

GRADED FUNDING



Pay as you go – Available to employers with more than 50 full-time employees.*

Graded FundingSM offers clients a self-funding experience with stop-loss protection. Clients pay for claims as they are incurred, so costs are aligned with claim flow patterns throughout the life of the plan. Plus, the flexibility to adjust benefits as your company's needs change means you have control of your health plan.

Here's how it works

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.

Graded Funding advantages

- › Insurance protection with individual and aggregate stop-loss.
- › Improved cash flow through prompt stop-loss reimbursement. Clients fund claims but only pay for claims below stop-loss thresholds.
- › Savings on premium tax and the Health Insurance Industry Fee required by PPACA.
- › Access to client-specific monthly reporting to see how dollars are being spent.
- › Flexibility in plan design and stop-loss coverage to help clients find a funding arrangement which is the perfect fit for their organization.
- › Health and wellness programs help further control cost and realize additional claim savings.

Helping you administer your self-funded plan

- › A full spectrum of risk-versus-reward plan designs and flexible stop-loss limits make it easier to find the right plan.
- › When paired with Cigna's health and wellness programs, you can help keep costs lower. The reporting capabilities available with Graded Funding also clearly demonstrate the positive results of Cigna's wellness and care management programs.

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.
 - › One-on-one consultative support from health improvement strategists, who will work with you to build a customized health improvement strategy tailored to your unique needs.
 - › Health improvement strategists also help clients evaluate plan performance throughout the year and find new ways to proactively reduce unnecessary costs caused by modifiable behaviors.
- 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 insurance coverage with automatic terminal protection.
 - › Claim fiduciary services – Cigna is the ERISA claim fiduciary and handles the appeals 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 agreement and Cigna covers amounts over the stop-loss limits.

Together, all the way.®



“Grading” the funding

With self-funding, in the first two months, you pay a little less to offset costs you may have from your prior plan. When clients move to a new carrier, first year claims are immature due to claims lag; months one and two have lower paid claims where as months three through twelve have full, mature claims being paid.

Graded Funding		
25% of fixed costs and mature claims in month one	50% of fixed costs and mature claims in month two	100% in months three through twelve ; resulting in client paying 10.75 months of fixed costs and mature claims in their first year

Client Liability Example			
	Fixed costs	Maximum claims	Maximum costs
2016 January	\$5,000	\$10,000	\$15,000
2016 February	\$10,000	\$20,000	\$30,000
2016 March–December	\$20,000	\$40,000	\$60,000
In year liability	\$215,000	\$430,000	\$645,000
Termination liability	\$25,000	\$50,000	\$75,000
Total	\$240,000	\$480,000	\$720,000

Example used for illustrative purposes only.

Self-funding dental

Cigna has introduced a wide variety of self-funded dental plans and Cigna’s DPPO plans provide access to the largest network of dentists contracted to discounted fee arrangements.** Cigna dental plans focus on prevention and include a 1% discount on medical claims when you buy both Cigna coverages.*** Cigna is dedicated to individuals’ oral and overall health and can help deliver sustainable cost control through improved health and productivity.



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



* Product availability may vary by plan type, group size and location, and is subject to change. 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. For more information, contact your Cigna sales representative.

** NetMinder. DPPO data as of March 2014, including combined reported Cigna Dental Radius Network® and Dental Network Savings Program counts of unique dentists. Data is subject to change. The Ignition Group makes no warranty regarding the performance of the data and the results that will be obtained by using.

*** A 1% medical underwriting decrement is applicable with the purchase of a Cigna Dental. Subject to approval.

All stop loss insurance policies and health benefit plans contain exclusions and limitations. For costs and complete details of coverage, contact your Cigna representative.

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