

CIGNA Choice FundSM

*Consumer-driven health plans
from a company you can trust.*



CIGNA

A Business of Caring.



contents

Know the Costs. Realize the Savings 1

A Choice of Two Quality, Cost-Saving Plans 2

CIGNA Choice Fund

Health Savings Account (HSA) 3

CIGNA Choice Fund

Health Reimbursement Arrangement (HRA) 6

We Support Wise Choices 9

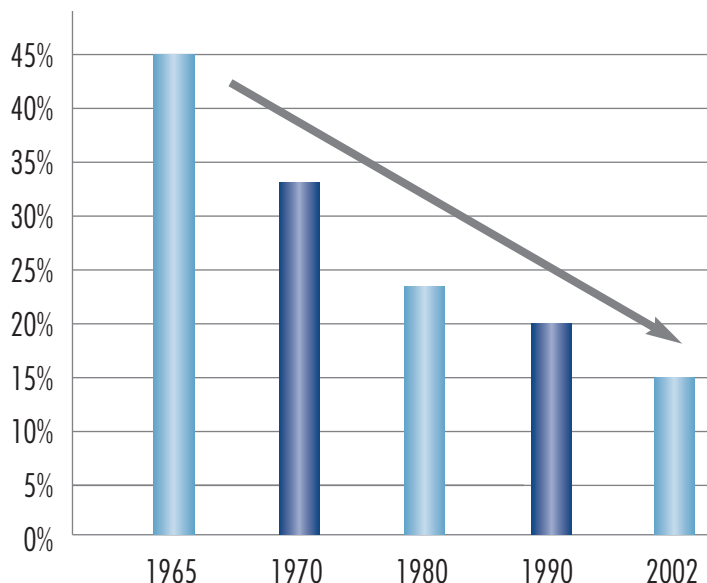
Product Comparison Chart 10

A Glossary of Terms..... 12

Know the Costs. Realize the Savings.

What do your employees really know about the true cost of health care? Probably less than you think. Most managed care plans have shielded consumers from the actual cost of services. For a \$120 doctor visit, for instance, the employee's copayment may be as little as \$10. And managed care members pay just a fraction of the true cost of prescriptions. While consumer contributions to the total cost of health care have markedly declined, the cost of health care services continues to climb. Employers have often been faced with making up the difference.

Consumer Out-of-Pocket Costs¹
as a % of National Health Expenditures



People want the facts as well as the power to choose.

Keeping costs visible is one of the best ways to contain them. More than facts, however, your employees need insights. According to research by the Kaiser Family Foundation, people know they lack the knowledge to make informed choices about health care — and want time-effective education to help them weigh quality against cost. In another

nationwide study, nearly 75% of 1,000 adult participants said they wanted online information for comparing hospital ratings, understanding pharmaceuticals and reducing their risk for major illnesses.²

Information is the key to wiser choices in quality and cost. And it's the main idea behind CIGNA Choice Fund, the next generation of consumer-driven health plans.

¹Bureau of Labor Statistics, CMS, Morgan Stanley Estimates. ²KRC Research for CIGNA HealthCare.



A Choice of Two Quality, Cost-Saving Plans.

CIGNA Choice Fund includes two consumer-directed plans:

- A health savings account (HSA)
- An employer-funded health reimbursement arrangement (HRA)

With both, a main component is a high-deductible health plan. Employees use a savings account (HSA), or a fund (HRA) with a specific dollar limit, to pay for eligible medical expenses. Once the deductible is met, an underlying medical plan takes over. All the while, members get the tools they need to choose wisely and plan ahead for their health care needs.

Consumer-directed plans are already achieving widespread acceptance. In fact, more than 3.2 million people are now enrolled in these plans nationwide.¹ Cost savings are one major reason. Due to high deductibles, annual premiums for consumer-directed plans are less than those for traditional PPOs.² In addition, informed choice is proven to lower health care costs, as shown:³

- 5% to 20% reduction in office visits.

