better satisfy employers' needs.

Choose from our traditional self-funding or optimized level funding option (OLFO).

With either, we provide monthly claims utilization reports so employers have a financial picture of their health care costs throughout the year.

Traditional self-funding with 51+ employees

For some employers, a pay-as-you-go approach makes financial sense. Traditional self-funding allows employers with 51+ employees to pay for claims as they are billed, so when claims activity is low, employer costs are low.

With traditional self-funding, employers fund claims as they are billed. Each week we process claims and collect funds from employers to pay those claims. This provides cash-flow advantages for some employers. Administrative fees are collected once a month.

Large Group Optimized Level Funding Option (OLFO)

For some employers, traditional self-funding carries too much financial risk and unpredictability. Employers with 51-99 full-time enrolled employees are eligible for our Optimized Level Funding Option (OLFO), which offers all the benefits of traditional self-funding with the added advantage of stable monthly costs.

With OLFO, employers pay a monthly amount based on the number of enrolled employees, similar to a fully funded plan. This amount covers administration costs, stop-loss insurance, and claims funding.

Priority Health uses the money as needed to pay claims. At the end of the plan year, the claim account is reconciled. If there is a surplus, the employer will have 50% of that surplus returned to them. If there is a deficit at the end of the plan year, the group is not required to pay Priority Health back.

Limit financial risk with stop-loss insurance

Employers with self-funded plans that want to limit their exposure to catastrophic health care claims may purchase stop-loss insurance, also referred to as reinsurance.

Stop loss offers protection for the employer against unlimited financial liability by setting risk limits at the beginning of the plan year for individual and group health claims based on claims history.

Our optional stop-loss insurance is **rated A** by AM Best and offers financial security with prefunding of large claims to help with cash flow when large claims occur.

Stop loss—two types

Specific coverage

1

Specific coverage protects against unpredictable catastrophic claims for an individual—typically from $25,000 to $200,000.

Aggregate coverage

2

Aggregate coverage protects against an extraordinary year where the combined claims for the entire group exceed projections—usually 20% to 25% over estimated claims.



Stop-loss that works smarter, not harder

We believe stop-loss coverage shouldn't be a guessing game. That's why we've reimagined the experience to give employers more control, more predictability and more peace of mind. With our integrated approach, we're not just another carrier—we're your strategic partner in managing risk, reducing volatility and delivering smarter health care solutions.

Pricing

- Our **pooled stop-loss** feature shares risk across groups, which helps keep renewal rates steady and predictable.
- We **front-load reimbursement for eligible claims**, so employers can access funds faster when they need them most.
- **Reimbursements and adjustments are applied immediately** to the group's invoice, making the process seamless and stress-free.
- We **don't increase monthly rates for Terminal Liability Option (TLO) fees**, which helps employers save even more.

Integration

- We have direct access to claims and diagnoses, which allows us to **identify high-cost claims** earlier and give employers more time to prepare.
- Employers benefit from a **single point of contact for both medical and stop-loss**, which simplifies communication and coordination.
- We offer **flexible pharmacy coverage** by connecting with several PBMs to offer comprehensive coverage.

Clinical

- As a **provider-owned health plan**, we use clinical expertise and data to predict future claims and guide smarter decisions.
- Our **unique stop-loss structure** allows employers to maintain plan design independence, enjoy stable cash flow and benefit from shared risk without needing upfront capital or waiting for dividends.
- Smaller employers can safely transition to self-insured coverage through our **Optimized Level Funding Option (OLFO) expansion**.

All insurance companies are **not** created equal

Most insurance companies only pay claims. We help our members manage their health by ensuring they receive the right care, at the right time, in the right place.

