All Savers

# All Savers Wellness Alternate Funding

*Small Business Self-Insured Health Plans*

UnitedHealthcare®

# For Your Small Business

## *Plans that don't break the bank*

The **number one concern** for small-business owners is the cost of health care.[1] So, All Savers Wellness Alternate Funding plans were built with your small business in mind. They're intended to help save you money – and help your employees get more out of their plan, too.

Did you know that 60 percent of small-business employees spend less than $1,500 a year on health care?[2] It's often for things like ear infections, broken bones, or routine checkups. But since those employees don't meet their deductibles, they end up covering their medical costs out of their own pocket year after year. All Savers Wellness Alternate Funding plans are different.

## *Coverage before the deductible*

These plans were designed to **help members pay for everyday health care costs** – before the deductible. With All Savers Wellness Alternate Funding plans, every enrolled employee and covered spouse is eligible to earn $1,000 of up-front coverage, called a **wellness credit**. The wellness credit can be spent on most everyday health care costs.

## *A different kind of plan*

All Savers Alternate Funding is a self-funded health plan designed specifically for small businesses. It includes three parts:

1. Your **self-funded medical plan**, which pays covered medical expenses of your employees and their dependents.
2. A **third-party administration agreement** between you and United HealthCare Services, Inc. for claims processing, billing, customer service, and other administrative services.
3. A **stop-loss insurance policy** by All Savers Insurance Company. Stop-loss insurance protects the plan from large catastrophic claims by an individual covered member, and provides overall protection in the event that all claim payments made under the medical plan exceed a certain dollar limit.

Why would you want a self-funded health plan? Because you'll pay lower premium taxes throughout the year, your plan won't be subject to state mandates, and you'll actually have the chance to get some money back at the end of the year.

Keep reading to learn more about what you and your employees will get with an All Savers Alternate Funding plan.

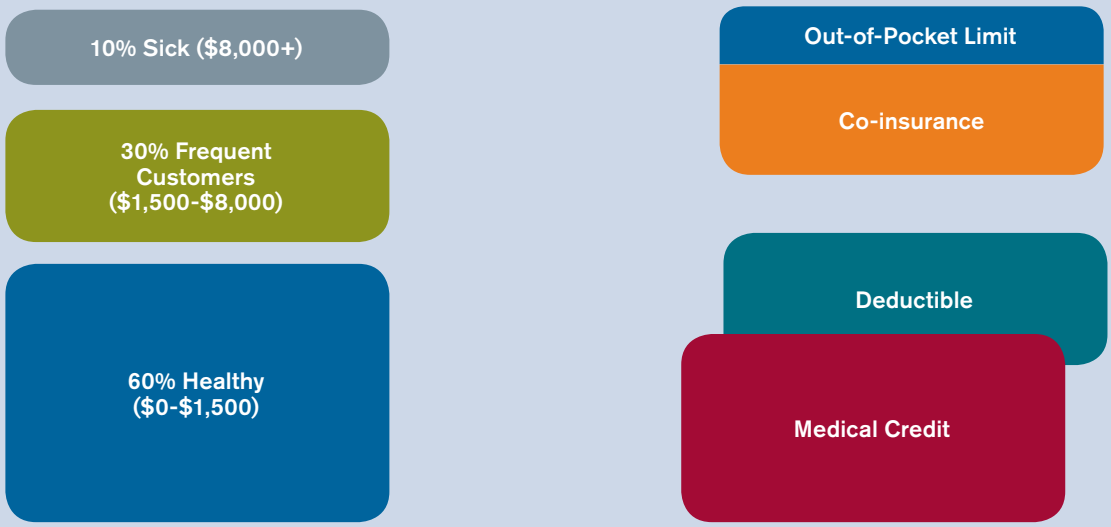
# What Do Employees Get?

## *Coverage before the deductible*

With All Savers Wellness Alternate Funding plans, every covered employee and covered spouse can earn a wellness credit of $1,000 that can help cover expenses like X-rays, lab work and diagnostic tests, and inpatient hospital stays for any covered family member (preventive exams are already covered at 100 percent). Payments made by the wellness credit count toward the member's deductible.