Reason: Specialty visits have decreased.

- 5% to 25% reduction in prescription drug costs.

Reason: Increased use of generic drugs.

- -5% to +10% medical cost difference in first year.

Comparison: +12% or more in the general market.

Both CIGNA Choice Fund plans focus on care management and health advocacy; keep costs out in the open where your employees can see them; and provide online tools that help them make wise health care choices. Their health needs will be met through the same broad, quality networks that serve our traditional plan members, offering some of the most competitive network discounts in the industry.

CIGNA Choice Fund plans are built on the foundation of health advocacy and quality care management. Our standard plans include our award-winning disease management program, health coaches who are trained to help employees better utilize consumer tools, and fully covered preventive care to keep employees healthy and productive.

¹ Source: Atlantic Information Services, Inc., as cited in *Inside Consumer Directed Care*, Vol. 3, No.1, Jan. 7, 2005.

² Data cited in *Inside Consumer Directed Care*, Vol. 3, No.4, Feb. 18, 2005.

³ Source: Atlantic Information Services, Inc., as reprinted in the Oct. 31, 2003 issue of *Inside Consumer Directed Care*.

⁴ Available for companies with 10,000+ employees.

CIGNA Choice Fund Health Savings Account (HSA).



Think of the CIGNA Choice Fund HSA as a 401(k) for health care expenses. It has a financial component that encourages employees to plan carefully. To offer them peace of mind, CIGNA teamed with JPMorgan Chase, a leader in financial services and wealth management. Through CIGNA your employees will have a single point of contact for health plan and savings account information.

The two main components:

A high-deductible health plan with lower premiums. The minimum deductible in 2006 is \$1,050 for individuals and \$2,100 for families. Once it's met, members are protected by an underlying medical plan — PPO, EPO, Open Access Plus, Open Access Plus In-network or Indemnity.

A tax-exempt savings account. The HSA allows employees to set aside dollars on a pre-tax basis to pay for qualified medical, pharmaceutical, dental and other health care costs. Members have the option to invest their HSA dollars through JPMorgan Chase.

Quick facts about contributions and covered expenses.

The employee, the employer or both can contribute. A third party can also contribute on the employee's behalf.

Contributions to the account.

Contributions to the savings account can be up to 100% of the deductible amount of the accompanying health plan or the maximum listed for 2006 — whichever is less. For 2006, the maximum annual contribution set by the IRS is \$2,700 for an individual account and \$5,450 for a family account. Future year limits are indexed to the Consumer Price Index.

Eligible HSA expenses.

They're listed in IRC Section 213(d). Dollars used for ineligible purposes are taxed as income and incur a penalty; no penalty after age 65.



CIGNA Choice Fund Health Savings Account (HSA).

Advantages for you as well as your employees.

For employees:

Investment choice. Through JPMorgan Chase, they can invest their money in a variable interest rate account or a choice of mutual funds.

Integrated product design. A centralized point of contact for health plan, savings account and investment information through **myCIGNA.com** or member services.

Savings can become a nest egg for the future. Unused dollars carry forward to subsequent years and continue to grow tax-free, if they aren't used for qualified medical expenses. Principal and interest belong solely to plan members, so they forfeit nothing.

They can take it with them. If your employees leave your company for any reason, they can take the savings account with them.

For employers:

The option to contribute — or not. Your contribution to the HSA is optional, making CIGNA Choice Fund HSA an affordable plan for any size business.

Fewer service responsibilities for your HR staff. **myCIGNA.com** gives your employees direct access to their account — with plenty of online support both for health care claims and account information.

A tax advantage. If you choose to contribute, your contributions are excluded from your employees' income and are not subject to FICA taxes.*

For HSA members, CIGNA handles claims from start to finish.

CIGNA manages the process for you and your employees. Here's how it works:

The provider sends the claim directly to CIGNA HealthCare. Nothing is collected at the point of service.

