

CIGNA LEVEL FUNDING

For employers with fewer than 500 employees

Cigna Level FundingSM is an innovative self-funding solution. It combines financial predictability with flexibility and employer-specific data, all while providing the opportunity for savings when claims run favorably. Cigna's self-funding solutions have been working for 30 years, proving to companies with fewer than 500 employees¹ that it's possible to improve health and save money when claim costs go down.

63 % of Cigna Level Funding clients

receive a surplus at the plan year end²

6 + years

is the average time Cigna clients with fewer than 500 employees are in a Cigna-administered self-funded plan³

Predictability is a great place to start

- › Your company makes preset payments (maximum costs) each month.
- › Regardless of claim activity from month to month, your costs will not fluctuate (except to adjust for enrollment shifts).
- › Total costs are based on claims funding,⁴ plus stop-loss premium and administrative fees.
- › Terminal funds collected in your first year cover claims incurred prior to termination and submitted afterward (which means you'll know your costs up front, eliminating surprises).

The flexibility to change your plan design

- › We'll work with you to design a plan that can help lower your costs. You can change and adjust your plan to meet your employees' evolving needs.
- › Most self-funded plans are not subject to state benefit mandates, giving you more control over which benefits are included in your company's plan.⁵
- › Cigna Level Funding solutions work with any Cigna plan design (including traditional and consumer-driven plans).

Together, all the way.[®]



Offered by Cigna Health and Life Insurance Company.

Year-end accounting examples: It's a win-win situation

Claims run favorably	
Annual claims funding	\$200,000.00
Paid claims	(\$160,000.00)
Change in terminal fund	(\$4,000.00)
SURPLUS	\$36,000.00

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)
DEFICIT paid by Cigna stop loss insurance	\$44,000.00

Cigna funds the required \$4,000.00 increase to the terminal fund. The deficit is not carried forward and there are no additional charges.

Explore the opportunity for savings

- › Cigna determines your annual claims amount based on your plan design and the number of covered employees.
- › If your employees' claims are lower than expected, you'll get 50% or more of your savings back when you renew.
- › If claims are higher than expected, you won't have to pay more.

Detailed reporting helps you make smart decisions

- › You'll have online access to monthly claims reporting that tracks exactly how claims dollars are being spent.
- › Your Cigna representative will help you use these reports to determine potential plan changes that help control costs now and in the future.

LEVEL FUNDING COMES WITH STOP LOSS INSURANCE

- › Helps protect your company from catastrophic claims situations.
- › Helps your company avoid exposure to gaps in coverage between separate carriers.

Advantages of Cigna Level Funding

- › **Maximize benefit dollars.** You'll have more control over your benefits budget, and your health plan savings can be used however you'd like.
- › **Same benefits in multiple states.** With self-funding, you can offer the same program to employees in all states.⁵
- › **Claim fiduciary services.** For plans governed by ERISA, 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.

Cigna Level Funding offers potential savings – plus the peace of mind that stop loss insurance provides.



Call your broker or Cigna representative for more information.

1. In most states, Cigna offers group insurance coverage to employers with more than 50 full-time employees, as well as administrative services for self-funded plans with as few as 25 full-time employees.

2. For those clients who have been with Cigna 3+ years, as of December 2018. Results will vary.

3. Cigna internal data as of December 2018.

4. Monthly claims funding (MCF) is the maximum monthly claim liability (as determined pursuant to the stop-loss policy).

5. State mandates may apply to the stop-loss policy as well as Non-ERISA health plans.

Product availability may vary by location and plan type and is subject to change. All stop-loss insurance policies and health benefit plans contain exclusions and limitations. For costs and details of coverage, contact your Cigna representative.

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