



LEVEL FUNDINGSM

know what you owe

Level Funding from Cigna is an innovative self-funding solution. It combines financial predictability and the control and information you want, with an opportunity to benefit from a favorable claims year. Cigna's self-funding solutions have been working for 25 years, proving to companies with fewer than 250 employees¹ that it's possible to improve health and save money when claim costs go down.

Between 2009 and 2011:

- 63.6% of new Cigna sales were self-funded sales²
- 8+ years is the average time clients are in a Cigna self-funded plan²
- 2 out of 3 Cigna clients are in a surplus cash flow position at the plan year end³

Let's take a closer look at the reasons Level Funding is so effective.

Predictability

Level Funding offers predictability:

Preset monthly payments – based on the number of covered employees, the total cost represents the maximum you will pay:

- Payments do not fluctuate based upon claims experience.
- Total cost is comprised of claims funding³, premium and administrative fees.

Prefunded terminals – collected in your first year, terminal funds cover claims incurred prior to termination and submitted afterward, so you know your costs up front, and there are no surprises.

Detailed reporting

Level Funding offers claim spend insight. A standard feature for every Level Funding client is online access to client specific monthly health plan performance reports that track exactly how claims dollars are being spent. Your Cigna sales representative can help you use these reports to determine if and where to make plan design changes that control costs now and in the future.

Savings potential

Cigna determines an annual claims amount based on your plan design and number of employees. When your employees' claims are less than the annual claims funding, your company benefits by receiving year-end administrative fee credits (minus any necessary terminal fund adjustment) – putting a portion⁴ of that money back into your pocket.

Flexibility in plan design

Level Funding allows you to make sure your plan design fits and grows with your employees.

- You choose the plan that fits your employees' needs.
- You have the ability to change your plan based on the information presented in health plan reports.

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.

Stop Loss coverage

Cigna works with you to set maximum monthly costs to protect you from catastrophic claims situations.



Year-end accounting examples

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	(\$44,000.00)
Paid by Cigna Stop Loss	(\$40,000.00)

Cigna funds the required \$4,000 increase to the terminal fund.

The deficit is not carried forward and there are no additional charges.

Self-funding benefits that are already included

Consider the additional benefits you receive with all Cigna self-funded plans including Level Funding. The ability to provide:

- **Maximize benefit dollars** – Self-funding allows you to have more control over your benefits budget, and your health plan savings can be used however you choose.
- **Same benefits 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.

Health plan design

Level Funding solutions can be combined with any health plan design, including traditional and consumer-driven plans.

The Cigna advantage

All of the Cigna extras you've come to expect and count on are also available with Level Funding:

- Access to a broad national network of health care professionals, hospitals and facilities.
- Award-winning disease management programs.
- Personal health assessments and onsite biometric screenings, as well as a wide variety of wellness programs, education and support.
- Interactive online resources, including tools to compare costs, track health goals.
- Customer service available 24/7.

Expanding your ability to provide for your employees

With Cigna, the choice extends beyond funding options to the health care plan that's the best fit for you. We provide you with the tools and empower you to make your plan work for you and your employees. For more information about Level Funding, its many advantages and how we can offer the right health plan for your company, please contact your Cigna representative.



1. 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.
2. 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.
3. Based on Cigna 2009–2011 claims data.
4. Monthly Claims Funding (MCF) is the maximum monthly claim liability (as determined pursuant to the stop-loss policy).
5. In some states, participation arrangement may vary. See your sales representative for further details.

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