CIGNA HealthCare processes the claim. We'll identify the contracted rate due to the provider, including any discounts.

The member receives an Explanation of Benefits (EOB). It will state if the service is covered by the plan and, if so, what part of the covered services the plan will pay and how much the member owes the provider.

The member can pay the provider in one of four ways. By using their CIGNA Choice Fund/Chase MasterCard® debit card or check-book; by using Automatic Claim Forwarding (ACF), which pays the covered services directly from their health savings account; or by paying with their personal money.

What if the provider sends a bill? CIGNA makes it easy to check the status of a claim. The member can check fund activity through **myCIGNA.com**, review their EOB, or call CIGNA HealthCare Member Services.

JPMorgan Chase will mail a monthly statement to your employee's home address. It will state the available balance as well as claims processed during the month.

* In Ala., Calif., Iowa, Maine, Mass., Minn., N.J., Pa., and Wis., contributions are prior to federal taxes but after state income taxes. Employer contributions, earned interest and investment income are all taxable as gross income for state income tax purposes.



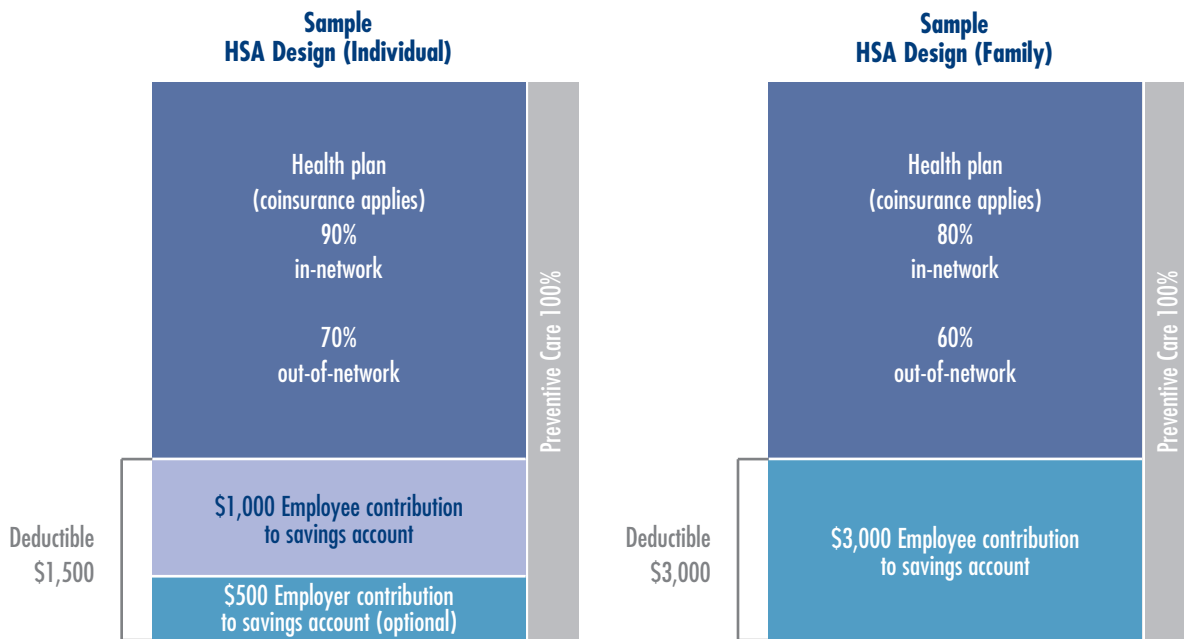
Pharmacy claims made easy.

CIGNA HealthCare has built point-of-service recognition technology for the CIGNA Choice Fund. So if pharmacy expenses are covered under your CIGNA plan, those claims can be paid at the pharmacy. The pharmacist simply enters the information from the member's ID card into the system.

