CIGNA HealthCare

Financial Proposal

for

City of Rockville

Effective Date: January 01, 2012

Date: August 26, 2011

CIGNA Healthcare Financial Exhibit for: **Draft**

City of Rockville

Effective Date: January 01, 2012

Match Current Carefirst HMO plans with OAPIN

CIGNA PLAN OFFERED		
Product	Open Access Plus In-Network - Proposed OAP-in to replace CareFirst HMO	Open Access Plus In-Network - Proposed plan to replace CareFirst HMO Open Access
Plan Offering	Quadruple Option	Quadruple Option
Plan Name	Baseline	Baseline
Medical Management Model	PHS+	PHS+
Situs	MD	MD
Funding	Fully Insured	Fully Insured
Shared Returns	Yes	Yes
CIGNA MEDICAL BENEFITS*		
In-Network:		
Office Copay - PCP	$30	$15
Office Copay - SPC	$40	$25
Inpatient Copay - Per Admit	NA	NA
Inpatient Copay - Per Day	NA	NA
Outpatient Facility Copay	NA	NA
Emergency Room Copay	$50	$50
Urgent Care Copay	$40	$25
MRI, CT PET Scans Copay	$0	$0
Deductible - Individual	$0	$0
Deductible - Family	$0	$0
Out-of-Pocket - Individual	$2,000	$2,000
Out-of-Pocket - Family	$6,000	$6,000
Coinsurance	100%	100%
Out of Network:		
Deductible - Individual	NA	NA
Deductible - Family	NA	NA
Out-of-Pocket - Individual	NA	NA
Out-of-Pocket - Family	NA	NA
Coinsurance	NA	NA
Inpatient Deductible - Per Admit	NA	NA
Inpatient Deductible - Per Day	NA	NA
Outpatient Facility Deductible	NA	NA
MRI, CT PET Scans Copay	NA	NA
Pharmacy Benefits (G/B/NPB/4th Tier)		
Retail Copay	$10/$20/$35	$10/$20/$35
Retail Coinsurance	NA	NA
Mail Order Drug Copay	$20/$40/$70	$20/$40/$70
Mail Order Drug Coinsurance	NA	NA
Deductible	NA	NA
Mental Health/Substance Abuse (Yes/No)	Yes	Yes
Vision Rider (Yes/No)	No	No

**High level benefit summary. Please see your plan summary for a more detailed benefit description. If this proposal includes CIGNA Care Network, the level of in-network benefits applicable may vary from what is shown above.*

CIGNA PROPOSED RATES

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Match Current Carefirst HMO plans with OAPIN
Match Current Rate Steps

CIGNA PLAN OFFERED				
Product	Open Access Plus In- Network - Quadruple Option		Open Access Plus In- Network - Quadruple Option	
Plan Offering	Baseline		Baseline	
Plan Name	PHS+		PHS+	
Medical Management Model	Included		Included	
Health Advocacy	MD		MD	
Situs	Fully Insured		Fully Insured	
Funding	Yes		Yes	
Shared Returns				
CIGNA RATES - $100,000 Pooling Level				
	OAPIN replacing Carefirst HMO (DE350, MD300A, MD300B, MD300C, MD300D, MD300F, MD300G, PA300Y, VA300I)		OAPIN replacing Carefirst OA HMO (FL305I, MD300A, MD300B, MD300C, MD300D, MD300F, OR352C, PA300Y)	
	#EE	Rates	#EE	Rates
Employee	96	$429.96	20	$484.01
Emp + Spouse	54	$859.90	13	$968.00
Emp + Child(ren)	29	$859.90	9	$968.00
Emp + Family	101	$1,289.86	23	$1,451.99
Monthly Premium	280	$242,924	65	$64,372
Monthly Premium Per Product	$242,924		$64,372	
Annual Premium Per Product	$2,915,085		$772,464	
TOTAL EE's	345			
TOTAL Monthly Premium	$307,296			
TOTAL Annual Premium	$3,687,548			

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PROPOSAL TERMS AND CONDITIONS for Proposal Match Current Carefirst HMO plans with OAPIN

A. General Terms of this Proposal

CIGNA HealthCare is pleased to present this Proposal for a Shared Returns group medical , pharmacy and behavioral health benefit plan (the "Plan") sponsored by City of Rockville. This proposal is valid for 60 days from its original date of release, 08/26/2011. Any revisions or updates to this proposal will not renew this valid timeframe unless expressly communicated by CIGNA HealthCare.

Proposal Caveats
CIGNA HealthCare may revise or withdraw this Proposal if:

1 there is a change to the effective date of the quote.
2 the policy period length is different than 12 months.
3 the policy will not be sitused in MD.
4 the Plan benefits are different than shown in the RFP or benefit modifications are requested.
5 the census or experience provided by USI Insurance Services Corporation is deemed inaccurate.
6 there is a change in any law, regulation, or required assessment or tax that changes CIGNA HealthCare's costs in offering the plan.
7 less than 200 employees or less than 70% of total eligible employees enroll in the Plan.
8 enrollment increases or decreases by 10% or more, by product or for the total account, from the enrollment assumptions used in establishing the rates and/or fees set forth herein.
9 the final enrollment deviates from the quoted enrollment such that it results in a needed change in premium rates. Rates are based on final enrollment factors, including total number of enrollees, their age, sex, demographics, location and the distribution of enrollees by product or membership tier.

