

A background image showing a business meeting. Two people in suits are seated at a table. One person is holding a tablet computer, and the other is pointing at it with a pen. There are documents with charts and a glass of water on the table.

CIGNA FUNDING SOLUTIONS

Univest Insurance

February 5, 2018

Offered by: Cigna Health and Life Insurance Company or Connecticut General Life Insurance Company.

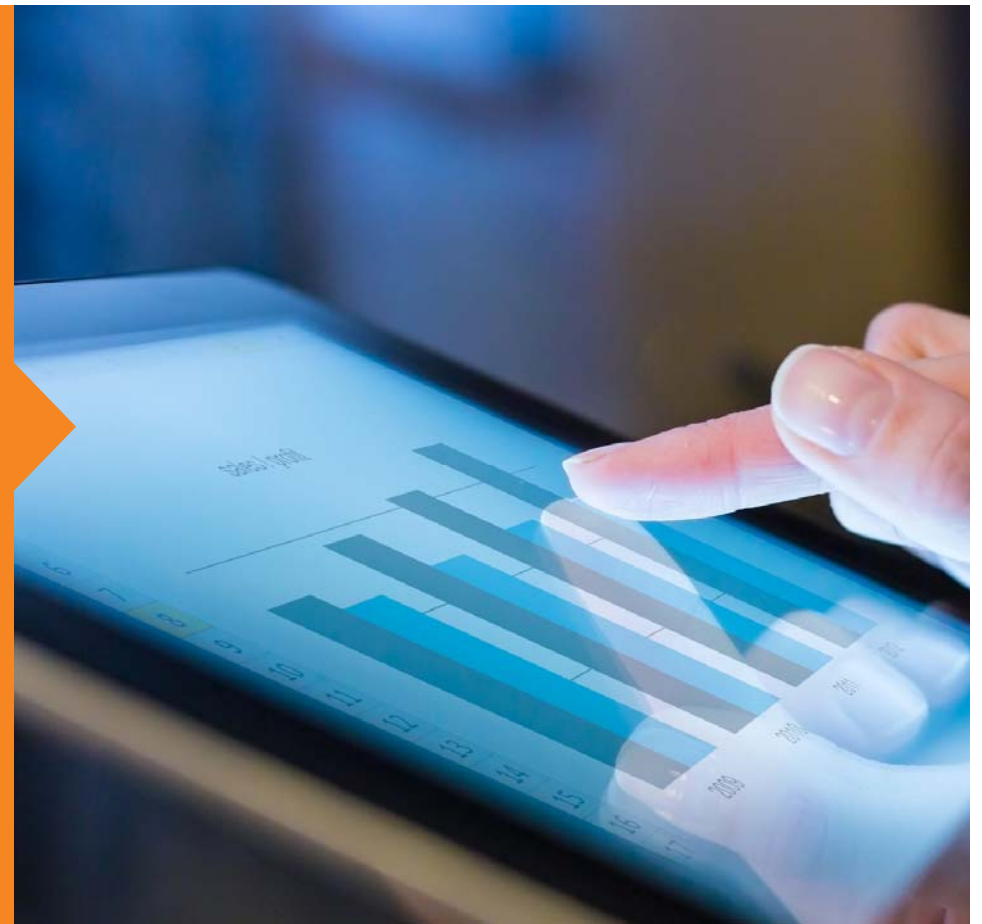
Together, all the way.®

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LEVEL FUNDINGSM

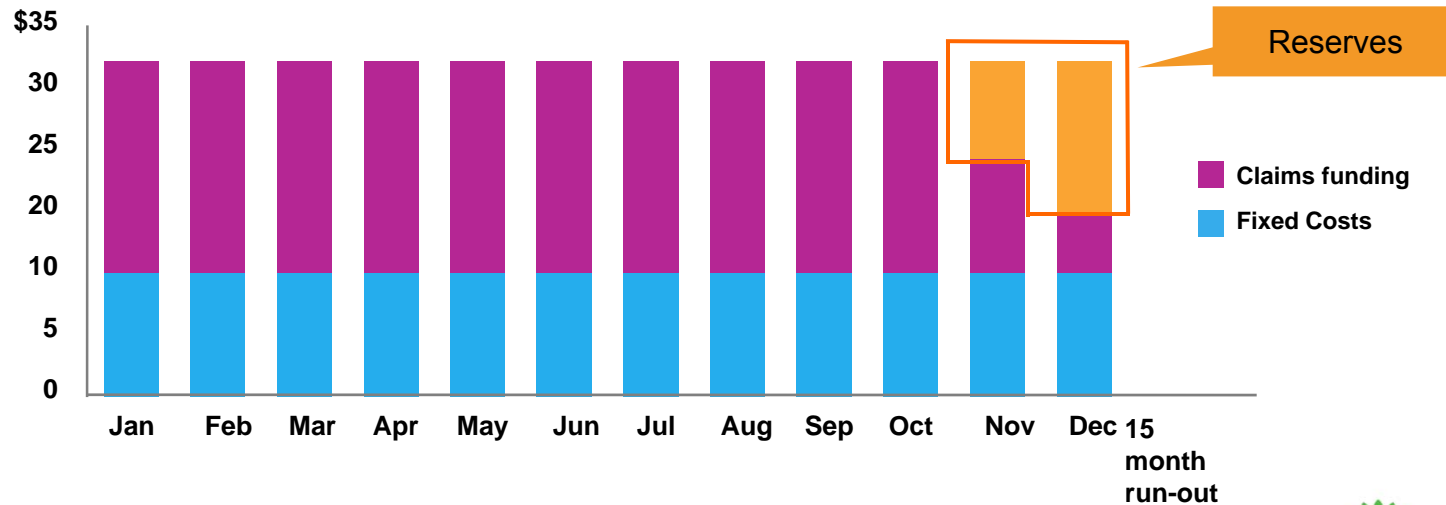


Level Funding details

- **Preset, level monthly payments** – client pays fixed costs + claims
- **Savings potential** – if claims run under the annual claims funding, the client is rewarded with 1/2 or 2/3 of the surplus to be applied to the subsequent year's premium
- **No deficit carry forward** - if the client were to run a deficit (instead of a surplus), this is a loss to Cigna and the client is not held responsible. The next year resets as a clean slate.
- **No reserves** – walk away at termination, no strings attached . Terminal liability is pre-funded and run-out coverage is 15 months post-termination
- **Detailed monthly reporting** – allows the client to know where their money is going, how it's being used and how they can reallocate those funds to maximize their investment in their medical plan.

Total costs

\$ Thousands



*Surplus Share arrangements vary and may be impacted by state regulations. Includes 3/3 option, 1/2 option, and 100% option in TX.



LEVEL FUNDINGSM BASICS – KNOW WHAT YOU OWE

BASICS

- Self-funded contract
- Integrated ISL and ASL with medical plan
- Prompt reimbursement on stop-loss
