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Healthier living
Financial well-being
Intelligent solutions

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Learn how our self-insured product
could work for your business
Aetna Funding AdvantageSM

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The Aetna Funding Advantage health plan provides the benefits of self-funding that's traditionally offered to larger companies, but is specifically designed to be attractive and affordable for small businesses like yours. A key benefit of Aetna Funding Advantage is the opportunity for cost savings through our unique funding structure that returns 50 percent of any surplus at the end of the year to you, when you renew your plan. There are also options to pay higher monthly amounts in return for getting back claim surpluses at termination. In addition to potential credits, Aetna Funding Advantage provides protection against claims that are higher than anticipated through stop loss insurance. It's all about cost savings without the risk.

So, let's talk about finances — how does Aetna Funding Advantage work?

Total costs

With Aetna Funding Advantage, you make a single monthly payment that remains stable throughout the year. This payment covers your **claims funding, terminal reserve, stop loss premium and administrative fee.**

On the next page is an example of how the funding and flow of dollars for Aetna Funding Advantage works for a full year. You will see there are instances of both surpluses and deficits — we talk about those in more detail in the year-end accounting section. Remember, when claims are higher than anticipated, you are protected by your stop loss insurance.



*Funds your Maximum Claims Amount. Each month, the number of enrolled employees is used to determine the Maximum Claims Amount.

Aetna is the brand name used for products and services provided by one or more of the Aetna group of subsidiary companies, including Aetna Life Insurance Company and its affiliates (Aetna).

For self-funded accounts, benefits coverage is offered by your employer, with administrative services only provided by Aetna Life Insurance Company (Aetna).

Flow of claims funds**

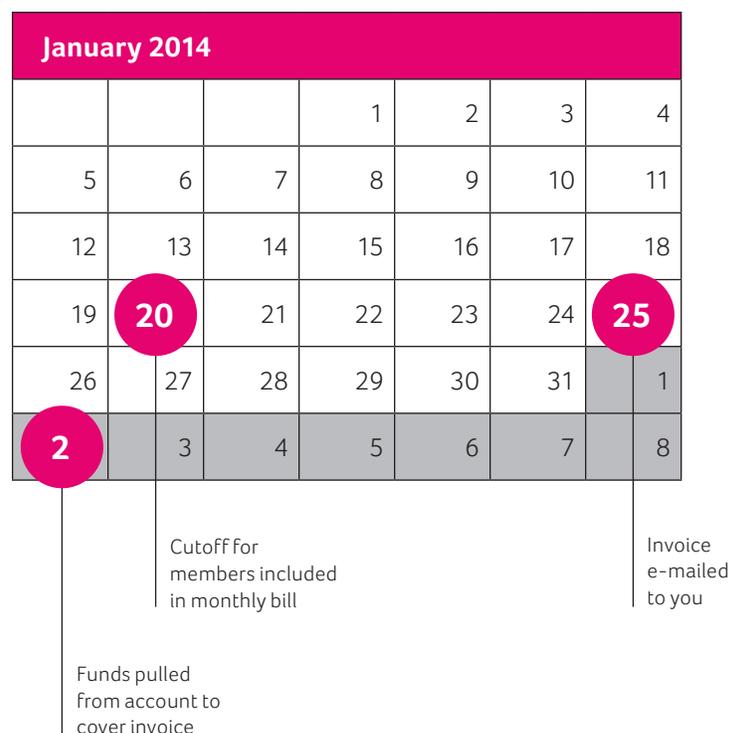
| Month | Total subscriber count | | | | Monthly claims funding | | Total claims paid | | Total claims paid over stop loss deductible | | Surplus/deficit |
|-------|------------------------|-------------|-----------------|--------|------------------------|--------------|-------------------|--------------|---|------------|-----------------|
| | EE | EE + spouse | EE + child(ren) | Family | Monthly | YTD | Monthly | YTD | Monthly | YTD | YTD |
| Jan | 16 | 12.5 | 11 | 7 | \$25,411.38 | \$25,411.38 | \$17,175.50 | \$17,175.50 | - | - | \$8,235.88 |
| Feb | 14.5 | 12.5 | 11 | 8 | \$25,645.99 | \$51,057.36 | \$18,420.50 | \$35,596.00 | - | - | \$15,461.36 |
| Mar | 14.5 | 12 | 10 | 8 | \$24,628.88 | \$75,686.24 | \$21,632.50 | \$57,228.50 | - | - | \$18,457.74 |
| Apr | 14.5 | 12 | 11 | 8 | \$25,306.95 | \$100,993.19 | \$26,428.00 | \$83,656.50 | - | - | \$17,336.69 |
| May | 14.5 | 11.5 | 11 | 7 | \$24,289.85 | \$125,283.04 | \$29,325.50 | \$112,982.00 | - | - | \$12,301.04 |
| Jun | 14.5 | 11.5 | 11 | 7 | \$24,289.85 | \$149,572.88 | \$29,370.50 | \$142,352.50 | - | - | \$7,220.38 |
| Jul | 14.5 | 10.5 | 11 | 7 | \$23,611.78 | \$173,184.66 | \$28,926.50 | \$171,279.00 | - | - | \$1,905.66 |
| Aug | 15.5 | 11.5 | 10 | 7 | \$23,907.42 | \$197,092.07 | \$25,762.00 | \$197,041.00 | - | - | \$51.07 |
| Sept | 16.5 | 12.5 | 11 | 7 | \$25,559.20 | \$222,651.27 | \$27,492.50 | \$224,533.50 | \$626.75 | \$626.75 | \$(1,255.49) |
| Oct | 16 | 12.5 | 11 | 7 | \$25,411.38 | \$248,062.64 | \$19,255.00 | \$248,788.50 | \$1,206.25 | \$1,833.00 | \$1,107.14 |
| Nov | 15.5 | 12.5 | 11 | 8 | \$25,941.63 | \$274,004.27 | \$20,212.50 | \$269,001.00 | \$128.87 | \$1,961.87 | \$6,965.13 |
| Dec | 14.5 | 12.5 | 11 | 8 | \$25,645.99 | \$299,650.25 | \$20,505.00 | \$289,506.00 | \$3,023.16 | \$4,985.03 | \$15,129.28 |

