

ADVANTAGES TO THIRD PARTY ADMINISTRATORS

For companies with fewer than 250 employees, finding the right health coverage can be a challenge. Many employers are interested in self-funding for transparency, flexibility and cost savings. Since most major health care companies only offer these products to the larger groups, employers may have considered a Third Party Administrator (TPA) to manage their self-funded plan.

Did you know that Cigna uniquely offers multiple funding solutions to employers with fewer than 250 employees? Why rely on Third Party Administrators when Cigna brings greater access to care, lower costs of claims, stronger financial protections, and a fully integrated service and medical management model?

Areas to consider ...

Access – provider network

TPAs rent access to provider networks to accommodate each of their clients' needs. Cigna, instead, owns a national network that customers utilize, which allows greater access and lower claim costs through superior discounts.

Greater access:

- Cigna's network will soon exceed 650,000 health care professionals and 5,600 facilities nationwide.
- All customers are able to access the same network regardless of where they live.
- Online tools can locate health care professionals close to home and provide cost and outcome comparisons.

Lower claim costs:

- Cigna networks can typically save an average of 10 to 15 percent more than a TPA rental network.
- Cigna's administrative systems prevent duplicate claims, and providers billing in excessive amounts, and identify claim negotiation opportunities and other cost saving measures.

Pharmacy network

TPAs typically offer pharmacy plans through outside Pharmacy Benefit Managers. These Rx vendors are not integrated into the clients' Medical Outreach programs and thus cannot support early identification of disease.

- Cigna manages its own pharmacy network and program.
 - The specialty pharmacy program negotiates discounts off retail prices for even non-covered prescriptions.
 - An integrated pharmacy program relies on a variety of other medical information to identify health issues early and monitor more thoroughly.

Choice – contractual protection

Stop-loss protection for employers that have under 250 employees is crucial. When a client accesses a TPA for benefit services, the stop-loss or insurance contract must be bought from an outside reinsurer. These outside insurers are more apt to write policies for large employer groups, leaving many unnecessary, and sometimes unforeseen, financial liabilities to employers in this size market.

- A Reinsurer’s contract, bought through a TPA, may include:
 - Lasers – potential large claimants, identified very close to the policy effective date, will be given a higher specific stop-loss amount
 - Long lag times on large reimbursements to the client on stop-loss claims
 - Terminal protection may not be included at all, or may not be predetermined at sale
 - Limitations on maximum reimbursement for claim types, such as transplants
 - Limitations on an individual lifetime stop-loss payment amount, which may not match the benefit design

- Disclosure statement may be required very close to the effective date that could cause rates to shift at the last minute
- May not include monthly accommodation on aggregate claims

Stronger financial protection:

Cigna, instead, owns the self-funded risk and has designed the stop-loss contracts specifically to protect an employer with fewer than 250 employees in all the right ways.

Cigna’s stop-loss contract:

- Does not include mandatory lasers on new sale or renewal
- Does include immediate reimbursement on stop-loss claims
- Either no terminal liability or preset terminal liability (depending on the self-funded product selected)
- Monthly accommodation on attachment
- Financials presented and billed on a “mature” basis in the first year, eliminating the need for a maturing factor at the first renewal
- Final rates may be determined 60 days or more before the effective dates

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Health and wellness

A TPA will typically hire a vendor to handle Medical Outreach services such as Disease Management and Wellness programs. In order for the outside vendor to become familiar with pharmacy patterns, precertifications, diagnostic codes and other information, reporting will have to be sent from both the TPA and PBM. This process does not allow for seamless integration, jeopardizing the health and productivity of customers and also any cost savings.

Cigna manages a fully integrated Health and Wellness model allowing for early identification, programs to maintain wellness and the ability to effectively manage disease and chronic cases of customers. As part of this model, Cigna offers online health assessments, on-site biometric screenings and the industry-leading Trend Management System.*

Service

A Third Party Administrator has to service a plan that is made up of many pieces all run by different vendors – the plan design administration, a PBM, a reinsurer, disease management vendor, rental network, and any other ancillary products offered. There may also be additional charges for service hours or materials through a TPA.

Cigna has all these services integrated under one roof.

- Easy online client administration and bills.
- Enrollment materials, ID cards, employee communication tools and robust reporting at no additional cost.
- Customer service staff or voice response systems available 24/7.
- Robust reporting – best in class at no additional cost.

To learn more about what Cigna self-funded products can do for you and your clients, contact your Cigna representative.



Trend Management System(TM) is included with the Healthy Frontiers® wellness package.

Self-funded plans are available 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 in self-funding. Please contact your Cigna representative for details.

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