- Client pays a predictable, fixed monthly stop-loss premium and claims funding amount
- Claims funding includes terminal liability
- Client specific reporting/transparency
- Typically 110% attachment

ADVANTAGES

- Participate, or share, in claim experience. Employers can receive either ½ or 2/3rds (100% exception only) of the savings if actual claims are less than expected.
- No deficits carried forward
- Premium Tax savings
- Cigna pays run-outs after termination; the client is not liable for any additional cost after termination
- Plan design flexibility

THINGS TO KNOW

- Bank account set up
- Client must renew and stay through 16th month to receive surplus
- Surplus amount adjusted for terminal fund
- Reporting for employer mandate



Level Funding – billing

- **General Info**

- We do not send a paper bill or email
- Preference is ACH but can get 1-year exception to pay by check (for level funding)
- Eligibility changes made after the 25th of each month will appear as adjustments on the following month's premium statement

- **Fixed Costs**

- Statements are available for view on the 10th of each month, these bills are for current month due. The October statements are viewable on October 10th.
- The premium transfer occurs on the 20th of each month unless that is a bank holiday, then the tap will occur the next business day.
- We post on CRP on the 10th, tap on the 20th (in-month)

- **Claims**

- Monthly Claims Transfer-Claims are paid from the 1st through the last day of the month and transfer around the 20th of the following month. IE: Claims paid from September 1st through September 30th will tap on October 20th
- Monthly claims transfers will combine with the fixed costs to occur on the same day.



