

CIGNA Choice Fund[®] Experience Study

SUMMARY OF KEY FINDINGS

JANUARY 2009

CIGNA recently completed a multi-year study of the health care claims experience of nearly 440,000 individuals enrolled in CIGNA Choice Fund[®] consumer-driven health plans and traditional HMO and PPO plans. The results demonstrate that *CIGNA Choice Fund plans can improve the health, well-being and security of the individual and the cost savings from these plans can help in an ailing economy.*

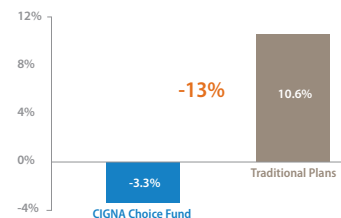
The study shows:

- **Medical cost trend for consumer-driven health plans (CDHP) continues to be less than the trend for HMOs and PPOs:** Medical cost trend for first year CIGNA Choice Fund enrollees was more than 13% lower, and lower cost trend continues in subsequent years.
- **Use of preventive care increased:** First-year preventive visits increased, and renewal year visits remained significantly higher than traditional plans.
- **Use of best medical practices was constant:** Individuals with CIGNA Choice Fund continued to receive recommended care at similar compliance rates as individuals with traditional plans.
- **Reduction in costs for chronic diseases:** Compared to individuals in traditional plans, medical cost trends were substantially less for individuals in CIGNA Choice Fund plans with diabetes (20% less) or hypertension (18% less), and these individuals maintained similar treatment regimens.
- **Medication compliance improved, while costs decreased:** Use of maintenance medications that support chronic conditions increased while costs decreased, and Choice Fund enrollees' use of generic drugs was at a higher rate than individuals in traditional plans.

Key Findings – Medical Cost Trend and Use

- Medical cost trend for the CIGNA CDHP was lower than that of CIGNA's HMO and PPO plans in both the first and renewal plan years.
- CIGNA Choice Fund medical cost trend was more than 13% lower than traditional plans in the first plan year; with first-year cost savings occurring in all health status categories, across all categories of service, and for both Health Reimbursement Account and Health Savings Account plans.

Medical Cost Trends
2007 vs. 2006



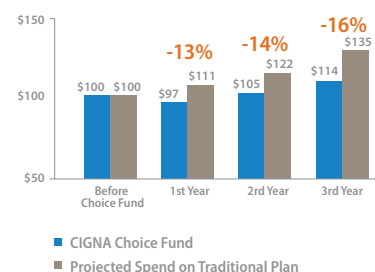
Medical (non-pharmacy) analysis excludes catastrophic claims > \$50,000 and capitated services.

Data is standardized for both populations. Values are adjusted to reflect the overall health status mix of the entire study group.

Results are relatively insensitive to the method of standardization: +/- 1%

- The study shows that lower medical cost trend for CDHP continues in subsequent years. This means that the cost reduction associated with CDHPs are sustainable and in fact increase over time.

Projected Medical Costs per \$100 Spent
CIGNA Choice Fund vs. Traditional Plans



Analysis excludes catastrophic claims > \$50,000 and capitated services

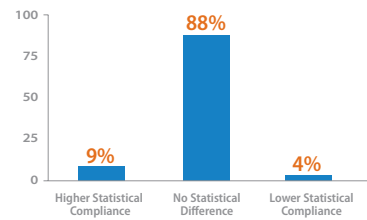


Key Findings – Medical Cost Trend and Use (continued)

- CIGNA Choice Fund enrollees continued to receive recommended care at the same or higher levels as when these individuals were enrolled in traditional plans in the previous year. This evaluation was based on more than 300 evidence-based measures of health care quality (for example, women having a mammogram in the past 24 months or diabetes patients having a physician visit in the last six months).

- This experience was similar for renewal-year CDHP enrollees (not pictured).

Medical Best Practice Measure Comparison
CIGNA Choice Fund¹ vs. Traditional Plans

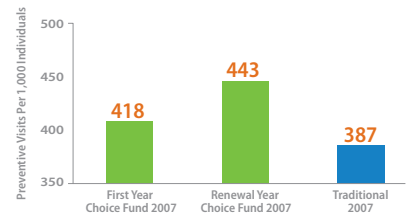


*New Choice Fund individuals in 2007

Total is greater than 100% due to rounding

- In addition, CIGNA Choice Fund enrollees were far more likely to take advantage of preventive care visits than individuals enrolled in traditional plans.