When dollars are available in the health savings account, your employees can draw from it by using their CIGNA Choice Fund/MasterCard® debit card or checkbook. When no dollars remain the account, the pharmacist collects payment directly from the member. After the deductible is met, pharmacy coverage begins if it's included in your plan.

Sensible plan designs.

Choose from plan design options like those below. Your CIGNA representative or broker can assist you in selecting a plan that makes the most sense for your company.





CIGNA Choice Fund Health Reimbursement Arrangement (HRA).

The CIGNA Choice Fund HRA is an employer-funded plan that gives you a lot of say in what's covered and how much funding is available for each covered expense. You'll have more flexibility than you would with a traditional plan. In short, you're the plan architect, with plenty of plan design support from CIGNA.

The two main components:

A high-deductible health plan with lower premiums. You can set your deductible between \$1,000 and \$5,000 for individuals and \$1,000 and \$10,000 for families. You can also include an out-of-network deductible between \$1,000 and \$6,000. Deductibles can be combined for medical and pharmacy expenses. It's up to you. Once the deductible is met, members are protected by an underlying medical plan — PPO, EPO, Open Access Plus, Open Access Plus In-network or Indemnity.

A reimbursement fund. This fund is set up solely by the employer to pay for the qualified expenses you determine ahead of time. These can include medical and pharmacy expenses.

Quick facts about contributions and covered expenses.

The employer alone contributes to the fund. By law the employee may not contribute.

You decide the fund amount. There are no federal income tax law limits. Typically, employers set limits less than the amount of the health plan deductible. But you're free to contribute more if you wish.

You can specify eligible expenses. The

eligible expenses identified in IRC section 213(d) are a good place to start. But you can also define your own eligible expenses based on anticipated employee needs. For instance, pharmacy expenses or preventive care. This gives you more control over the way the reimbursement fund is spent.

Advantages for you as well as your employees.

For employees:

The first dollar for health expenses comes out of the fund. Since employees don't contribute to the fund, they won't incur out-of-pocket health expenses until the fund is depleted.

Healthy decisions have their rewards.

Healthy choices can often result in lowered health costs. To support these choices, you can opt to use CIGNA programs as incentives to award employees with extra dollars for the fund. For instance:

- A health risk assessment through our secure member site **myCIGNA.com**.
- Active participation in CIGNA Well Aware for Better HealthSM disease management program.
- Use of online tools.

Unused dollars can be carried over. Subject to the limits you set, dollars can roll over to the next year and continue to be available for medical needs. You can also opt to make the funds available to employees after retirement.



For employers:

Ultimate flexibility in plan design: The HRA lets you be the plan architect. Here are some of the ways you can custom-design your plan:

- **Design a combined deductible.** You may choose to offer a combined medical/pharmacy deductible.
- **Offer a Flexible Spending Account (FSA).** This lets employees cover expenses outside the limits set for the HRA. You can even stipulate that money be automatically deducted from the FSA first, since FSA dollars don't roll over into future years.

Ultimate control over fund use. The HRA allows you to specify the way costs are shared and unused dollars are handled. Here are some of your options:

- **Set your own limits on rollovers.** Our standard plan design allows all unused money to roll over each year, but you can set a percentage or dollar limit, or a maximum dollar amount.
- **Opt for cost-sharing.** You can include a deductible that the member pays before dollars in the fund are used. This gives additional responsibility to the employee, helping to extend the life of the fund.
- **100% coverage for preventive care.** Many employers opt to cover preventive care, such as annual physical exams, without requiring coinsurance from employees or use of their fund. This benefit encourages early detection of health problems while not tapping into the employees' fund.

Health Coaches who work with employees, resulting in high rates of member participation in beneficial programs. Engagement is early, facilitating CIGNA's ability to influence more people at the "right time."

Fewer service responsibilities for your HR staff. **myCIGNA.com** gives your employees access to plan information, fund balance, past transactions and claim status.