LEVEL FUNDINGSM – FIVE THINGS TO REMEMBER

1

Know what you owe – consistent monthly payment that includes terminal coverage for 15 months

2

Opportunity to share in savings if claims run well, and you don't pay more if claims run worse than expected

3

Premium tax and health industry fee savings

4

No deficits that carry forward from year to year

5

Experience – self-funded sales and underwriting experts since 2008





GRADED FUNDINGSM



GRADED FUNDINGSM DETAILS

FIXED COSTS

- Fixed + (expected claims x 125% attachment) = the most a client will pay, maximum costs
- Client pays **preset fixed costs** each month of policy year, which include administrative costs, individual and aggregate stop-loss premium
- Client **pays for only the claims incurred** up to their aggregate stop-loss limit, which means payments fluctuate each month

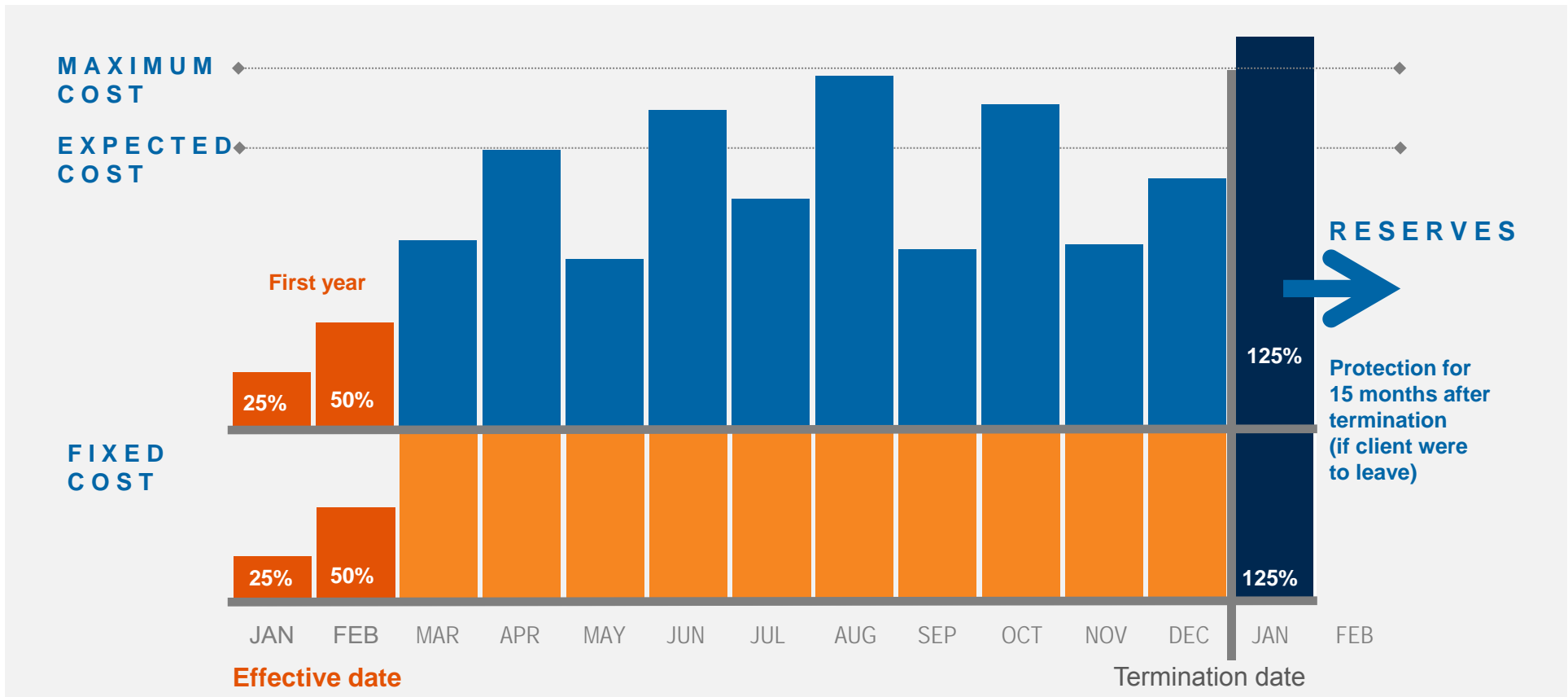


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GRADED FUNDINGSM MONTHLY ACCOMODATION EXAMPLE

- **Deficits from previous months can be pulled forward into future months**

- If claims are low in later months and a “surplus” is created, deficits from earlier in the year can be pulled forward and recaptured
- Clients may pierce the aggregate limit early in the year and when claims run low later, clients fund for deficits from earlier in the year (up to the aggregate limit)