Billing

To simplify the billing and payment process, Aetna Funding Advantage works by pulling your monthly payment from the bank account you have defined for Aetna during the enrollment process. Your Aetna representative will provide a monthly billing summary prior to the first month's pull of funds based on your enrollment. It is important to note that the first month's pull of funds will occur during the **first week of the following month**. The second month's billing summary will take into account any changes that may have occurred based on final enrollment.

The number of members enrolled as of the 20th of the month will be used to generate your monthly payment. And an invoice will be e-mailed to you on the 25th of that month. The second business day of the next month, Aetna will pull funds from your account to cover your monthly invoice.

Monthly payments***



**Illustrative content only.

***Subject to change.

Reporting

Built-in transparency

In addition to providing financial protection, predictability and potential cost savings, Aetna Funding Advantage offers transparency through reporting. To help you keep track of claims activity and funding, we provide three regular reports:

1. **Enrollment Report** — tracks enrollment by plan type and is included with your monthly invoice
2. **Fund Summary** — shows funding levels and total claims and is sent to you monthly
3. **Large Claimant Report** — shows de-identified members that are running \$15,000 or higher throughout the year (provided at renewal)

Three ways you could save

1. **Tax savings** — Aetna Funding Advantage is exempt from the health insurance providers fee. In addition, Aetna Funding Advantage plans generally are not subject to state premium taxes.
 2. **Surplus** — With Aetna Funding Advantage, if you renew your plan and your total claims during the plan year are lower than expected, you get a credit. There are also options to pay higher monthly amounts in return for getting back claim surpluses at termination.
 3. **Benefit design** — Aetna Funding Advantage is not subject to benefits design mandates, allowing for less costly benefits levels.
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Year-end accounting

Year-end is the opportunity for Aetna to provide you with a credit if you run a surplus in claims funding. To determine if you have a surplus at the end of the year, we will subtract the annual total claims paid from the annual total monthly claims funding collected to determine if there is money left over once claims are paid. The terminal reserve has been prefunded throughout the year and is not included in the surplus calculation. The terminal reserve is used to pay claims upon termination. Once the claims are paid, any remaining dollars are considered a surplus.

If you renew your plan, any surplus in claims funds will be used as a credit toward next year's expenses after the contract ends (less a 50 percent deferred administration fee). There are also options to pay higher monthly amounts in return for getting back claim surpluses at termination.

Don't worry if you have a deficit at year-end. If an individual's claims exceed the specific stop loss deductible, Aetna, as the stop loss carrier, will pay any additional covered benefits accumulated by that member. Also, if the total group's total claims exceed the annual claims funding, Aetna will pay the remaining covered benefits in accordance with your stop loss policy. A deficit will never carry over to the next year.

Surpluses and deficits*

| | |
|----------------------|-------------|
| Total claims funding | \$300,000 |
| Annual claims paid | - \$250,000 |

Result = \$50,000 surplus

50% credited to you
50% retained by Aetna

Talk to your broker or Aetna representative today to learn more about Aetna Funding Advantage.

*Illustrative content only.

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