For HRA members, CIGNA handles claims from start to finish.

CIGNA manages the process for you and your employees. Here's how it works:

The provider sends the claim directly to CIGNA HealthCare. Nothing is collected at the point of service.

CIGNA HealthCare processes the claim. We'll identify the contracted rate due to the provider, including any discounts.

If there are dollars in the fund, the provider is paid directly from the fund. The member receives an EOB describing how much was paid to the provider and how much remains in the fund.

If there are no dollars in the fund, or the expense is not eligible for payment, the member will receive an EOB to let them know they are responsible to pay for the service.



What if the provider sends a bill? CIGNA makes it easy to check the status of a claim. The member can check fund activity through **myCIGNA.com**, review their EOB, or call CIGNA HealthCare Member Services.

We'll mail a quarterly statement to your employee's home address. It will include a review of claims submitted, payments made from the fund and the current fund balance.

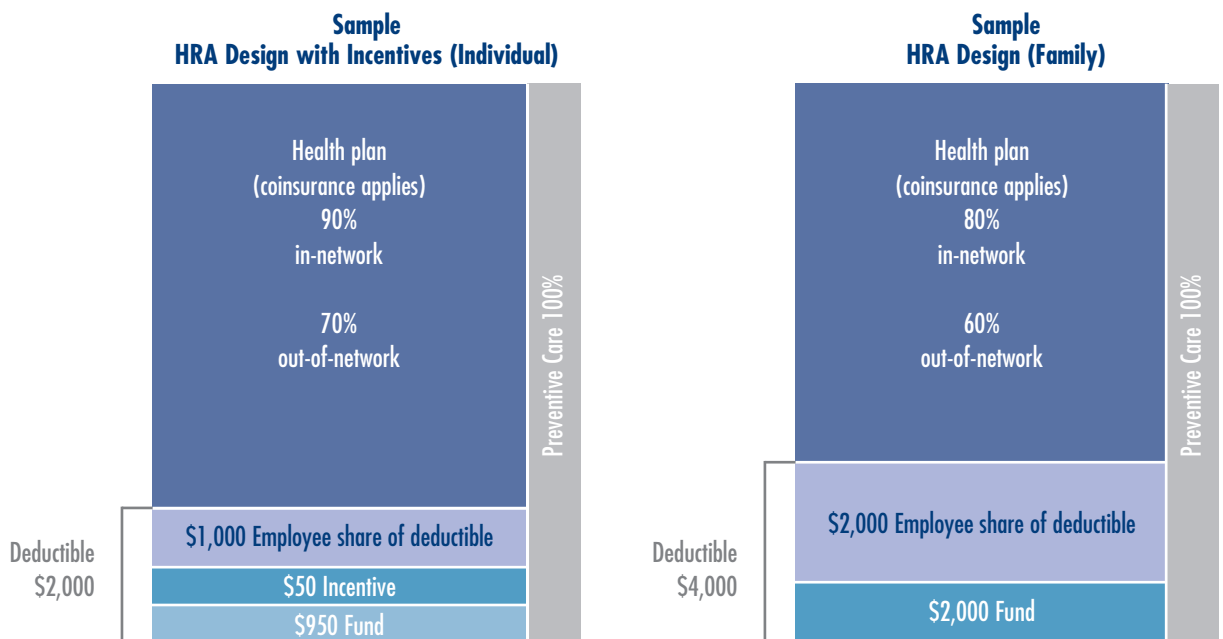
Pharmacy claims made easy.

CIGNA HealthCare has built point-of-service recognition technology for the CIGNA Choice Fund. If pharmacy expenses are covered under your CIGNA plan, those claims can be paid at the pharmacy. The pharmacist simply enters the information from the member's ID card into the system.

- **When dollars remain in the fund.** Our real-time adjudication system confirms that dollars are in the fund. It also verifies whether the prescription is in the formulary, and in which tier.
- **CIGNA HealthCare** then reimburses the pharmacy directly, and your employee pays nothing at the pharmacy.