[1]Robert Wood Johnson Foundation, Small Business Research, 2008; National Foundation for Independent Business study, 2012.
[2]Based on a national sample of UnitedHealthcare small-business claims data for fully insured plans from March 1, 2010 to February 28, 2011.

Once the wellness credit is used up, every member must meet the rest of their deductible before co-insurance begins to pay eligible claims.

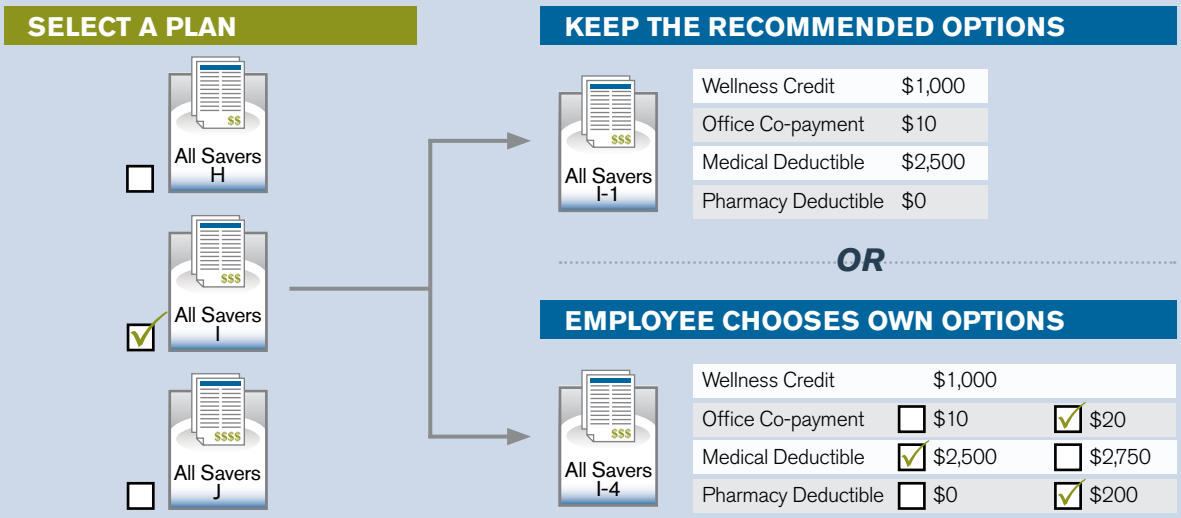



Sixty percent of small-business employees spend less than $1,500 a year on health care.[3] Usually they have to cover their own costs because they don't get past their deductible. The medical credit can help.

## *Plan options that are right for them*

Do employees want lower co-payments, a lower deductible, or a lower pharmacy deductible? No problem – it's their choice. With All Savers products, your employees can keep your recommended options or **they can choose** their own options, and it won't affect your company's monthly payment. Not a single dime.

It only takes a few minutes for employees to choose their own co-payment and deductible options on the All Savers website.




With All Savers Wellness Alternate Funding plans, your employees can keep the recommended co-payment and deductible options or choose the ones they like best.

### *Prescription drugs, minus the headaches*

The pharmacy benefit has low deductibles (as low as zero dollars). And once covered members meet the pharmacy deductible, they'll only cover the co-payments for the rest of the calendar year.

# A Measure of Good Health

To receive a wellness credit, each enrolled employee and covered spouse must meet at least three of these five targets:

| | |
|---|---|
| 1. **Waist size** | less than 40 inches for men; less than 35 inches for women |
| 2. **Blood glucose** | below 100 mg/dL |
| 3. **Blood pressure** | below 130/85 mm Hg |
| 4. **Triglycerides** | below 150 mg/dL |
| 5. **HDL ("good") cholesterol** | above 40 mg/dL for men; above 50 mg/dL for women |

Members who don't meet three of these targets can enroll in the wellness program at no personal extra cost. The full wellness credit will be earned upon completion of the wellness program, which is administered by Streamlines™ Wellness. Members can learn more about it at streamlineswellness.com.

If a member's personal physician states that the wellness program is medically inappropriate for that member, the member can earn the same credit if he or she complies with the physician's recommended treatment plan. Members can contact us at myallsaversinfo@goldenrule.com if they have any questions regarding these alternative ways to earn the medical credit.

Enrolled employees and covered spouses will retest at the beginning of each calendar year to earn a wellness credit.

