Administrative handbook
Aetna Funding Advantage℠

For self-insured groups with 25 – 500 eligible employees
Welcome!

Thank you for choosing the Aetna Funding Advantage self-insured health plan — you made a great choice. Investing in the right benefits for your employees’ health care will pay off today and tomorrow.

We designed this administrative handbook to summarize all the information you need to work with Aetna as we help administer your self-insured plan. That way, you can get back to doing what’s most important to you — running your business!

This handbook is easy to scan quickly for what you need

It is important that you know how your self-funded plan works and what you need to do to comply with laws that apply to self-funded plans. We identify categories of things you need to know in this handbook. There is also a section with our contact information on page 3 if you have questions.

At times, you may notice terms or references that do not apply to your plan. The contracts between you and Aetna spell out the actual terms of how we will help administer your self-funded plan. These contracts include:

• Self-Funded Service Agreement made up of the Master Services, Statement of Available Services, Service & Fee Schedule and Appendices (Appendix I includes the Schedule of Benefits and Booklets)
• Stop Loss Contract (made up of the Stop Loss Policy and Application for Stop Loss)

We are working hard to make things simple for you. So, let us know if there is anything we can do to make your job easier.

And, again, welcome.
Online tools
You get the Aetna Navigator® secure member website for tools, programs and perks that are included in your health plan. It’s a great resource to look up coverage, find doctors in our network and estimate the cost of care.
You and your employees can sign up for the member website at www.aetna.com.

Claims mailing address
Attn: Claims Reimbursement
Aetna
PO Box 14079
Lexington, KY 40512-4079

Member Services
You, your employees and their families can call Member Services with questions. You can find the number listed below and on your Aetna ID card.
Member Services: 1-888-80-AETNA (1-888-802-3862)

Contact us
Have a question or a problem with your group plan? We are here to help. When you contact us, have your group plan’s control, suffix and account number handy. We will probably ask for them.
If you have any questions related to administering your plan, call us and we can help you. Get the forms you need to administer your plan at www.aetna.com.

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<td>CT, DE, MA, ME, NH, NJ, NY, PA, RI, VT, WV</td>
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Aetna Funding Advantage offers a stable monthly payment, the protection of stop loss insurance and the chance to save when your group’s medical costs are lower than expected. Every month, you pay a single amount covering all your costs for this arrangement — the medical costs you may have during the year, our administrative fees, our stop loss premium and an amount to fund medical costs after our relationship ends if you choose not to renew with us. We explain these costs below.

You can save if your medical costs end up being lower than expected. Here’s how it works. At the end of the contract year, we figure out your total medical costs due for that year. If the total costs are less than your maximum funding, we credit 50 percent of that surplus toward your future costs when you renew. There are also options to pay higher monthly amounts in return for getting back claims surpluses at termination and renewal.

And if your costs are higher than that maximum, Aetna’s stop loss insurance protects you.

Your monthly funding consists of four pieces:

1. **Administrative fee** — our fee for processing claims and the other things we do to service your account.

2. **Claims funding** — the maximum amount of medical costs that you are responsible for in the current year.

3. **Terminal reserve funding** — the amount we set aside to pay run-out claims after our relationship ends.

4. **Stop loss premium** — what you pay us to protect you if your total claims are higher than expected or if covered individuals have very high medical costs.

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**Billing and monthly payments**

How we calculate your total monthly payment

We figure out how much you need to pay per employee (the amount is higher if they enroll as a family versus as an individual). We multiply that amount by the number of employees who sign up for coverage.

\[
\text{Total monthly payment} = \text{Administrative fee} + \text{Claims funding} + \text{Terminal reserve funding} + \text{Stop loss premium}
\]
Bank account and invoices

Monthly payments
To simplify the billing and payment process, Aetna Funding Advantage works through joint access to your Citibank bank account — which we set up during enrollment. On the 25th of each month we e-mail you an invoice based on how many employees are enrolled for coverage on the 20th of that month. Around the second business day of the following month, we pull funds from your account to cover what you owe us for that month.

If members join or drop coverage after the 20th of the month, on the next month’s statement we’ll show the changes as a retroactive adjustment to your bill.

