

SELF-FUNDING CONSUMER DRIVEN HEALTH PLANS HEALTH IMPROVEMENT

Three components for one winning benefits strategy.

Over the last few years, many smaller employers have relied on a short-term strategy of reducing benefits for the upcoming plan year and increasing employee contributions. While this might get some employers through the next year, it's not a sustainable solution. What they really need is a long-term benefits strategy that sets the wheels in motion to deliver improved health and lower costs.

A sustainable strategy combines three strong components:

- ▶ A self-funding plan with client reports and opportunities to save money when claims are lower
- ▶ A consumer-driven health plan with a focus on health to deliver high rates of engagement and savings
- ▶ A health improvement strategy that is highly personalized and helps employees make healthier decisions

The following takes a closer look at the value each of these components and how they help provide a better experience, better health and a better bottom line.

Self-funding

Self-funding an employee health benefits plan is a long-term strategy that can help employers save money, better understand their health care expenses, and have more control over how dollars are spent. Self-funding can offer employers financial and operational advantages, including:

- ▶ Plan design flexibility allows an employer to create a plan that covers all employees in every state, regardless of state benefit mandate requirements
- ▶ Employer pays for actual claims and directly benefits from a good claims experience

- ▶ Improved access to company-specific data helps employers manage costs and make better product and plan design decisions
- ▶ Stop-loss coverage protects from higher than expected costs
- ▶ Increased savings opportunities are available when health improvement strategies are combined



Consumer-driven health plans

Employers who make consumer-driven health plans (CDHPs) part of their benefits strategy may find higher rates of plan satisfaction, engagement and sustainable cost savings. CDHPs can be designed to shift behaviors, not costs, giving smaller employers numerous benefits:

- ▶ Combines a qualified high deductible health plan with a tax advantaged account that an individual can use to pay for eligible health care expenses
- ▶ Helps individuals become more actively involved in making their own health care decisions
- ▶ Increased visibility of actual health care costs, along with a vested interest in preserving personal account funds, can help motivate individuals to spend more wisely



Health improvement plans

Employers are focusing on health improvement programs to help employees identify issues and engage in healthier behavior to help reduce health risks and prevent catastrophic events. To date, 75% of smaller employers offer at least one wellness program.¹ Few, however, offer a culture of well-being.

Together, all the way.SM



Offered by: Cigna Health and Life Insurance Company, Connecticut General Life Insurance Company or their affiliates.

Health improvement plans are usually designed to meet the needs of an employer and its employees, and can include the following:

- › Wellness committees
- › Biometric screenings
- › Personal health coaching
- › Weight loss and management
- › Tobacco cessation
- › Preventive screenings
- › Educational seminars and webinars
- › Flu shots
- › Gym memberships and discounts

A culture of well-being takes health improvement one step further, enabling employers to help employees more successfully change their unhealthy behaviors. It's more than just a glossy poster of a food pyramid or a corporate discount at the local gym. Employees who

work within a culture of well-being are likely to be healthier, more productive and more "connected" to the organization's mission and goals.

Organizations that develop effective cultures of health see:

- › **11%** higher revenue per employee²
- › **28%** higher shareholder return²
- › **18-28%** lower medical costs per employee²
- › **31%** higher productivity²

Health care costs can be significantly improved, too.

- › The median health care cost trend increase for consistent "top performers" was 2.2%.¹
- › The median health care cost trend increase for "lower performers" was 10%.¹

The per-employee difference between "low" and "high" performing companies was \$2,200 – for 200 employees, that translates into a **\$440,000** cost advantage.¹

Healthy employees can be essential to a company's success.

Organizations with effective health improvement programs often experience better health – and better savings through more productive employees. According to a recent employer survey:¹

- › Top performing companies (ones that have kept health care cost increases at or below 2.2% – compared to the survey norm of 6.1% – for 4 years) did so by making significant strides in supporting a culture of well-being.
- › Employees of top performing companies pay on average \$400 less per year in premiums than low performing companies.

BRINGING IT ALL TOGETHER: THE CIGNA ADVANTAGE

By using this powerful strategy combination, smaller companies can put themselves in a win/win position to help control costs and improve employees' health. That's why Cigna brings its products and people together to customize this combined strategy to meet the specific needs of its clients and their employees.³



Flexible funding solutions

Self-funding options that can flex as a company's business grows.