- **Client’s liability is always capped by the total aggregate limit**

Assume our client from Example #2 runs well in May with low claims – what will happen?

- **Looking at May:** total aggregate = \$100,000; total paid claims = \$107,000

- **Cigna will collect \$20,000** from the client
- \$17,000 in paid claims plus \$3,000 from prior months’ deficit
- Client capped by the total aggregate limit of \$100,000 (as of the end of May)

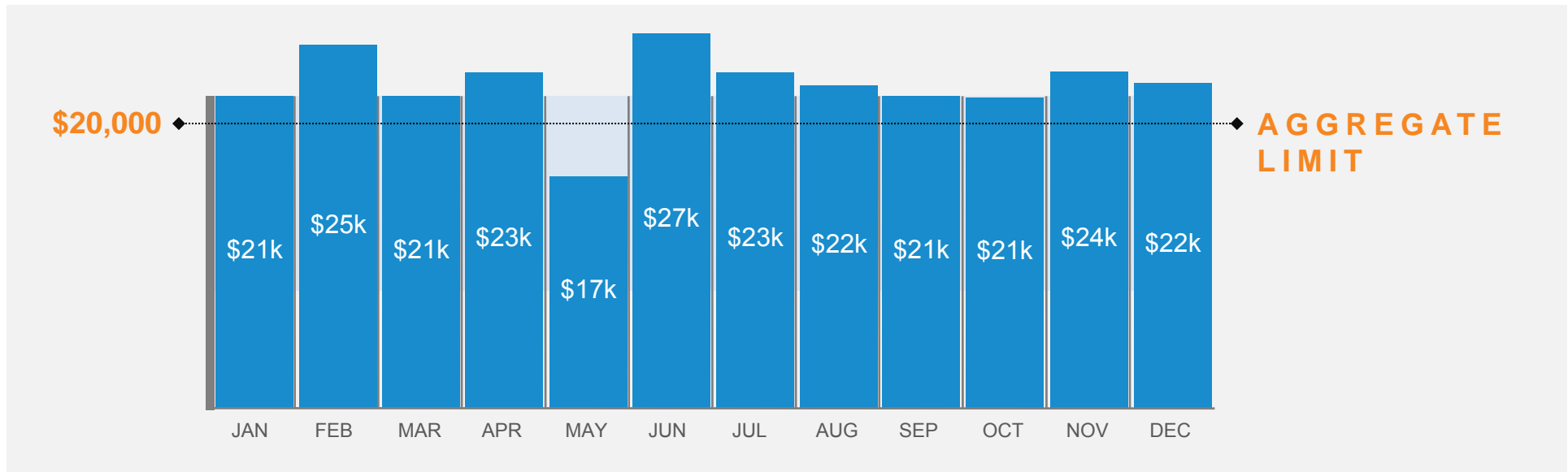


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Graded Funding: Proposal

	Medical Minimum Costs	Medical Expected Claims	Medical Maximum Claims	Medical Expected Costs	Medical Maximum Costs
2013 Apr	\$5,925	\$9,194	\$11,492	\$15,119	\$17,417
2013 May	\$11,850	\$18,388	\$22,985	\$30,237	\$34,834
2013 Jun	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
2013 Jul	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
2013 Aug	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
2013 Sep	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
2013 Oct	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
2013 Nov	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
2013 Dec	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
2014 Jan	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
2014 Feb	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
2014 Mar	\$23,699	\$36,776	\$45,970	\$60,475	\$69,669
In Year Liability	\$254,767	\$395,339	\$494,173	\$650,105	\$748,940
Reserve Liability	\$29,624	\$45,970	\$57,462	\$75,594	\$87,086
Total	\$284,391	\$441,308	\$551,635	\$725,699	\$836,026



