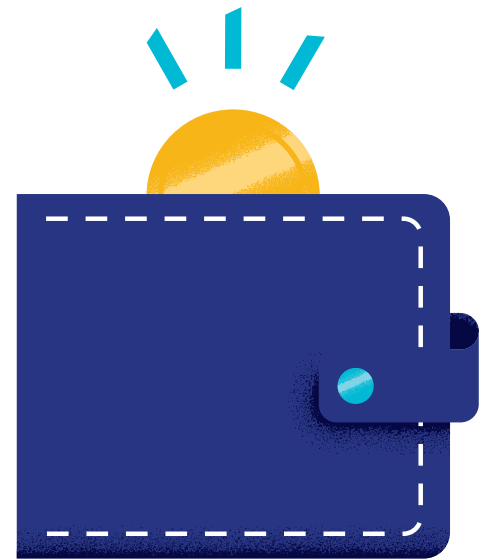




4 ways level funded health plans help manage employer costs



Level funded plans offer the predictability of fully insured plans with additional savings opportunities, reporting and customization options.¹

Level funded plans continue to gain traction in the health care market. In fact, in 2025, 37% of small firms, defined as those with 3–199 employees, reported having a level funded plan, compared to just 7% in 2019, according to a KFF survey.² What's driving increased adoption? As health care costs continue to rise and economic uncertainty persists, employers are seeking more cost-effective plan designs. Enter level funding.

Level funded plans may reduce costs by passing savings to the plan sponsor – unlike fully insured plans, where any savings remain with the insurer. With level funding, plan sponsors may earn a potential surplus share (where allowed by law).¹ As a result, employers may see greater savings opportunities with the UnitedHealthcare Level Funded Plan. In fact, businesses with 2–50 employees who made the switch from a traditional, ACA-compliant fully insured plan to a UnitedHealthcare Level Funded plan saw an upfront savings of 19% on average.³

“UnitedHealthcare keeps building more value into our Level Funded plan. We’ve designed it with affordability in mind, so businesses can manage costs and still tailor benefits to meet their employees’ needs.”

Derek Springer

Chief Executive Officer
UnitedHealthcare Level Funded

Understanding level funded plans

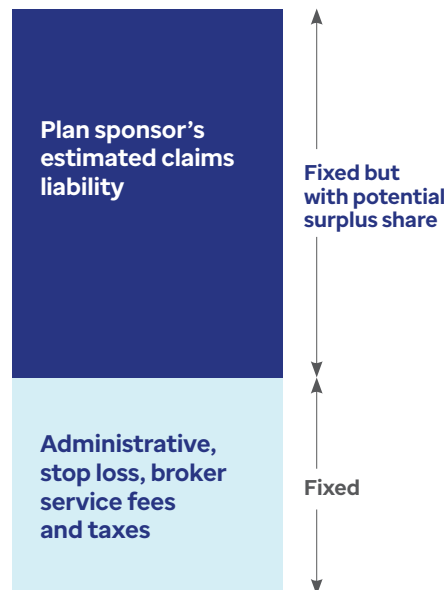
While there's been increased adoption of level funded plans, experts find that there's confusion about how they work.² This is understandable, given the complexity around how they're funded and their regulatory requirements. At their core, though, level funded plans are self-funded plans. They offer the same building blocks as a traditional **self-funded** plan – stop loss coverage, claims administration and the like – with one key difference: When plan sponsors purchase a level funded plan, they get all of those services and products from one source, rather than piecing them together from multiple vendors:

- **Stop loss insurance** to help mitigate claims risk
- An opportunity for a potential surplus share¹
- A third-party claims administration agreement

Traditional fully insured



Level Funded



Level funded plans can also include monthly reports with data that plan sponsors can use to track health care usage, as well as wellness programs that may increase plan participant engagement and reduce costs.

“Level funded allows us to be more agile and able to react quicker to changes and the needs of the market. As a type of self-funded health plan, level funded plans are built to provide the pricing stability plan sponsors want and need, and provide them an opportunity for a surplus share.”

Derek Springer

Chief Executive Officer
UnitedHealthcare Level Funded

Here's how level funded health plans compare to self-funded and fully insured plans:

1. Balance of predictability, risk protection and flexibility

Like a fully insured plan, employers have the predictability of paying a fixed monthly amount that covers maximum claims liability, administrative fees and stop loss insurance that helps protect against unexpectedly high claims.

With level funding, however, plan sponsors assume some of the financial responsibility for providing health benefits by funding employee medical and pharmacy claims. This approach can offer greater flexibility and control over plan design. To support that flexibility, UnitedHealthcare has expanded its offering with customizable benefit and pricing options for employers with 51 or more employees.

Unlike traditional self-funded plans, which expose employers to the full fluctuation of claims costs, Level Funded plans include stop loss protection that limits claims liability. If claims are lower than expected, employers may also receive a potential surplus share, with adjustable surplus share percentages now available.

UnitedHealthcare continues to evolve its Level Funded offering based on customer feedback and market needs. Recent enhancements include optional benefit buy-ups for eligible groups, such as infertility coverage, weight loss surgery options and a premium rewards program.

2. Potential for a surplus share

With a fully insured plan, the insurer assumes the financial risk for providing health services to the plan sponsor group. For a fixed cost paid by the plan sponsor, the insurer pays covered health care claims and covers administrative expenses, broker service fees and taxes. At the end of the plan year, if the actual medical and pharmacy claims are higher than expected, the insurer pays them. The insurer keeps the difference if they're lower.

In contrast, a plan sponsor with a Level Funded plan is insured against higher-than-expected claims costs, with the plan potentially receiving a surplus share resulting from lower-than-expected claims costs.