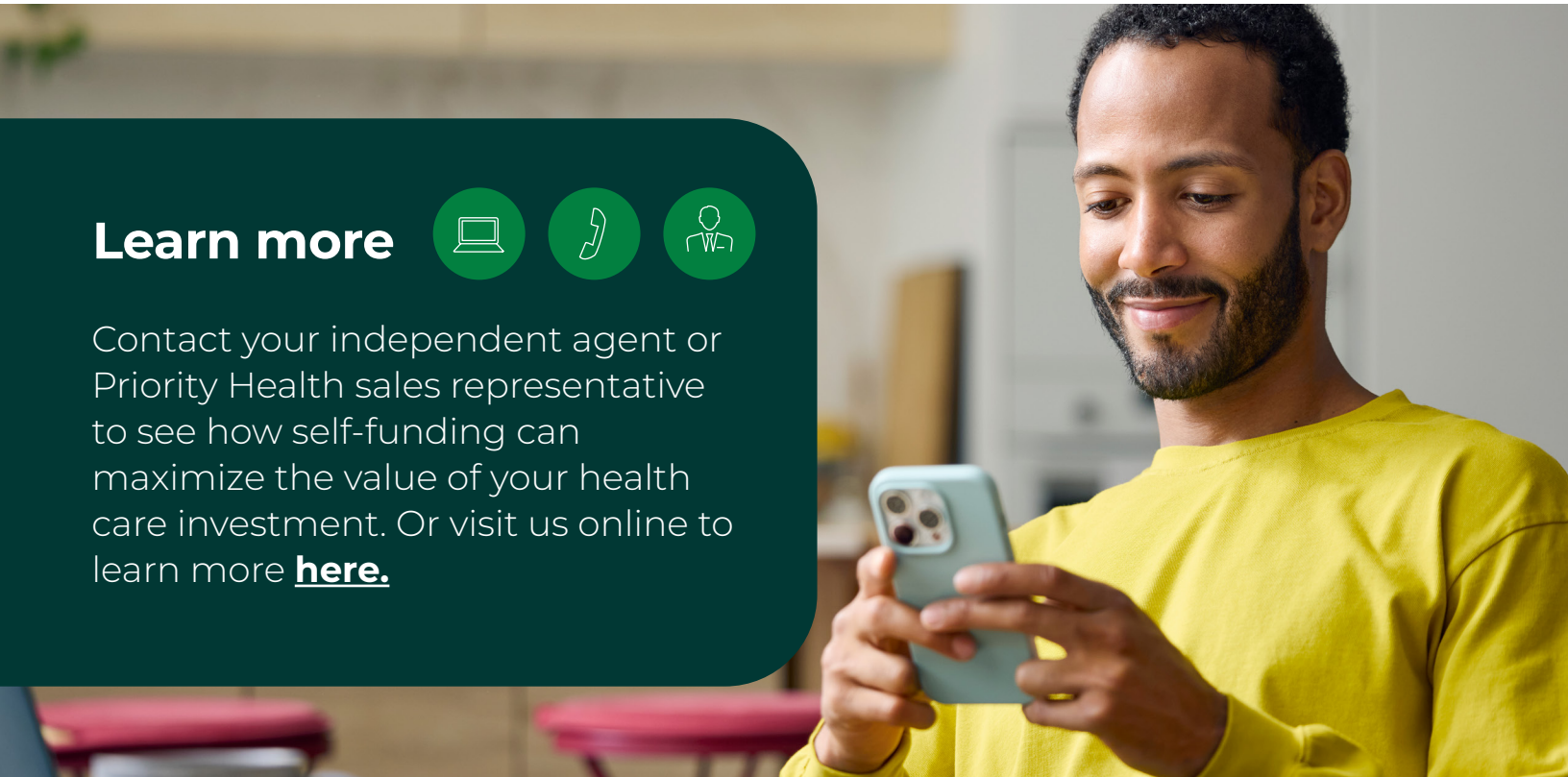
Health coverage that delivers value
We deliver truly valuable health coverage and sustainable savings by guiding members to the highest-quality care, supporting the holistic health needs of the individual, all while creating an effortless experience that ultimately improves lives.

We keep your employees healthy and productive at work.
Our nationally recognized, award-winning care management program identifies employees who may need support before a health episode occurs. This proactive approach improves health outcomes, reduces absenteeism, and lowers medical and disability-related costs.



Priority Health has been named to Newsweek's America's Best Customer Service 2025 list in the health insurance category.

Members can join the program at any time, and unlike many competitors, we do not require a claims threshold for enrollment. By focusing on prevention and accessibility, we help you protect your most valuable asset—your people—while managing your bottom line.



Learn more

Contact your independent agent or Priority Health sales representative to see how self-funding can maximize the value of your health care investment. Or visit us online to learn more **here.**



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