Flexible plan designs.

Here are two typical plan designs to consider. Your CIGNA representative or broker will assist in designing one that fits the needs of your company.



We support wise choices.



Do your employees have what it takes to make smart, cost-effective health decisions? Only if they have access to up-to-date, reliable sources of information. According to a recent conference sponsored by the Harvard School of Public Health, it's critical to the success of your consumer-directed health plan.¹

Knowledge delivered to their desktops.

That's why CIGNA provides easy-to-use online resources even before your employees enroll in CIGNA Choice Fund. Afterwards, we continue to provide them with decision-making tools for predicting their expenditures, selecting health providers, assessing their health risks and taking preventive steps. Knowledge drives good health choices which is something we can all get behind.

Making enrollment decisions easier: myCIGNAplans.com.

Why choose CIGNA Choice Fund? Your employees can decide for themselves by using our pre-enrollment consumer website, **myCIGNAplans.com**. It won't overload them with information. Instead, it provides easy-to-use WebMD® tools for comparing plans. For instance, members can:

- Estimate out-of-pocket costs between CIGNA plans you're offering.
- Compare plan benefits side by side.
- Estimate total tax savings (if HSA is offered).
- Check to see if their provider is in the CIGNA network.
- Determine how hospitals rank in terms of cost and quality.

They'll also get a basic rundown on how our consumer-driven plans work, the benefits they offer, and answers to frequently asked questions. It's an essential first stop for employees new to the consumer-directed concept.

Helping members think ahead: myCIGNA.com.

Whether enrolled in the Choice Fund HSA or HRA, **myCIGNA.com** gives members access to WebMD® tools and CIGNA resources to help them use their dollars wisely. Our website was recently judged one of the best online interfaces in the industry based on ease of use, superior cost-estimating tools, and more.²

Here's what it helps members do in just a few clicks:

Get things done. Choose a doctor. Order a new ID card. And get fast online access to fund balances, past transactions and claim status. Plus a personalized fund calculator, with balance tracking and worksheets to estimate out-of-pocket expenses.

Get the facts. Which medical expenses and drugs are covered under your plan? What are the potential side effects of 200 commonly prescribed drug treatments? How does the CIGNA Choice Fund work? We provide online tools to answer these questions. Plus an interactive library packed with information on prevention, first aid and many more health topics.

¹Source: *Inside Consumer-Directed Care*, Feb 18, 2005. ²Source: *Consumer Driven Marketing Report*, 2004, Issue #8.



Product Comparison Chart.

Compare costs. With CIGNA's prescription drug price quote tool, members can check drug prices and generic equivalents based on their plan at local pharmacies and from the CIGNA Tel-Drug mail order pharmacy.

Compare quality. No two hospitals are alike. Members can compare how hospitals rank by the number of procedures performed, patients' average length of stay, cost, and outcomes.

Track their progress. Convenient and secure, Health Record is a comprehensive file of personal health information. Members access it for instant data on their medications, allergies, procedures and more.

Save money. Through CIGNA Healthy Rewards®, members can reap healthy savings on weight loss and exercise programs, eye wear products and a host of alternative wellness and prevention services.

More help. Your employees can also contact our 24-hour health information line for answers to medical questions. During office hours, they'll have toll-free access to our member services specialists if they need claims or account assistance beyond our online resources.