# Enrollment and Screening Timeline

| | |
|---|---|
| **Step 1: Enrollment** | Choose plan designs and an effective date for the company's medical plan. |
| | Submit all the proper forms and medical histories (your broker can help with this). |
| **Step 2: Health Screening** | After your employees are enrolled and your medical plan is in effect, your company will schedule an on-site screening event (about four weeks out). |
| | Host your company's screening event and encourage your employees to participate. Screenings should be completed within 120 days of the effective date. |
| **Step 3: Results** | Results will be made available to members within about a week. |
| | Wellness credits will apply retroactively to the first day of the plan year in which the credit was earned. |
| | Those who don't meet the waist circumference target can enroll in the wellness program at a discounted cost. |

# Illustration of Costs and Payments

## *Example 1**

Sara chose a plan option with a higher co-payment, deductible, and pharmacy deductible. But she met her health screening targets and earned a wellness credit. So after the co-payments, her wellness credit helped cover the rest of the costs (and reduced her deductible). Her total out-of-pocket cost for the year was $30.

| Medical | Cost | Co-payment ($20) | Wellness Credit ($1,000) | Deductible ($2,750) |
|---|---|---|---|---|
| Annual checkup (preventive) | $200 | – | – | – |
| Exam of skin lesion (office visit) | $100 | $20 | – | – |
| Biopsy and removal of skin lesion | $550 | – | $550 | ($550) |
| Totals | $850 | $20 | $550 | ($550)* |

*Wellness credit applies to deductible

| Pharmacy | Cost | Deductible ($200) | Co-payment |
|---|---|---|---|
| Tier 1 prescription | $5 | $5 | – |
| Tier 1 prescription | $5 | $5 | – |
| Totals | $10 | $10 | $0 |

## *Example 2**

Now consider if Sara hadn't passed the health screening. With the same plan options and the same medical claims, but no wellness credit, she would have paid $580 out-of-pocket.

| Medical | Cost | Co-payment ($20) | Wellness Credit ($0) | Deductible ($2,750) |
|---|---|---|---|---|
| Annual checkup (preventive) | $200 | – | – | – |
| Exam of skin lesion (office visit) | $100 | $20 | – | – |
| Biopsy and removal of skin lesion | $550 | – | – | $550 |
| Totals | $850 | $20 | – | $550 |

| Pharmacy | Cost | Deductible ($200) | Co-payment |
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| Tier 1 prescription | $5 | $5 | – |
| Tier 1 prescription | $5 | $5 | – |
| Totals | $10 | $10 | $0 |

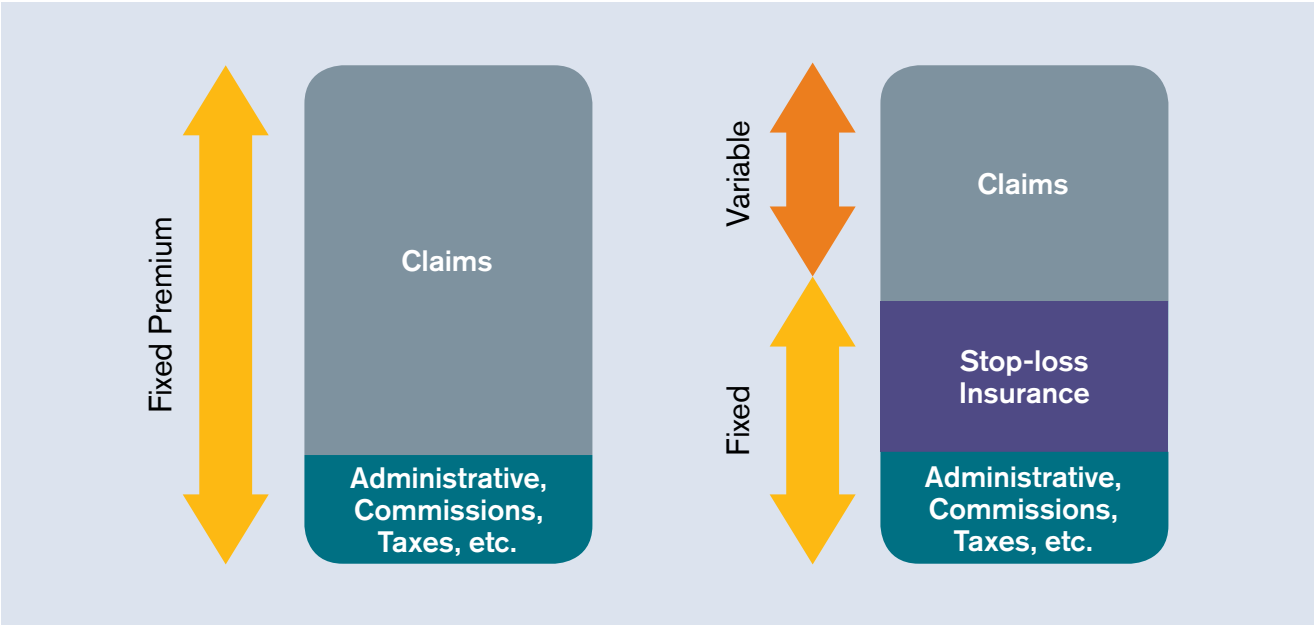
* The example is for network services and is for illustration purposes only. It does not represent real persons or events.

