

Cigna Choice Fund Health Savings Account

optimizing health, productivity and savings

What is a Cigna Choice Fund Health Savings Account (HSA)?

A consumer-driven health plan that lets individuals make a personal investment in improving their health and quality of life. Accompanied by an IRS-qualified, high-deductible health plan, the HSA gives individuals ownership of a tax-exempt¹ savings account they can use to put aside pre-tax dollars to pay for current or future medical, pharmaceutical, dental and other IRS-approved health care expenses. The Cigna Choice Fund HSA is administered through JPMorgan Chase, a leader in financial services and wealth management.

- Encourages individuals to take ownership of their health and conscientiously manage it like an investment
- Allows individuals to choose and use quality health care for better health
- Helps individuals practice healthier lifestyles to reduce risk and minimize disease

The Cigna Choice Fund HSA difference

Experience has proven that shifting behavior, *not cost*, is what drives **immediate and sustainable total cost savings**. Cigna understands this better than anyone in the industry. The Cigna Choice Fund HSA engages employees in making more value-oriented health care decisions, resulting in better health, lower costs and higher satisfaction. It does this through:

- Optimal program design tailored to meet your company's objectives
- Personalized health support for healthy individuals, as well as those who are at risk or facing chronic or acute conditions
- Ability to choose and use cost and quality tools that simplify choice and deliver cost savings
- Revolutionized customer experience that provides access to information and support whenever it's needed, in ways that make sense

The result is informed individuals who are more in control of their health and have the confidence to use and choose wisely, resulting in immediate and sustainable cost savings.

Features and best practices

- High-deductible health plan with combined Medical/Pharmacy deductible
- Employers can contribute to the account to encourage enrollment and promote savings
- Individual employee owns the account and has investment options
- Preventive care is covered at 100% to promote wellness and early detection
- Comprehensive incentive programs to drive desired behavior changes

When compared to individuals in traditional plans, Cigna Choice Fund customers:

- Received recommended care at the same or higher levels
- Increased use of preventive care by 16% in the first year
- Improved medication compliance, while decreasing costs by switching to generics
- Lowered medical cost while maintaining similar treatment regimens for chronic conditions
 - 15% lower trend for people with diabetes
 - 27% lower trend for people with hypertension
- Are seven times more likely to take a health assessment
- Are 15 times more likely to use cost and quality comparison tools

Advantages

For employers

- Immediate and sustainable total cost savings by engaging employees more directly in their health care decisions
- Employer contributions to the HSA are excluded from employee's gross income and not subject to FICA taxes
- Single source medical plan and savings account support for simplified administration
- Access to a library of employee communication tools throughout the year

For employees

- Contributions made by payroll deductions are pre-tax¹ and principal earns interest
- Interest and investment income are tax-free
- Convenient access to HSA dollars through a Cigna Choice Fund/Chase MasterCard® debit card and/or checkbook, and online bill pay
- HSA funds can be used to pay for medical expenses as allowed by IRC 213(d), expenses which may not be covered by the underlying medical plan
- Unused money continues to gain interest, and is available for future health care expenses even if employee changes coverage or changes jobs
- Investment options are available through their HSA and JPMorgan Chase
- Access to a pre-enrollment website, myCignaplans.com, to help employees understand their plan options and make the plan selection that's right for them

Support that changes behaviors – at no extra cost

Cigna works with every client to design a customized plan and communication strategy that can help stretch health care dollars, improve health and increase productivity. Our plans include the following easy-to-use and helpful services at no cost:

- **Cigna Health Advisor®** – One-on-one personal health advocate focused exclusively on helping individuals learn ways to improve their health and manage their health spending.
- **myCigna.com** – Secure and personalized website provides access to information and award-winning cost and quality tools so individuals can choose and use care wisely.
- **Health Assessment** – Confidential questionnaire that identifies individual future health risk using proprietary Trend Management SystemSM, developed by the University of Michigan.
- **Dedicated Customer Service** – One number to call for help with health, banking and claims, available 24 hours a day, seven days a week.
- **Cigna HealthCare 24-Hour Health Information LineSM** – Around-the-clock access to trained nurses to answer urgent health questions – day or night, weekdays or weekends.
- **Healthy Rewards^{**}** – Discount program offers savings up to 60% on weight loss and fitness programs, along with a host of alternative wellness and prevention products and services.

A variety of optional **Incentive** programs are also available for rewarding employees who engage in healthy behaviors or activities.

* Healthy Rewards® is a discount program. Some Healthy Rewards programs are not available in all states. A discount program is NOT insurance, and the customer must pay the entire discounted charge.

¹ HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states. A few states do not allow any pretax treatment of contributions or earnings. We have identified the following states as having these tax considerations: Alabama, California, New Hampshire and New Jersey.

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**High Deductible Health Plan with Health Savings Account
Discussion April 5, 2012**

Recommend moving forward with HDHP/HSA as opposed to CDHP/HRA

Cigna can administer this benefit and no further RFP is required. Cigna works with JP Morgan on mutual fund options for investments.

Potential benefits

High Deductible Health Plan with the following attributes:	In-network	Out-network
Deductible:		
Individual	\$1,250	\$1,500
Family	\$2,500	\$3,200
Out of pocket max:		
Individual	\$4,000	\$5,000
Family	\$8,500	\$11,000
Coinsurance:	25%	35%
Assume PPACA compliant Preventive care covered at 100% Pharmacy rolled into the plan, not URx Covered services will be similar to the managed care plan Rates are about 12% lower than Managed Care		

Do we require HSA contribution? We don't think so, need to talk with some experts.

Next Steps:

- Talk with Cigna about the details
- Talk with Kelly G. about the rates
 - Need to decide how to handle any employer contributions to HSA
- How should we handle preventive care if PPACA is repealed?
- Present concept to SEGBAC in May, include illustrations.

Example 1

Single DOT worker (22 year old male)

	Managed Care	HDHP	HSA	Out of pocket savings or (extra)
Monthly rate	\$682	\$600		
Annual rate	\$8,184	\$7,200	\$984	
Physical exam	\$15	\$0		\$15
ER visit (\$500 charge)	\$500	\$500		\$0
Tier B RX	\$15	\$30	(\$30)	\$0

After 5 years accumulates almost \$5,000.

Example 2

45 year old DPHHS case worker with family coverage; averages \$3,000 of medical expenses per year.

	Traditional	HDHP	Flex	HSA	Out of pocket savings or (extra)
Monthly rate	\$922	\$800			
Annual rate	\$11,064	\$9,600		\$1,464	
Flex contribution			\$1,200	\$1,200	
Doctor exams (5 wellness visits at \$150 per visit)	\$750	\$0	(\$750)		\$0
Doctor exams (5 sick patient visits at \$150 per visit)	\$525	\$750	(\$450)	(\$750)	\$75
15 prescriptions per year Tier B	\$225	\$450		(\$450)	\$225
ER visit (\$500 charge)	\$500	\$500			\$0
Emergency gall bladder surgery \$12,000	\$2,500	\$3,600		(\$1,100) 1464	\$0
Balance at year end			\$0	\$364	