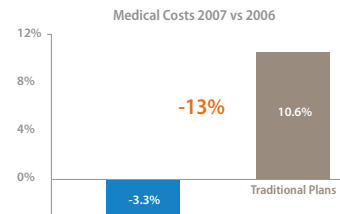
Preventive Care Visits
CIGNA Choice Fund vs. Traditional Plans



- Chronic conditions: Compared to individuals in traditional plans, medical cost trend was substantially less for individuals enrolled in CIGNA Choice Fund with diabetes (20% less) or hypertension (18% less).

- Individuals with chronic conditions maintained similar treatment regimens regardless of whether they were covered by CDHP or traditional plans. This suggests that reduction in cost trend is a result of better chronic disease management, rather than individuals covered by CDHP's foregoing recommended care.

Medical Cost Trend Reduction
Compared to Traditional Plans

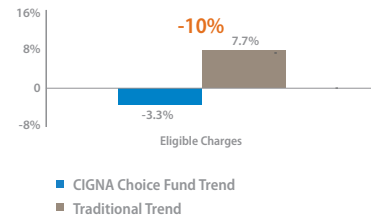


Key Findings – Pharmacy

- Pharmacy cost trend for individuals new to CIGNA Choice Fund was 10% lower than traditional plan cost trend:
 - Usage was higher for new CIGNA Choice Fund enrollees when compared to prior year.
 - Average unit cost was lower for both maintenance and acute medications.

This suggests that individuals were compliant with their medications while exercising lower cost options such as generic medications and mail-order purchasing.

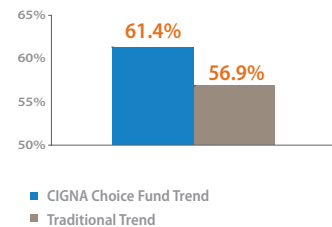
Pharmacy Costs
CIGNA Choice Fund vs. Traditional Plans



- Generic usage was nearly 5% higher for individuals enrolled CIGNA Choice Fund plans.

Utilization trend and cost-per-day trend were both lower for new CIGNA Choice Fund enrollees. Utilization was similar for maintenance medications, and lower for acute medications.

Percent of Prescriptions filled with Generic Drugs, 2007
CIGNA Choice Fund vs. Traditional Plans



Overall, CIGNA's consumer-driven health plans save money without compromising care. Evidence suggests that individuals in these plans are increasingly engaged and smarter about their health care. Contributing to the success of the CIGNA Choice Fund plans are:

- CIGNA's award-winning communications of the Choice Fund plans;
- Access to personal health advisor;
- Higher usage of preventive services; and
- Individuals being twice as likely to register to use CIGNA's online health care quality, cost and health improvement resources.

About the Study

The experience study – one of the most extensive to date – was an analysis of claims data for two groups of individuals from the same 171 client groups:

- 152,500 individuals were continuously enrolled in a CIGNA Choice Fund plan in 2006 and/or 2007.
 - 30,800 individuals were in their first year with a CIGNA Choice Fund medical plan.
 - 121,700 individuals were in a renewal year with CIGNA Choice Fund, split roughly 50/50 between their second year and beyond.
- 286,600 traditional HMO and PPO enrollees from the same employer groups served as a control group.
- 65,000 Choice Fund enrollees with a pharmacy and medical combined deductible were used in the pharmacy analysis against a control population of 186,000 individuals who have a separate pharmacy plan (i.e., not a combined deductible).
- 29,000 enrollees were in a renewal year with CIGNA Choice Fund with a combined medical and pharmacy deductible.
- 36,400 individuals were in their first or renewal year with a CIGNA Choice Fund medical plan and in their first year of having a combined medical and pharmacy deductible.
- The study examined the total cost of claims for both employers and individuals to isolate behavior changes associated with enrollment in consumer-directed plans. Observed differences were not the result of changes in coverage or increases in consumer cost-sharing.
- Results were standardized. This process adjusts for differences in health status mix (the number of low, moderate and high risk individuals) between CIGNA Choice Fund and traditional plan groups. Values are adjusted to reflect the overall health status mix of the entire study group. This allows for valid, consistent comparisons between groups.
- Standardized data better estimates the potential impact of the CIGNA Choice Fund plan when offered as the only coverage option (full replacement).
- The study excluded catastrophic claims in excess of \$50,000 from all populations to reduce random variations within smaller sets of data.

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