# How Does Alternate Funding Work?

## *Traditional insurance is a fixed cost*

With traditional plans, a small business pays a fixed premium to the insurance company, and then the insurance company pays the health care claims as well as the administrative costs, sales commissions, and taxes.

If the actual health care claims are higher than expected, the insurance company covers it. But if the claims are lower than expected, the insurance company keeps the difference. This means your company doesn't get anything back if your employees have lower-than-expected claims.




## *All Savers Alternate Funding plans are different*

With All Savers Alternate Funding, if the actual health care claims are lower than expected, your plan shares in the savings with some money back at the end of the year. And if the claims are higher than expected, your stop-loss insurance policy covers it.

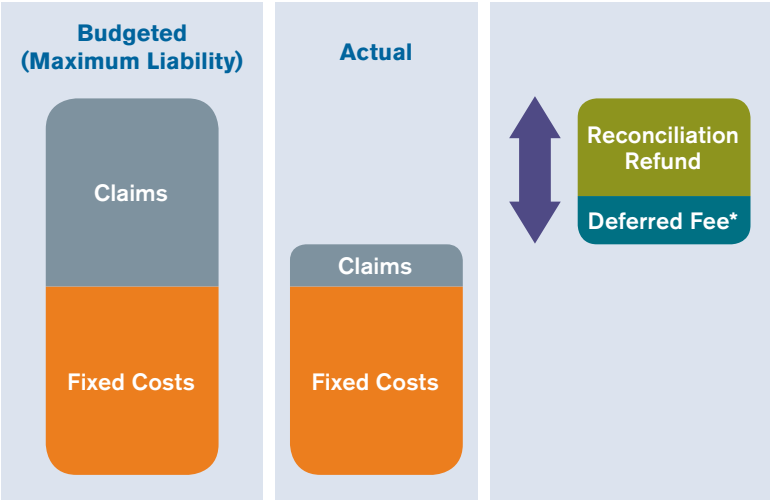
Here are a few additional benefits to an Alternate Funding self-funded plan:

- The plan is a "level-funded" plan, so your company will make the same monthly payment throughout the plan year. And you won't have to pay any more at the end of the plan year, even if you have high claims costs.

- Self-funded medical plans are not subject to most state insurance mandates or state insurance-premium taxes, which can mean lower costs throughout the year. (However, stop-loss coverage is still subject to premium tax.)

## Best case: Low claims

Your company's monthly payments include the estimated health care claims plus the fixed cost items (administrative fees and stop-loss insurance premium). This is called your plan's "maximum liability," which means you won't get stuck at the end of the year with any additional costs.




Part of your monthly payments will go into an account that pays for your employees' eligible claims. At the end of the year, the monthly payments will be compared with the actual costs. In the best-case scenario, the actual claims costs for the year would be less than what was estimated, which means your plan would have a surplus.

After plan reconciliation, two-thirds of any surplus is sent back to your plan to use for the following year, and one-third is kept as a deferred administrative fee (where allowed by state law).

