

GRADED FUNDING



Pay nothing in the first month, then only pay for what you use.

Graded FundingSM offers clients with more than 50 full-time employees* a self-funding experience with stop-loss insurance protection. Clients pay for claims as they are incurred. It also offers flexibility to adjust benefits as your company's needs change.

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

- › Pay nothing in the first month – allowing for more cash flow during transition from a prior carrier.
- › Insurance protection with individual and aggregate stop-loss.
- › Improved cash flow through prompt stop-loss reimbursement.
- › Savings on premium tax and the Health Insurance Industry Fee required by PPACA when compared to an insured health plan.
- › Access to client-specific monthly reporting to see how dollars are being spent.
- › Flexibility in plan design and stop-loss levels so you can find the perfect fit for your organization.

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 more risk to do so.

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. Standard reporting capabilities demonstrate how Cigna's wellness and care management programs can lower claims.

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

- › A health and wellness program tailored to your unique needs that can help reduce unnecessary costs caused by modifiable behaviors.
- › Consolidated administration – national and focused network options, 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.®



First month pay nothing

With Graded Funding, in the first month you pay nothing. This can help offset costs you may have from your prior plan. In months two through 12, you pay a fixed cost each month plus actual claims, up to stop-loss thresholds.

| Client Liability Example | | | |
|-----------------------------------|-------------|----------------|---------------|
| | Fixed costs | Maximum claims | Maximum costs |
| Month 1 | \$0 | \$0 | \$0 |
| Months 2-12 | \$20,000 | \$40,000 | \$60,000 |
| In-year liability | \$220,000 | \$440,000 | \$660,000 |
| Termination liability (15 months) | \$20,000 | \$40,000 | \$60,000 |

Additional termination liability periods of 12 and 6 months are available. Example used for illustrative purposes only.

Self-funding dental

Cigna has introduced a wide variety of self-funded dental plans that focus on prevention and include a 1% discount on medical claims when Cigna administers both Medical and Dental plan 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 30 years, proving to companies 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.

** A 1% medical underwriting decrement is applicable with the purchase of a Cigna Dental. Subject to approval. Not available in all states.

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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