



ADMIN SERVICE ONLY (ASO)

SELF-FUNDING HEALTH BENEFITS AND OUTSOURCING ADMINISTRATIVE TASKS

The Admin Service Only (ASO) structure under an employee's health insurance program is a popular method that many employers choose to manage their health benefits for employees. In this system, the employer takes on the responsibility of self-funding the health benefits provided to employees, while outsourcing the administrative tasks to a third-party administrator, typically an insurance company.

THE ADVANTAGES AND DISADVANTAGES OF SELF-FUNDING HEALTH BENEFITS AND FIXED PREMIUMS TO INSURANCE COMPANY

Both self-funding health benefits and fixed premiums to insurance company have their own set of advantages and disadvantages. Employers need to carefully consider their financial situation, risk tolerance, and employee needs when choosing between these two options.

The advantages and disadvantages of self-funding health benefits and fixed premiums to insurance company:

Topic	Self-Funding Health Benefits	Fixed Premiums to Insurance Company
Cost Control	Allows employers to have more control over their healthcare costs as they only pay for actual claims.	Provide predictability as costs remain stable over time, making budgeting easier for businesses.
Customization	Employers have the flexibility to tailor health benefits to meet the specific needs of their employees.	Offer a standard set of benefits, simplifying employers' administration process.
Potential Cost Savings	If claims are lower than expected, employers can save money as they retain the unused funds.	Help spread the risk among a larger pool of insured individuals, which can lower costs for individual businesses.
Financial Risk	Self-funding exposes employers to financial risk as they are responsible for paying all claims, including unexpected high-cost claims.	This may result in overpaying if claims are lower than anticipated, potentially wasting resources.
Administrative Burden	Employers need to manage claims processing, compliance, and legal requirements, which can be time-consuming and require specialized expertise.	Fixed premiums limit control over benefit design and may not fully meet employees' unique needs and preferences.
Cash Flow Concerns	Self-funding requires employers to have sufficient cash reserves to cover claims, which can be a challenge for small businesses with limited resources.	This can lead to cash flow strain if premiums increase significantly, especially if budgets are already tight.

SOME OF THE KEY BENEFITS OF ASO:

Cost Control

ASO allows employers to have greater control over their benefit costs as they directly fund the claims paid to employees. By assuming the financial risk, employers can proactively manage costs and make adjustments as needed to optimize benefits while staying within budget.

Flexibility

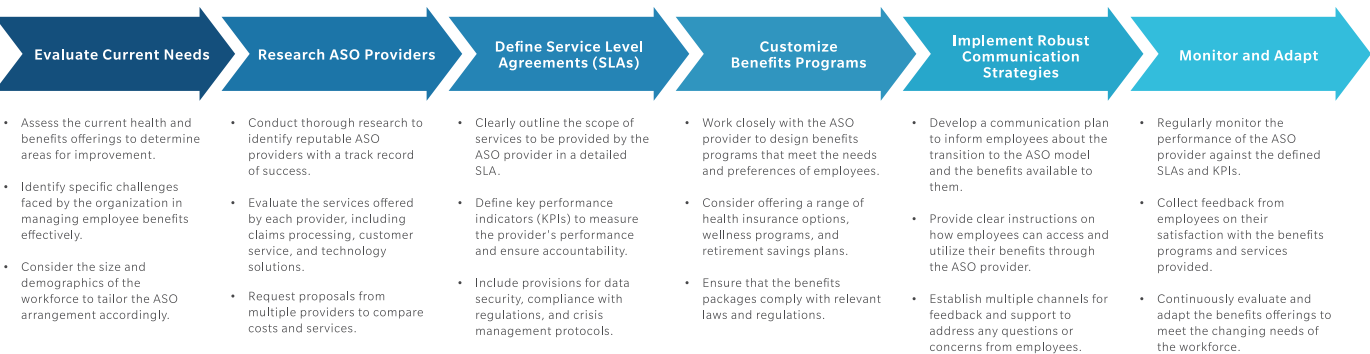
ASO arrangements provide employers with flexibility in designing and customizing benefit plans to suit the specific needs of their employees. employers can tailor benefit offerings to attract and retain top talent, making their company more competitive in the job market.

Administrative Support

ASO relieves employers of the administrative burden associated with managing day-to-day benefits operations, such as claims processing and enrollment. By outsourcing these tasks to the insurance provider, employers can focus on core business activities and strategic priorities.

THE KEY STEPS TO SETTING UP AN ASO FOR EMPLOYEE HEALTH AND BENEFITS

Implementing an Admin Service Only (ASO) arrangement for employee health and benefits can streamline administrative processes, improve employee satisfaction, and drive overall organizational success. By following the outlined steps and working closely with a reputable ASO provider, organizations can effectively manage their benefits programs while focusing on their core business objectives.



ABOUT AMG

We are professional insurance broker and risk consultant. We advise businesses and individuals on how to prepare for the unexpected.

We provide risk management, risk consulting, insurance broking, insurance program management and claims advocacy services related advice, brokerage and associated services for clients across a wide range of business sectors.

We work with clients of all sizes to identify risks, create risk management, benefits optimization, insurance programs management and deliver innovative solutions to better qualify and manage risk.

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