

Is Self-Funding the Answer to the Rising Cost of Health Care Benefits?

A robust benefits package can strengthen the employee experience — and support efforts to attract and retain top talent. Here’s how self-funding can help organizations offer enhanced health and wellness benefits while managing health care spend.



The Problem

Cost Sharing
Outpaces Wages

Over the last 10 years, both employees and employers have faced cost increases. But the increased benefit plan cost to workers outpaces the increase in wages.

+44%
Employee Overall
Cost Share

+41%
Average
Hourly Earning

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2023 Bureau of Labor Statistics



Unpacking Misconceptions About Self-Funding



MISCONCEPTION:
Unpredictable Claim Costs

REALITY: In a self-funded arrangement, stop-loss insurance provides protection against catastrophic or unpredictable losses.



MISCONCEPTION:
Increased Administrative Burden

REALITY: With the right benefit plan partner, you get a team of experienced professionals with a background in self-funding that act as an extension of your HR department and perform consultative plan management.



MISCONCEPTION:
Only for Large Companies

REALITY: Companies both large and small have seen significant savings through self-funded benefit plans.



MISCONCEPTION:
Inconsistent Cash Flow

REALITY: A self-funded arrangement allows employers to pay only for claims incurred and build reserves during months with lower-than-expected claim costs.



The Solution

Customized Benefits to
Support Retention

Understanding employee needs and preferences allows employers to make strategic investments that balance benefits, compensation, and flexibility. By highlighting your total rewards offering in a way that aligns with employees’ financial needs, you can help them appreciate the value of their benefits.

Self-funding affords plans greater flexibility to address employee cost sharing through plan modification e.g., plan design and network strategies.

PwC Medical Cost Trend: Behind the Numbers 2025

Why Nova?

Nova is an innovative health plan solutions company that out-thinks the competition — we use flexibility and creativity to improve holistic health plan performance and build a better experience.

Discover the benefits of self-funded health plans.

716.932.5105 | AskNova@novahealthcare.com