FEATURE	HEALTH REIMBURSEMENT ARRANGEMENT (HRA)	FEDERAL HEALTH SAVINGS ACCOUNT (HSA)	FLEXIBLE SPENDING ACCOUNT (FSA)
Overview	An employer-funded account that reimburses employees for qualified medical care expenses, typically combined with a high-deductible health plan. Employer may elect to include some or all medical expenses listed in IRC section 213(d).	A tax-exempt trust or custodial account created exclusively to pay for the qualified medical expenses of the account holder and his or her spouse or dependents. Includes all medical expenses listed in IRC section 213(d).	A pretax employee- or employer-funded account that can be set up to reimburse employees for qualified medical expenses and dependent care expenses.
Who is eligible to set up an account?	An employee whose employer offers an HRA.	An employee enrolled in a high-deductible health plan (HDHP) who has no other non-HDHP coverage.	An employee whose employer offers an FSA.
Who may contribute to the account?	Solely the employer.	The employee, employer or both. In addition, a third party can contribute on behalf of the employee.	The employee, employer or both. Usually funded by employees who choose to set aside a certain amount of their pay in an FSA.
What are the limits on contributions?	No federal income tax law limits. Employers typically set limits, usually equal to or less than the amount of the deductible of employees' health plan.	Up to 100% of the deductible amount of the accompanying high-deductible health plan, up to a maximum in 2006 of \$2,700 for an individual account, \$5,450 for a family account. Future year limits indexed to the Consumer Price Index.	No limits under federal income tax law for FSAs set up to pay for qualified medical expenses or health insurance premiums. Employers typically will set limits.
Can funds be carried over from one year to the next?	Yes. Unused amounts in an HRA may be carried over, subject to any limits set by the employer.	Yes. HSA funds may be carried over indefinitely during a participant's lifetime.	No. Unused FSA balances are forfeited at the end of the year.



What is the tax treatment of contributions?	Employer contributions are generally excluded from employee's gross income. However, an arrangement that distributes the unused HRA amount at termination either as a death benefit or as a severance payment will not qualify as an HRA. Employers receive expense deductions for payments.	Employee contributions are tax deductible. Employer contributions are excluded from gross income and not subject to employment taxes (e.g., FICA).*	Employees pay no federal, Social Security or (in most states) state taxes on FSA contributions. Employers pay no FICA tax, federal or state unemployment taxes on FSA contributions.
Are accounts portable?	Yes, but only at discretion of the employer. COBRA regulations also apply.	Yes. Employees may take funds with them when they leave or change jobs.	No. Unused FSA balances are forfeited if the employee leaves or changes jobs. COBRA regulations also apply.
Does interest accrue on funds deposited in the account?	There is no requirement that interest accrue but employers have discretion to credit interest to the HRA accounts.	Yes, interest and investment income accrue tax free.	No. Interest is not accrued.
Which expenses are eligible?	Eligible expenses may include those identified in IRC section 213(d). The employer may define a subset of eligible expenses (e.g., expenses eligible under the medical plan, pharmacy expenses).	Eligible expenses include those identified in IRC section 213(d). Funds used for ineligible purposes are taxed as income and incur a penalty; no penalty after age 65.	Eligible expenses include those identified in IRC Section 213(d).
CIGNA PRODUCTS	CIGNA CHOICE FUNDSM – HRA	CIGNA CHOICE FUNDSM – HSA	CIGNA FLEXIBLE SPENDING ACCOUNT (FSA)
Medical Product	Can be packaged with a PPO, EPO, Open Access Plus, Open Access Plus In-network or Indemnity product.	Can be packaged with a PPO, EPO, Open Access Plus, Open Access Plus In-network or Indemnity product.	A broad spectrum of products is currently available.
Investment Options	Not applicable	Available	Not applicable
Specialized Funds	Available at the option of the employer.	Not available	Not applicable
Incentives	Available at the option of the employer.	Not available	Not applicable
Cost Sharing (deductible/coinsurance)	Available	Not available	Not applicable
myCIGNA.com	Included	Included	Included
myCIGNAplans.com	Available	Available	Available if HRA or HSA is offered.

Knowledge can be cost-effective. To find out more about CIGNA Choice Fund, contact your local CIGNA HealthCare representative or broker today. Or visit us at cignachoicefund.com. Then, share the knowledge with your employees. Because wiser health care choices can lead to prevention. Better health. And lower health care costs.

