

# Graded Funding<sup>SM</sup>

pay as you go



Graded Funding offers a protective self-funding experience by conserving cash flow. You only pay for what you use, when you use it and costs are aligned with the claim flow patterns throughout the life of the plan. Flexibility to adjust benefits as your company's needs change along with Cigna's health and wellness offerings means you have control of your health plan.

## Features include:

**Graded Funding is a good fit for a client who:**

- Understands the self-funding concept well.
- Wants to keep 100 % of unused claim dollars with the understanding that they may take on a little more risk to do so.

### True "pay as you go" self-funding

- You pay a fixed cost each month plus actual claims, up to stop-loss thresholds. If claims are low during a particular month, you benefit immediately with lower cost – and you get to keep ALL unused claim dollars to use later in the year or as immediate plan savings.

### Immediate funding and unique billing

- Cigna offers a protective self-funding experience unlike that of any other national carrier, so you'll know your maximum costs for the year and be able to budget.
- Cigna adjudicates and pays claims to health care professionals on your behalf, then collects the portion that is your company's responsibility at the end of the month preserving cash flow.

### Simplified costs throughout the life of the plan

- In the first year, month-one and-two costs are graded, lining up with typically low claims months in the first year.
- Terminal costs are outlined up front and since you hold the reserves you can adjust funds as needed.

### Insight

- **Robust online reporting** – Client-specific monthly reporting lets you track exactly how claims dollars are being spent. Reports, along with help from your Cigna client manager, help to determine if and where to make plan design changes. The online reports also provide insight into long-term impacts of plan adjustments and highlight opportunities for employee education.
- **Transparent renewal story** – Cigna incorporates your own employees' claim experiences\* when calculating the renewal so you save money immediately and in the future when claims are low. Additionally, our renewals use your stop-loss limit as the pooling point, providing predictable renewals tailored to your company demonstrating Cigna's commitment to a partnership with your broker.

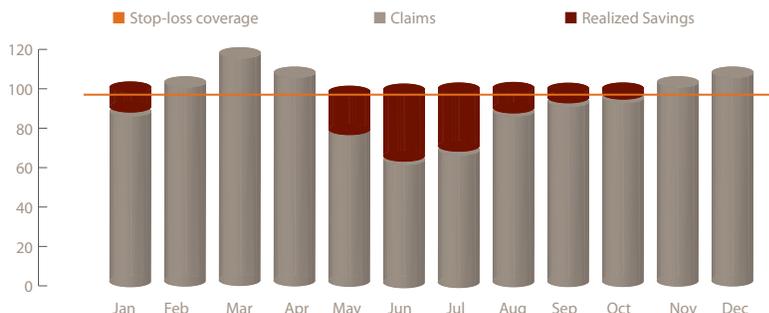
### Flexibility

- **Move up and down the risk-versus-reward spectrum** – Flexible individual stop-loss limits help find the perfect fit for your company.
- **Choosing the right plan design** – Graded Funding is available with any of our traditional or account-based plans with the freedom to make benefit changes throughout the year.



## Control

- **Fully integrated stop-loss protection** – Individual stop-loss provides immediate coverage when any one of your employee's claims is higher than the individual stop-loss limit (pooling point). In addition, aggregate stop-loss with monthly accommodation protects you when your company's total plan claims exceed the aggregate limit.
- **Paired with Cigna's health and wellness offerings** – you can further control costs and realize additional claim savings. The reporting capabilities available with Graded Funding also clearly demonstrate the positive results of Cigna's wellness and care management programs.



## Self-funding benefits already included

Consider the additional benefits you receive with all Cigna self-funded plans, including Graded Funding.

- **Consolidated administration** – provides strong national network, fully integrated medical management and “no-holes” stop-loss coverage with automatic terminal protection.
- **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.
- **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.

Cigna's self-funding solutions have been around for more than 25 years, proving to companies with fewer than 250 employees<sup>2</sup> that it's possible to improve health and save money when claim costs go down. Contact your Cigna sales representative for more information.

<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> 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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