Graded Funding: Proposal

Month 1						
	Admin. Fee	Individual Stop Loss	Aggregate Stop Loss	Insurance & Admin. Costs	Attachment Factor	Maximum Liability
Employee	\$14.88	\$33.83	\$2.27	\$50.98	\$104.54	\$155.52
Emp + Spouse	\$34.13	\$77.60	\$5.21	\$116.94	\$239.82	\$356.76
Emp + Child(ren)	\$28.20	\$64.14	\$4.31	\$96.65	\$198.22	\$294.87
Emp + Family	\$41.54	\$94.44	\$6.34	\$142.32	\$291.89	\$434.21

Month 2						
	Admin. Fee	Individual Stop Loss	Aggregate Stop Loss	Insurance & Admin. Costs	Attachment Factor	Maximum Liability
Employee	\$29.76	\$67.66	\$4.54	\$101.96	\$209.09	\$311.05
Emp + Spouse	\$68.26	\$155.20	\$10.42	\$233.88	\$479.65	\$713.53
Emp + Child(ren)	\$56.41	\$128.27	\$8.62	\$193.30	\$396.44	\$589.74
Emp + Family	\$83.07	\$188.89	\$12.68	\$284.64	\$583.78	\$868.42

Month 3 - 12						
	Admin. Fee	Individual Stop Loss	Aggregate Stop Loss	Insurance & Admin. Costs	Attachment Factor	Maximum Liability
Employee	\$59.51	\$135.31	\$9.09	\$203.91	\$418.18	\$622.09
Emp + Spouse	\$136.51	\$310.39	\$20.85	\$467.75	\$959.30	\$1,427.05
Emp + Child(ren)	\$112.82	\$256.54	\$17.23	\$386.59	\$792.87	\$1,179.46
Emp + Family	\$166.14	\$377.78	\$25.37	\$569.29	\$1,167.56	\$1,736.85

Graded Funding – billing

- **General Info**

- We do not send a paper bill or email
- Eligibility changes made after the 25th of each month will appear as adjustments on the following month's premium statement

- **Fixed Costs**

- Statements are available for view on the 10th of each month, these bills are for current month due. The October statements are viewable on October 10th.
- The premium transfer occurs on the 20th of each month unless that is a bank holiday, then the tap will occur the next business day.
- We post on CRP on the 10th, tap on the 20th (in-month)

Banking Reports & Claim Reports are available for all claim transfer frequencies. These reports are updated in the portal daily.



Graded Funding – claims tap frequency / deposit amount

- **Fixed Costs**

- always tapped monthly

- **Daily Claims Taps**

- premium deposit = 1 month fixed cost, credited back on first bill
- Claims are paid and the transfer and claims information will be available in the Client Resource Portal the next business day. The transfer will occur 2 days after the claims are paid, unless that is a bank holiday.

- **Weekly Claims Taps**

- credit risk deposit = ½ month expected cost, held til termination (offsets TLO)
- Claims are paid from Monday-Sunday. On the following Monday the transfer information will be in the Banking Reports area of the Client Resources Portal. The transfer would then be on Tuesday unless that is a bank holiday.

- **Monthly Claims Taps** (only allowed for groups <100)

- credit risk deposit = ½ month expected cost, held til termination (offsets TLO)
- Monthly Claims Transfer-Claims are paid from the 1st through the last day of the month and transfer around the 20th of the following month. IE: Claims paid from September 1st through September 30th will tap on October 20th
- Monthly claims transfers will combine with the fixed costs to occur on the same day.



GRADED FUNDINGSM – FIVE THINGS TO REMEMBER

1

Pay as you go – pay for actual claims each month and keep any savings

2

Lower costs the first two months

3

Premium tax and health industry fee savings

4

Access to data to help drive meaningful plan design changes

5

Experience – more than 25 years of providing self-funding solutions to help smaller employers