10 any of the information upon which these rates or benefits were based (including Medical History information) changes or is inaccurate.
11 more than other insurers' plans are offered to City of Rockville's employees in the following worksites: "allow client to "freeze" current Kaiser population"

12 enrollment in CIGNA HealthCare's plan is below 10% of the total eligible population identified as 571.
13 the employer changes its contribution to the plan rates (either the percentage or amount).
14 the employer does not contribute the same percentage amount to each plan.
15 it is requested to provide optional services beyond those listed here as being included in the quote: "$20k Wellness Fund"
16 administration of the Plan will require more than the following:
   - o Billing lines: 56
   - o Billing and Claim Branch Benefit Options: 4
17 it does not receive current audited financial statements (income statement, balance sheet, statement of sources and uses of funds) from City of Rockville and approve the quote upon evaluation of those statements.
18 the Experience Protection Benefit has a pooling point other than $100,000.
19 the policy year to which this quotation applies, the deficit amount that may be accumulated for recovery by CIGNA HealthCare through future policy year margins shall not exceed 15% of experience-rated premium, and/or premium equivalent with respect to the policy as determined by CIGNA Healthcare. The determination of the deficit amount that may be recovered through policy margins is made during the year end settlement process and the deficit is applied only after the completion of the full policy year accounting margin/deficit determination. This limitation on recovery of deficits does not apply:

   - o if the experience rated medical policy terminates or is amended to convert to another funding option.
   - o if the policy period for settlement purposes is other than 12 months.
   - o The determination of the deficit and margin amounts shall be made by CIGNA HealthCare in accordance with its then current underwriting practices.

   CIGNA HealthCare has the right to revise the Cap or its associated risk charge if, during the policy year, there is a material change in the factors assumed by CIGNA HealthCare as reflected in this proposal, or there is a change in the terms, conditions, or benefits of the polic(ies) included in your account or there is a change in the geographic location of you business or a change in the nature of your business that would in the opinion of CIGNA HealthCare change the risk it assumed under the policy(ies).
20 there is any reimbursement arrangement ("gap" cards, etc.) that subsidizes or reduces the out-of-pocket obligation of covered persons under the policy.

B. Scope and Application of this Proposal

Unless otherwise indicated, this Proposal:

1 supersedes and renders null and void any prior CIGNA HealthCare offer or proposal with respect to the Plan.
2 reflects the claims and administrative savings realized by packaging the following specialty coverage with medical: Pharmacy and Behavioral Advantage.

3 requires a separate benefit option due to state regulations, if you have purchased OAP/PPO with CIGNA HealthCare Behavioral Advantage and you have members residing in NC or CA.
4 does not apply to part-time or seasonal employees for any plan.
5 Medicare eligible retirees are not included in this plan unless mandated by situs state legislation.
6 includes the Network Savings Program (NSP) and other bill negotiation.
7 excludes charges for converting a qualified member of a group plan to an individual plan.
8 requires you notify us within 30 days if any information set forth in this form changes at any time while coverage is provided to you by CIGNA HealthCare.

9 does not include administration of "run out" claims incurred prior to the effective date.
10 guarantees the expenses for the settlement accounting at the end of the policy year are to be 10.20% of the unpooled premium, unless there is a retro call.

11 requires the ability to communicate directly with employees during open enrollment to provide information regarding CIGNA HealthCare product offerings.

12 CIGNA HealthCare assumes that the group health plan or health insurance coverage to which this proposal applies will not be a "grandfathered health plan" under the Patient Protection and Affordable Care Act (the "Act") and that it will be subject to all requirements of the Act applicable to a group health plan or health insurance coverage unless otherwise specified in writing.

Statement of Understanding Regarding "Underlying Plans"

In establishing its premium rates/charges for all benefit plans insured and/or administered for you by CIGNA HealthCare companies ("CIGNA HealthCare"), CIGNA HealthCare assumes that there are no "**Underlying Plans.**" Underlying Plans means:

. plans or arrangements that pay for or subsidize <u>any</u> portion of the cost-sharing responsibilities for people covered by the plan(s) including, but not limited to, co-payments, deductibles and/or member coinsurance balances
. a Health Savings Account (HSA)
. a Health Reimbursement Account (HRA)

CIGNA HealthCare also assumes that Underlying Plans will not be put in place in the future.

The existence of Underlying Plans has a material impact on CIGNA HealthCare's premiums/charges and if not previously disclosed to CIGNA HealthCare in connection with its underwriting constitutes a material modification of the plan's benefits entitling CIGNA HealthCare to increase its premiums/charges to reflect the impact of the Underlying Plans. To ensure that CIGNA HealthCare has all the material information that it needs to appropriately determine its premiums/charges, please complete and execute the following certification.

Employer Certification

_____ (Employer/Group), by its duly authorized representative, hereby represents, certifies and agrees that in connection with the plan(s) insured and/or administered by CIGNA HealthCare:

1. _____ an Underlying Plan is not offered;
OR
____ an Underlying Plan is offered and attached is a complete description of the Underlying Plan. With respect to a HSA or HRA that is offered, include in the description:
the level of employer funding to the HSA and/or HRA;
the order of reimbursement, and
the provisions regarding annual rollover

2. it will notify CIGNA HealthCare prior to implementing any Underlying Plan not identified above in response to No. 1;

3. the foregoing representations and the information provided above are true and complete and provided with the understanding that they are material to CIGNA HealthCare's determination of its premium rates/charges both currently and in the future, and

4. CIGNA HealthCare may rely upon the foregoing representations and information in establishing its premiums/charges both now and in the future.

Name of Employer/Group: _____ Date:

By: _____

Title: _____