

ADVANTAGES AND MYTHS OF BUNDLING MEDICAL + PHARMACY + STOP-LOSS

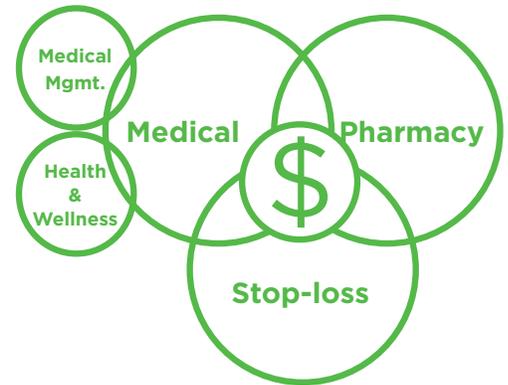
What small to mid-size businesses need to know.

LET'S START WITH THE BASICS

What does it mean to “bundle” your health benefits?

To put it simply, bundling means integrating your medical and pharmacy benefits, as well as stop-loss insurance with a single carrier.

It's equally important to consider a carrier that **integrates Health & Wellness and Medical Management** as part of their medical plan.



Did you know?

It is estimated that by 2020, pharmacy plan costs will account for 31% of overall health care costs, becoming the number one driver of employer plan expenses.¹

Why is integrating benefits so valuable for smaller to mid-size companies² like yours?

Let's look at the many advantages of “bundling,” and break the myths that are in the marketplace to the contrary.



DRIVE



Together, all the way.®



MYTH BUSTING - COST

MYTH: Bundling medical and pharmacy benefits with one carrier will cost my company more.

FACT: Having medical and pharmacy benefits from one carrier can actually help save money.

Separating your medical and pharmacy plans may cause you to miss opportunities to save, either through clinical guarantees or by lowering administrative fees. We also know that when your employees are holistically coached and engaged, costs can decrease.

- ▶ When medical and pharmacy benefits are combined, leading indicators will be present on either medical records, pharmacy records or both. This means coaching can begin earlier. Furthermore, your employee's experience can be more holistic and include discussions about their condition, comorbidities, medications and behavioral issues. This holistic counseling experience can help people take better control of their health and spending.

- ▶ Since information does not need to travel between separate organizations, you will not face additional "setup" or "processing" administrative fees throughout the year.

There's more to bundling than avoiding redundant administrative and coordination fees.

Cigna clients save an average of \$77 per member per year (PMPY) in total medical costs when medical and pharmacy plans are integrated.⁴

Savings can be greater for those most at risk:

\$320 PMPY for those with a chronic condition who interacted with a coach.⁴

\$740 PMPY for those with diabetes who interacted with a coach.⁴

MYTH BUSTING - EMPLOYEE ADVANTAGES

MYTH: Having separate and independent benefits makes it easier for my employees to understand their benefits and manage their health care.

FACT: Bundling benefits creates more opportunities to engage employees and improve care and outcomes.

Engaging at the right times, in the right ways, can help save money.

When medical and pharmacy benefits aren't connected, it can be difficult to support customers and help them get the most appropriate care. Unlike stand-alone vendors who might focus only on drug prices, Cigna has protocols and programs in place to holistically support your employees when prescription medication is critical to a care treatment plan.

With integrated medical and pharmacy plans, Cigna also is in a better position to engage your employees in health coaching opportunities. We've found that people who are unresponsive to traditional methods of engagement, like mail or phone, are more receptive to discussing help for chronic conditions and cost-saving opportunities when they call our pharmacy customer service for a routine inquiry.⁵

The results are significant.

86% of savings opportunities coming into pharmacy customer service relate to the medical benefit⁴

70% of callers spoke directly to a health coach about working toward health improvement or health maintenance goals.⁵

91% enrolled in our TheraCare[®] program that helps employees taking specialty medications better understand and manage their condition.⁵

Employees can also save through improved engagement, coaching and support.

MYTH BUSTING - QUALITY & EASE

MYTH: Shopping around for benefits is better for my company.

FACT: Hiring multiple vendors doesn't necessarily translate to the best quality and ease of program management.

Supporting a long-term benefits strategy is important to smaller to mid-size companies. Combining benefits under one carrier has multiple benefits. It can help you:

- ▶ Improve cash flow
 - You will not have to utilize a large-dollar claim or out-of-pocket funds while submitting to another stop-loss carrier and awaiting payment.
- ▶ Process transactions faster
 - All transactions are paid, categorized and reported quickly because it's all one connected system.
- ▶ Ensure consistent claim review policies
 - One review of medical necessity applies to medical and stop-loss - which is not the case when there are separate carriers. If a claim needs to be "adjusted" for overpayment or incorrect submission, corrections and reissue can be resolved in a more streamlined process.
- ▶ Streamline communications
 - Offer employees one company to call 24/7, one coach/pharmacist team to counsel on conditions and cost, one secure portal and app for all condition and benefit needs.