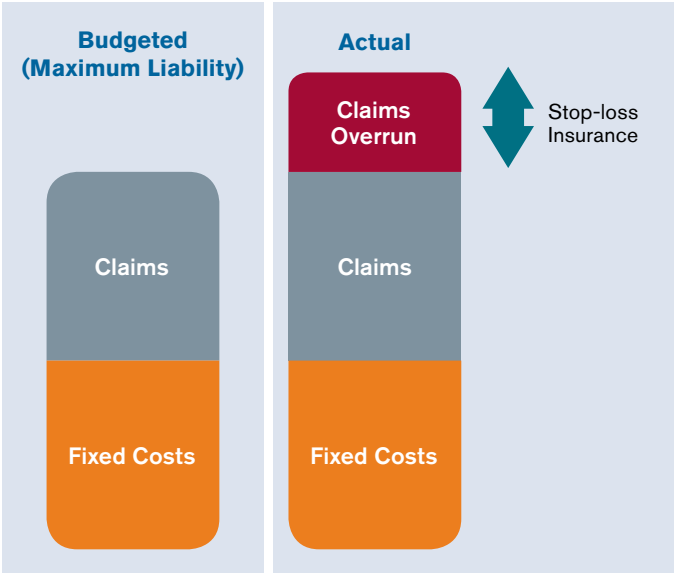
*where allowed by state law

## Worst case: High claims

In the worst-case scenario, the actual claims would be higher than expected. But because your plan would have already paid the maximum liability, you won't pay more at the end of the plan year.

Your plan is protected by the stop-loss insurance that is already built in to your monthly payments.

Of course, each year will be somewhere between the worst case and best case. But in any case, many small businesses could save with an All Savers Alternative Funding plan.



# Benefit Highlights

This table outlines how different kinds of eligible services are reimbursed. The options your employees choose will determine their actual co-payments, deductibles, and co-insurance amounts.

| Services | Network | | | | Non-Network | | | |
|---|---|---|---|---|---|---|---|---|
| | Co-pay | Wellness Credit | Deductible | Co-insurance | Co-pay | Wellness Credit | Deductible | Co-insurance |
| **Preventive**<br>▸ Wellness Visits<br>▸ Immunizations<br>▸ Routine Screenings | – | – | – | 100% | – | shared with network wellness credit | $4,000 to $8,000 (individual)<br>$8,000 to $16,000 (family) | 50/50 to 85/15 |
| **Co-payments**<br>▸ Level 1: Physician Visit<br>▸ Level 2: Urgent Care Center<br>▸ Level 3: ER Visit | $10 – $40<br>$75 – $125<br>$250 – $350 | – | – | 100% | | – | | |
| **No Co-payment**<br>▸ Minor Lab Work<br>▸ Major Diagnostics (CT Scan, MRI, etc.)<br>▸ Inpatient Services<br>▸ Outpatient Services<br>▸ Ambulance (Air/Ground)<br>▸ Many other services | – | $1,000 | $2,000 to $4,000 (individual)<br>$4,000 to $8,000 (family) | 50/50 to 85/15 | – | shared with network wellness credit | | |
| **No Co-payment or Wellness Credit**<br>▸ Transplant<br>▸ Skilled Nursing<br>▸ Home Health Care<br>▸ Rehab<br>▸ Prosthetics<br>▸ Durable Medical Equipment | – | – | | | | – | | |
| **Pharmacy Tiers 1–3**<br>▸ Tier 1: Lowest-cost<br>▸ Tier 2: Mid-cost<br>▸ Tier 3: Mostly brand-name | $10<br>$20 – $40<br>$40 – $80 | – | $0 to $200 | 100% | – | | | |
| **Pharmacy Tier 4**<br>▸ Tier 4: Highest-cost drugs | – | | | 70/30 | | | | |

* If an ER patient is admitted into the hospital, it is counted as inpatient or outpatient services under the No Co-payment section.

UnitedHealthcare®

These employee benefit products are marketed under the All Savers brand. Excess-loss insurance coverage is provided by All Savers Insurance Company, a UnitedHealthcare company. The underlying medical benefit is not an insured product. Administrative services are provided to the plan sponsor by United HealthCare Services, Inc., and its affiliates, including UnitedHealthcare Life Insurance Company. Administrative services may also be provided by Savvysherpa Administrative Services, LLC.



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