In other words, plan sponsors have an extra incentive to keep their workforces healthy to increase their potential surplus share.



“Our Level Funded offering for 51+ groups is evolving, delivering the customization, clarity and confidence brokers and employers need to design, quote and renew with confidence.”

Derek Springer

Chief Executive Officer
UnitedHealthcare Level Funded

3. Insights to help manage costs

Plan sponsors with level funding can receive detailed monthly data reports to help them better understand participant utilization of health services and manage their benefits, which isn't the case with most fully insured plans. This reporting provides greater insight into where and how health care dollars are being spent, which in turn allows plan sponsors to make informed decisions on how to improve participant health outcomes, optimize utilization of services and perhaps even strengthen their bottom line.

"Our monthly reporting package gives plan sponsors the data to spot trends in utilization in their population – so they can make decisions that may help their bottom line long before renewal," Springer says.

These insights may enable plan sponsors to alert individual participants that:

- Low-cost generic medications can often be substituted for brand-name medications
- Urgent care may be more appropriate and less costly than the emergency room for certain conditions
- Virtual visits with a primary care provider can save time and money

"Detailed data reports are a huge advantage, especially for small businesses, by giving them insights into their virtual care usage, ER use, pharmacy utilization and network strategy," Springer says. "Tracking these things over time and making informed decisions as needed can help drive a better member experience."

4. Member-focused experience

UnitedHealthcare Level Funded plans include wellness programs and 24/7 virtual care options, which may help plan participants and their families play a more active role in their health care and save on out-of-pocket costs.

All Level Funded plan participants and their covered family members may be invited to join rewards programs, where they can earn dollars for completing healthy activities, such as tracking sleep and getting preventive care.

To offer participants more convenience, 24/7 virtual care is available for a variety of conditions, including general medical care and behavioral health counseling. In addition, UnitedHealthcare Level Funded plans offer \$0 copays for dependent kids appointments and critical medications like insulin for diabetes.

Plan participants also have the option to purchase additional health, wellness and lifestyle offerings through UHC Store, a digital shop exclusive to UnitedHealthcare plan members that is available within the **UnitedHealthcare® app** and on **myuhc.com®**.

"The ease in which a plan participant can access their plan information and access additional benefits can help drive more effective utilization, which in turn could translate to lower-than-anticipated claims costs that may result in a surplus share," Springer says.

The **Surest®** health plan is also available as a Level Funded option – bringing cost transparency to a new subset of consumers. With Surest, plan participants are empowered to make decisions that may affect plan sponsor costs, since the plan features an easy-to-use app, with clear upfront copays – not estimates.

Learn how UnitedHealthcare is working for more affordable care >

UnitedHealthcare®

¹ Please consult a tax and/or legal advisor to determine if, by receiving this potential surplus share, there are any restrictions or obligations. Potential surplus share available only where allowed by law.

² KFF Employer Health Benefits Surveys, 2019 and 2025. For the purposes of the surveys, a "small business" was defined as groups with 3-199 employees. 2019 survey available: <https://www.kff.org/report-section/ehbs-2019-section-10-plan-funding/>. 2025 survey available: <https://www.kff.org/health-costs/2025-employer-health-benefits-survey/>. Accessed Aug. 26, 2026.

³ Average savings for UnitedHealthcare Fully Insured groups nationwide migrated to UnitedHealthcare Level Funded, Jan. 1, 2025-Dec. 31, 2025. Savings are not guaranteed.

Employee benefits including group health plan benefits may be taxable benefits unless they fit into specific exception categories. Please consult with your tax specialist to determine taxability of these offerings.

Person must reside within the United States. An employee residing in Hawaii is not an Eligible Person. May not be available in all states.

24/7 Virtual Visits is a service available with a Designated Virtual Network Provider via video, or audio-only where permitted under state law. Unless otherwise required, benefits are available only when services are delivered through a Designated Virtual Network Provider. 24/7 Virtual Visits are not intended to address emergency or life-threatening medical conditions and should not be used in those circumstances. Services may not be available at all times, or in all locations, or for all members. Check your benefit plan to determine if these services are available.

When you sign up for Virtual Behavioral Coaching, you will be asked a series of questions to ensure that this program is the right fit for you. You may be directed to another resource if your answers indicate that a different type of program may better suit your needs.

\$0 Primary Care Physician (PCP) Network Copays for Kids program: See the Benefit Summary or Summary Plan Description for the full definition of a dependent child.

UHC Store provides a member-direct purchase of health and wellness offerings. UHC Store is not a product, program nor service, is not insurance, and is not a substitute for health plan benefits nor professional medical advice, diagnosis, or treatment. UnitedHealthcare does not endorse nor guarantee offerings available through UHC Store. UnitedHealthcare is not responsible or liable for services, or advice given by a UHC Store participant of these offerings. Individuals are responsible for understanding potential risks associated with using these offerings. Purchasing any offerings may have tax implications. Individuals should consult with a tax specialist to determine whether they have any tax obligations from purchasing offerings from the UHC Store, subscriptions' Health Savings Account (HSA)/Flexible Spending Account (FSA) eligibility, and to determine if a subscription provides medical care that may impact HSA eligibility. Components subject to change. UHC Store is not available in all states or for all members. Some products are not available in all states.

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Administrative services provided by United HealthCare Services, Inc. or their affiliates, and UnitedHealthcare Service LLC in NY. Stop-loss insurance is underwritten by UnitedHealthcare Insurance Company or their affiliates, including UnitedHealthcare Life Insurance Company in NJ, and UnitedHealthcare Insurance Company of New York in NY.