Integrated views of performance

An integrated solution allows for better one-view reporting to make informed decisions when considering benefit changes. It also provides clear direction for what to include in employee messages about health, wellness and any upcoming health plan changes.

- ▶ Want to know how much is being spent on emergency room visits?
- ▶ Want to know what percentage of overall claims expenses have been out-of-network?
- ▶ Want to know how much specialty drug costs represent in your plan?

Having this vital information easily accessible can help build a health benefits strategy that's customized and integrated to meet your company's unique needs as well as the needs of your employees.

MYTH BUSTING – STOP-LOSS INSURANCE

MYTH: It doesn't matter where you get your stop-loss coverage. The policies are all the same.

FACT: Companies and individuals are more vulnerable to gaps in coverage when using separate medical and stop-loss carriers.

Stop-loss insurance helps protect your company from a potential catastrophic claim. Bundling stop-loss insurance with your medical carrier can help ensure your company is not exposed to gaps in coverage between carriers. Without bundling, you may leave your company exposed to risks such as:

- › Expensive specialty drug payments (with Cigna, stop-loss also covers pharmacy benefits)
- › Long lag times on reimbursements, creating a potentially large cash drain
- › Terminal Protection that may not be included
- › Limitations on maximum reimbursement for claim types, such as transplants
- › Limitations on an individual lifetime stop-loss payment amount, which may not match the benefit design
- › Medical review policies that differ, placing your company at risk

Stop-loss coverage that differs from the medical plan can put a small company at risk.

Example: An employer placed their stop-loss coverage with a third-party carrier and experienced a claim denial for a \$700,000 heart transplant due to an "experimental" treatment exclusion. Under the medical plan, the procedure was not defined as an experimental treatment. However, because the stop-loss carrier included a definition of experimental treatment within the policy that differed from the medical plan, stop-loss coverage for the claim was denied.

MYTH BUSTING – ADMINISTRATION

MYTH: My HR administrators are quite capable of handling multiple carriers.

FACT: Trying to manage multiple vendors can be challenging, and the experience for employees can be confusing.

Processing claims through one carrier – and resolving issues with a single point of contact – can save valuable HR time, make things easier on your employees, and help save money in the process.

Here are some critical administrative advantages to integrating services:

- › Streamlined Open Enrollment
- › Single ID cards, phone number, website and app for employees
- › Less confusion regarding in- and out-of-network coverage
- › Customer service support for all parts of the plan
- › Communication tools and robust reporting at no additional cost
- › Easy online administration and billing

MYTH BUSTING - SECURITY

MYTH: Using multiple carriers for health benefits, pharmacy and stop-loss insurance is safe and secure.

FACT: Sharing Protected Health Information between multiple vendors is a genuine concern due to employee claim data being transmitted among several administrators.

Sending multiple feeds of employee claim and demographic data between administrators to help coordinate coverage and programs creates the risk of data breach and private health information being shared with groups that do not have the appropriate privacy policies in place.

- ▶ Since medical claims contain protected health information that must be safeguarded, the fewer times this information is passed between different entities, the less likely privacy will be breached

Employers, especially those with fewer than 250 employees², need comprehensive plans that integrate, drive affordability, provide access to quality care and bring benefits to their employees in meaningful and easy ways.

IN CONCLUSION

The fact is, the most effective way to control health care costs and improve overall health is to understand and manage the entire health experience. Getting medical, pharmacy and stop-loss benefits from one carrier is key to providing a holistic view and to managing a successful program.

To learn more about the value of bundling medical, pharmacy and stop-loss coverage, contact your Cigna sales representative.

1. Cigna's National Book of Business study, using full year 2015 data.
2. In most states, Cigna offers group insurance coverage to employers with 51 or more full-time employees, as well as administrative services for self-funded plans with as few as 25 full-time employees. For more information about your state, contact your Cigna sales representative.
3. Cigna specialty medication users, integrated pharmacy and medical benefits claim review. Integrated Data Source Jan.-Dec. 2015.
4. Cigna National Study of Value of Integration—analysis of integrated clients versus those with Cigna medical and outside PBM, full-year 2014 book of business average medical savings. Savings are not guaranteed and individual customer/client results will vary.
5. Cigna Book of Business analysis April 2016, results for integrated pharmacy engagement model based on inbound Cigna Home Delivery Pharmacy call interactions. Results may vary by client and based on benefit structure. 2016.



All stop loss insurance policies and health benefit plans contain exclusions and limitations. For costs and complete details of coverage, contact your Cigna sales representative.

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