Cigna offers two self-funding options:

- › Level FundingSM lets you know what you owe with the financial predictability of fixed monthly payments. In the past 12-month period, we shared **\$33** million in surplus back with our Level Funding clients.⁴
- › Graded FundingSM lets you pay as you go by paying for actual claims. **86%** of our Graded Funding clients have claims experience less than their maximum claim limits.⁵

Both options offer the opportunity to save money if claims are lower than predicted, and with client-specific claims reports, you'll know exactly how your health plan is being used and how your money is being spent. Plus, with stop-loss coverage we can help protect you from unexpected large claims.

More than **50%** of new Cigna clients choose one of our self-funding options and more than a third of our existing self-funded clients have been with us for 10 years.⁶

If you're looking to better understand your expenses and have more control over how your dollars are spent, you may be ready to consider self-funding your health plan. What's more, you can transition across funding options. Start with Level Funding and as your business needs and self-funding expertise grow, you can move on to Graded Funding on your next renewal.⁷



Consumer-driven health plan for a better experience

CDHPs that deliver savings for clients, without shifting costs to customers.

Employers can choose to offer one or both of the Cigna CDHP plans:

- › The Health Savings Account (HSA) gives employees ownership of a tax-exempt savings account they can use to invest pre-tax dollars to pay for covered health care costs.⁸
- › The Health Reimbursement Account (HRA) combines a health plan with an employer-funded HRA to help employees pay for covered health care costs.

With both options, Cigna delivers a one-stop employer and employee experience by integrating administration and any interactions with bank partners, as well as service and wellness programs.



A culture of well-being

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 work with employers to build a culture of well-being that:

- › Allows employers to understand the top health risks that are impacting their workforce.
- › Encourages employees to take greater responsibility for their health.
- › Provides resources to improve workforce health and productivity.
- › Helps both employers and employees manage medical costs more effectively.

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.

Compared to customers in traditional plans,⁹ Cigna CDHP customers have:

Better experience

- › More likely to use online cost and quality tools
- › More likely to complete health assessment
- › 41% higher engagement rate in disease management programs

Better health

- › Full-replacement CDHP customers are more likely to have better health profiles
- › 96% had consistent or higher use of evidence-based medical best practice measures in 1st year
- › Higher statistical compliance with best practice measures more than doubles in renewal year

Better bottom line

- › Savings are sustainable and over five years can cumulatively grow to \$7,900 per employee
- › 5% fewer emergency room visits
- › 3.5% lower pharmacy trend in the 1st year



Passive customer
“It’s not my
responsibility”



Active customer
“I want to manage my
health and health
spending”



Empowered customer
“I own my health”

Cigna works with clients wherever they are along the health improvement spectrum – from low engagement, where people believe health improvement is “not my responsibility,” to a culture of well-being, where employees own and manage their health.

As employees begin to feel that ownership, they can also begin to:

- ▶ See value in their health and their health plan benefits
- ▶ View health dollars as an investment – not an entitlement

Self-funding. Consumer-driven health plans. Health improvement.

These three components can help you create a sustainable, winning benefits strategy that is designed to improve individual health and productivity while achieving long-term cost savings.

For more information contact your Cigna representative or visit Cigna.com/builtforyou.

1. 17th Annual Towers Watson/National Business Group on Health Employer Survey on Purchasing the Value in Health Care, 2012, page 3.
2. Towers Watson, North American Staying @ Work Report: The Health and Productivity Advantage, 2010.
3. Cigna offers administrative services for self-funded plans with as few as 25 full-time employees in most states. For more information about your state, contact your Cigna sales representative.
4. Internal Cigna book-of-business data for Select Segment 51-250 employees, Level Funding clients, 7/1/13-7/1/14.
5. Cigna internal data for employers with fewer than 250 employees for the 2012 year.
6. Cigna analysis, annual net growth enrolled in a fully insured Cigna health plan among employers with fewer than 250 employees, 2012.
7. Some restrictions apply.
8. The taxability of HSA contributions and earnings may vary by state.
9. 8th Annual Cigna Choice Fund Study comparing Cigna Choice Fund vs. Traditional Cigna Plans, 2013.

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