Comparison Level and Graded Funding

Feature	Level Funding	Graded Funding
Client Savings	Year End Reconciliation - Cigna keeps a portion - Must renew to get credit	Immediate Savings -Client keeps 100% of savings regardless of renewal
Reserves	Cigna holds reserves	Client holds reserves; Cigna holds credit risk deposit to offset terminal claims
Costs	Higher fixed costs (uses actual lives for billing purposes); Fixed monthly payment	Lower fixed costs (uses lagged lives for claims billing purposes); Fluctuating monthly payment
Banking Frequency	Monthly	Monthly, weekly or daily for claims (fixed costs always monthly)
Attachment Corridor	10% (typically, may vary by state)	25%
Deficit Carryforward	Does not apply	Available (terminal deficit carry-forward always included)
Minimum Attachment	Does not apply	Available

CONSULTATIVE REPORTING AND INSIGHTS

Cigna provides actionable information to help you manage your health care investment

- Comprehensive reporting and insights on plan performance in key areas:
 - Utilization reporting to track trends
 - Health & wellness engagement
 - Preventive care utilization
 - Gaps in care
 - Clinical program performance and more
- Benchmark and compare results with similar employers or geographies
- Opportunity assessment and strategies personally delivered by your Cigna team
- Data that is translated into information and recommendations that can be used to help reduce your costs and improve your employees' health



FINANCIAL REPORTING

Cigna's client resource portal provides information regarding fund transfers, paid claims and a summary of expenses

ONLINE REPORTS

- View actual claims experience against stop-loss levels
- Display frequency of funds drawn from client bank account and upcoming transfers
- Track accumulation of claim payments drawn from client bank account
- Summary of claims paid for selected date ranges
- Query paid claims by subgroup or class.
- Summary of pharmacy expenses

BASIC SUMMARY OF EXPENSES

Paid Date Range: 08/01/2010 to 08/31/2010
Report Run Date: 04/18/2011

Plan	Benefit Type	Occurrences	Amount Charged	Amount Not Covered	Deductible / Co-Insurance	Would Pay Before COB	COB Savings	Net Paid Amount
All	EE Medical	33	\$287.57	\$38.75	\$33.79	\$215.03	\$0.00	\$215.03
All	CH Medical	47	\$1,466.00	\$73.30	\$208.90	\$1,183.80	\$0.00	\$1,183.80
Sub Total:			\$1,753.57	\$112.05	\$242.69	\$1,398.83	\$0.00	\$1,398.83

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HEALTH PAID CLAIMS REPORT

Report Run Date: 04/15/2011

Group:

Selection Criteria

Specific: Stop Loss: Non-Pooled	Member ID: Not Entered
Paid Date Range: 08/01/2010 to 08/31/2010	Claim Types: All
Incurred Date Range: Return Any Dates	Claim ID: Not Entered
Subgroups: All	Claim Amount: Not Entered
Classes: All	Column Sorting: Subgroup, Member Last Name, Relationship, Paid Date
Plans: All	

Class ID	Plan Desc.	Member ID	Member Name	Patient First Name	Patient Rel. Code	Claim Type	Paid Date	Incurred Date	Paid Amount	Claim ID
A001	Performance Pharmacy Base				CH	Contracted	08/13/10	05/20/10	\$11.00	
A001	Performance Pharmacy Choice				EE	Contracted	08/13/10	08/02/10	\$80.50	
A001	Performance Pharmacy Choice				EE	Contracted	08/13/10	08/04/10	\$0.50	
A001	Performance Pharmacy Choice				EE	Contracted	08/13/10	08/02/10	\$036.73	
A001	Performance Pharmacy Choice				EE	Contracted	08/12/10	08/02/10	\$125.23	
A001	Performance Pharmacy Choice				EE	Contracted	08/13/10	08/02/10	\$207.84	
A001	Performance Pharmacy Choice				EE	Contracted	08/13/10	08/05/10	\$8.19	
A001	Performance Pharmacy Choice				EE	Contracted	08/13/10	08/02/10	\$743.62	

CASH FLOW SUMMARY REPORT

Cumulative Attachments:
Month: 02/01/2011
Amount: \$0.00
Month: 03/01/2011
Amount: \$0.00

Benefit Payments	Cumulative Payments	Adjusted Deficit	Claims Transfer Addition	Claims Transfer Adjustment	Claims Transfer Balance	Claims Transfer Amount	Claims Transfer Date	Premium Transfer Amount	Premium Transfer Date
\$153.00	\$304.00	(\$153.00)	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	

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