

# Level Funding<sup>SM</sup>

know what you owe



Level Funding from Cigna is a type of self-funding unique to the marketplace. It combines financial predictability and the control and information you want, with an opportunity to benefit from a positive claims year. Let's take a closer look at the reasons Level Funding is so effective.

### Predictability

One of the many reasons employers select Level Funding is because of the predictability it offers through:

**Preset monthly payments** – based on the number of covered employees, the total cost represents the maximum you will pay:

- Payments do not fluctuate based upon claims experience.
- Total cost is comprised of claims funding<sup>2</sup>, premium and administrative fees.

**Prefunded terminals** – collected in your first year, terminal funds cover claims incurred prior to termination and submitted afterward, so you know your costs up front, and there are no surprises.

### Detailed reporting

**Client-specific claims reports** – a standard feature for every Level Funding client is online access to client specific monthly health plan performance reports that track exactly how claims dollars

are being spent. Your Cigna sales representative can help you use these reports to determine if and where to make plan design changes that control costs now and in the future.

### Savings potential

Cigna determines an annual claims amount based on your plan design and number of employees. When your employees' claims are less than the annual claims funding, your company benefits by receiving year-end administrative fee credits (minus any necessary terminal fund adjustment) – putting a portion<sup>3</sup> of that money back into your pocket.

### Flexibility in plan design

Level Funding allows you to make sure your plan design fits and grows with your employees.

- You choose the plan that fits your employees' needs.
- You have the ability to change your plan based on the information presented in health plan reports.

### Year-end accounting examples

#### Claims run favorably

Annual claims funding	\$200,000.00
Paid claims	(\$160,000.00)
Change in terminal fund	(\$4,000.00)
<b>RESULT</b>	<b>\$36,000.00</b>

Any required increase will be funded from the employer's claims experience.

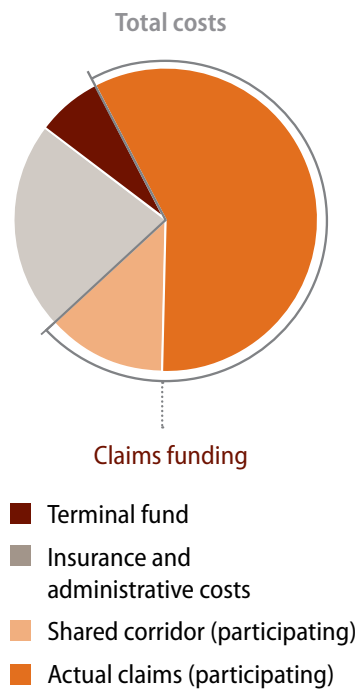
#### Claims run unfavorably

Annual claims funding	\$200,000.00
Paid claims	(\$240,000.00)
Change in terminal fund	(\$4,000.00)
<b>RESULT</b>	<b>(\$44,000.00)</b>

Cigna funds the required \$4,000 increase to the terminal fund, and the \$40,000 deficit is covered under stop loss insurance.

In the event an increase is needed in an unfavorable claims year, Cigna places additional funds into the account. The deficit is not carried forward and there are no additional charges at the time of reconciliation.





Please contact your Cigna sales representative for more information.

### Self-funding benefits that are already included

Consider the additional benefits you receive with all Cigna self-funded plans including Level Funding. The ability to provide:

- **Maximize benefit dollars** – Self-funding allows you to have more control over your benefits budget, and your savings can be used however you choose.
- **Flexibility in plan design** – Self-funded plans are governed only by the federal Employee Retirement Income and Security Act (ERISA), and you decide which benefits to include in your plan. This greater flexibility can help save you money.
- **A uniform benefits program in multiple states** – Self-funding allows you to offer the same benefits program to employees in all states.
- **Claim fiduciary services** – Cigna is the ERISA claim fiduciary and decides on the final ERISA appeals of denied claims. If the denial is overturned, the claim is processed and paid just like any other claim according to the plan's benefits and stop-loss insurance arrangement. For example: The plan is responsible for claims below the stop-loss and Cigna covers amounts over the stop-loss limits.

- **Stop-loss coverage** – Cigna works with you to set maximum monthly costs to protect you from catastrophic claims situations.

### The Cigna advantage

All of the Cigna extras you've come to expect and count on are also available with Level Funding:

- Access to a proprietary network soon to exceed 650,000 health care professionals and over 56,000 hospitals and facilities.
- Award-winning disease management programs.
- Personal health and wellness profiles, education and support.
- Interactive online resources, including tools to compare costs, track health goals.
- Customer service line.

### Expanding your ability to provide for your employees

With Cigna, the choice extends beyond funding options to the health care plan that's the best fit for you. We provide you with the tools and empower you to make your plan work for you and your employees. For more information about Level Funding, its many benefits and how we can offer the right health benefits solution for your company, please contact your Cigna representative.

**Cigna's self-funding solutions have been around for more than 25 years, proving to companies with fewer than 250 employees<sup>4</sup> that it's possible to improve health and save money when claim costs go down.**

<sup>1</sup> In some markets to employers with as few as 25 employees. By state law, clients in New York, North Carolina, Oregon, Tennessee and Vermont must have 51 employees to participate.

<sup>2</sup> Monthly Claims Funding (MCF) is the maximum monthly claim liability (as determined pursuant to the stop-loss policy).

<sup>3</sup> In some states, participation arrangement may vary. See your sales representative for further details.

<sup>4</sup> Cigna offers group insurance coverage to employers with 51–250 employees, as well as administrative services for self-insured plans. In most states, Cigna administers self-insured plans for employers with as few as 25 employees. In New Hampshire, New York, North Carolina, Oregon and Utah, Cigna offers self-insured plans only for employers with more than 50 employees.

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