*In Ala., Calif., Iowa, Maine, Mass., Minn., N.J., Pa., and Wis., contributions are prior to federal taxes but after state income taxes. Employer contributions, earned interest and investment income are all taxable as gross income for state income tax purposes.



A Glossary of Terms.

CDHP (consumer-driven health plan):

A health care model in which the consumer (plan member) is made aware of the true costs and value of health care so that he/she can make informed decisions that balance choice with cost. Plans components include:

1. A savings account or reimbursement arrangement, usually funded by the employer (the first dollar is drawn from this account);
2. A high deductible that plan members must meet; and
3. A traditional plan that covers health costs once the deductible is met.

FSA (Flexible Savings Account):

A CDHP that reimburses the plan member for qualified health costs or dependent care expenses through a pre-tax savings account. Members, employers or both can fund the account. At the end of each year, unused funds are forfeited by the member.

HRA (Health Reimbursement Arrangement):

A CDHP in which the plan member is reimbursed for covered health expenses by his/her employer up to a predetermined amount. The **CIGNA Choice Fund** — HRA gives the employer flexibility and choice in the way the account is structured and what is covered. It also includes optional incentives for members as well as decision-making tools. Unused funds may be carried over to the next year, subject to limits set by the employer.

HSA (Health Savings Account):

A CDHP in which the plan member pays for health costs through a fully-funded, tax-exempt savings account. Members, employers or both can fund the account. An HSA is subject to regulations mandated by the federal government. All unused funds carry over indefinitely during a member's lifetime.

Annual Out-of-pocket Maximum:

The most a plan member will pay per year for covered health expenses before the plan pays 100% of covered health expenses for the rest of that year.

Coinsurance:

The percentage a plan member pays toward the cost of covered health expenses, most often after the deductible is met.

Copayment:

The amount that a plan member must pay the provider, usually after the deductible is met. It is usually a flat fee of \$10 – \$25.

Deductible:

The dollar amount that a plan member must pay for eligible health expenses before a traditional health plan begins to provide benefits.



Incentive:

An opportunity for a plan member to earn points toward extra dollars in the CIGNA **Choice Fund — HRA**. (Incentives apply only to the HRA plan option.)

In-network Provider:

Any health care provider (physician, hospital, etc.) that belongs to a CIGNA network. Using in-network providers gives members the advantage of significant discounts, helping to stretch their account dollars further.

Out-of-network Provider:

Any health care provider that does not belong to a CIGNA network. Depending on the plan, members may use their account for out-of-network expenses, but will not receive in-network discounts, and may have to file claims.

Pre-tax Account:

A CDHP in which contributions are subtracted from an employee's pay before withholding income tax and Social Security. This ultimately reduces the account-holder's tax liability, since taxes are based on income minus the CDHP contribution.



CIGNA

A Business of Caring.



©JPMorgan Chase & Co. All rights reserved. JPMorgan Chase Bank, N.A. Member FDIC.

"CIGNA" or "CIGNA HealthCare" refers to various operating subsidiaries of CIGNA Corporation. Products and services are provided by these subsidiaries and not by CIGNA Corporation. These subsidiaries include Connecticut General Life Insurance Company, Tel-Drug, Inc. and its affiliates, CIGNA Behavioral Health, Inc., Intracorp, and HMO or service company subsidiaries of CIGNA Health Corporation and CIGNA Dental Health, Inc. In Arizona, HMO plans are offered by CIGNA HealthCare of Arizona, Inc. In California, HMO plans are offered by CIGNA HealthCare of California, Inc. In Virginia, HMO plans are offered by CIGNA HealthCare of Virginia, Inc. and CIGNA HealthCare Mid-Atlantic, Inc. In North Carolina, HMO plans are offered by CIGNA HealthCare of North Carolina, Inc. All other medical plans in these states are insured or administered by Connecticut General Life Insurance Company.