Flat Spend and Greater Plan Control **Through a Self-Funding Transition**

Story Overview

A fast-growing municipal employer was facing the familiar pressure of rising healthcare costs under a fully insured medical plan. As its employee population grew, annual renewals became harder to absorb and gave the organization little control over plan strategy, cost drivers, or long-term financial planning.

Challenge

The core issue was not a one-time renewal shock, but an unsustainable funding model. Remaining fully insured meant accepting carrier-driven premium increases with limited flexibility to manage plan design or respond strategically to claims experience. For the client, moving to self-funding also introduced complexity: new financial processes, compliance responsibilities, and a need for greater confidence in how claims funding, reserves, and stop-loss decisions would work in practice.

> Turning funding strategy into a long-term advantage.

IMA's Strategy and Actions

IMA's public sector employee benefits team acted to support the client by:

- Using multi-year predictive modeling and underwriting analysis to compare the client's fully insured path against self-funded scenarios and quantify the long-term financial impact.
- Repeating that analysis consistently over several renewal cycles, helping leadership build confidence before making a major funding change.
- Leading educational sessions ahead of implementation so finance and benefits stakeholders understood claims funding, reserves, compliance changes, and what to expect in early plan months.
- Supporting the January 1, 2023 transition and staying closely involved in ongoing plan management, including annual stop-loss reviews and adjustments based on the client's size, thresholds, and risk tolerance.
- Helping the client gradually unbundle components and use self-funding "levers" more strategically over time rather than treating the move as a one-time change.

Why It Worked

IMA's value was not simply access to modeling tools, but how the team applied them. The team paired analytics with education, change management, and steady client guidance over multiple years. That combination helped turn a hesitant client into a confident plan sponsor that could understand the tradeoffs, absorb the operational shift, and actively manage costs rather than react to them.

Key Takeaways

This story shows how IMA can help clients move beyond status quo funding when the economics and client profile support it. It is also a useful reminder for internal teams: repeated modeling, plain-language education, and disciplined post-implementation support can be just as important as the initial recommendation.

THE RESULT:

The client's first self-funded year generated more than $1 million in net savings into reserves on roughly $5 million in plan spend. Since the 2023 transition, plan spend has remained flat, employee rates have been held flat, and the client is paying less in 2026 than it was in 2021—well below what the team estimated would have been a 25% to 30% higher spend under a fully insured path.

NPN 1316541 | IMA, Inc dba IMA Insurance Services
California Lic #0H64724 | CT-SS-IMA-EB-060326