Example

<table>
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<td>4</td>
<td>5</td>
<td>6</td>
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</table>

Cutoff for members included in monthly bill
Funds pulled from account to cover invoice
Invoice e-mailed to you

Your invoice
In addition to the total amount due, your invoice includes:
- An Enrollment Report with enrollment tracked by plan type
- A Fund Summary with funding levels and total claims

Additional reporting
As we prepare for your renewal, we will give you a report that describes the members who we expect to have medical costs of at least $15K for that year. We do not provide the member’s name or other details.

We’ve got you covered
If in any month we pay out more in claims than we have collected from you, we will temporarily fund the difference. At the end of the policy year, if in total we’ve paid more than the total medical costs funding, your stop loss policy will kick in to cover subsequent claims in accordance with the stop loss policy.

Insufficient funds
If there are not sufficient funds in your bank account to pay an invoice in full by the payment date, we have the right to immediately stop paying benefits claims and to terminate the Services Agreement upon notice to you. If we terminate the Services Agreement, you still owe all the money we invoiced you for before we terminated, and we have the right to collect that immediately.
A surplus occurs if your total medical costs are less than the medical costs we have paid out 90 days after the contract year ends. The final surplus is determined as part of year-end accounting.

If you renew your plan with us, we will keep 50 percent of your surplus to cover our fee for servicing your account. We use the other 50 percent to reduce your future payments of claims funding, fees and stop loss premium.

Aetna offers customers the option to pay higher monthly amounts in return for getting back claims surpluses at termination and renewal. Additional buy-options:

- 100 percent return for groups with 25 – 500 eligible employees.
- 66 percent return (upon renewal only) or 100 percent return for groups with 101 – 500 eligible employees.

Note that the year-end accounting will not occur until after the 12 months of run-out has finished.

The stop loss policy covers medical costs that are higher than the medical costs funding collected. A deficit will never carry over to the next year.

**How your stop loss works**

Stop loss insurance kicks in to help in two ways. It pays when your plan’s medical costs are higher than your maximum expected claims amount. This protects you against the risk that your employees in total are sicker than expected. In addition, your stop loss insurance will pay for the medical claims of a single member who has very high medical costs in the contract year.

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**Example: surplus (renewal)**

<table>
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<th>Year-end accounting</th>
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<tr>
<td>Total claims funding</td>
<td>$300,000</td>
</tr>
<tr>
<td>Annual claims paid</td>
<td>($250,000)</td>
</tr>
<tr>
<td><strong>Result</strong></td>
<td><strong>$50,000 surplus</strong></td>
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50% credited to you  50% retained by Aetna

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*Terminal reserve fund is not included until a group terminates.*
Eligibility and enrollment

Your contract documents lay out guidelines for eligibility and enrollment. We describe those guidelines below, but please look at the contract documents if you have any questions.

New hires and newly eligible employees
You can help new hires or newly eligible employees make informed decisions by giving them our enrollment materials and benefits literature. This can also help to avoid claims problems caused by delayed enrollment or missing information. Here is some information you may wish to share:

• Enrollment/change form with instructions
• Privacy notice
• Summary of Benefits and Coverage

Ensure employees return completely filled out and signed enrollment/change forms. Information such as date of hire and group number is required. Incomplete forms may delay enrollment and ID cards.

Change in enrollment status
You must complete an enrollment/change form for an enrollee not more than 31 days after an employee:

• Adds a dependent through marriage, birth, adoption or legal guardianship
• Drops a dependent through divorce, death or age cutoff
• Changes address, if out of area
• Changes employment status through retirement, layoff or other form of termination

Coverage for new dependents usually becomes effective on the date of a life-changing event. Life-changing events include marriage, birth, adoption and legal guardianship.

ID cards
We mail ID cards to participants shortly after they enroll with us. Your employees can also print their ID cards from their member website at www.aetna.com.

Prescription coverage
Many pharmacies do not accept insurance unless the member presents his or her member ID card. Members who have not yet received their ID cards may still have their prescriptions filled at a participating pharmacy. Once members receive their ID cards, they can then send us copies of their prescription receipt with their member ID numbers marked on them. We will then reimburse them for the cost, less their copayment. (Copayment is the fixed dollar amount an employee pays when he or she visits the pharmacy or doctor.) The pharmacy directory contains a list of local participating pharmacies. Or use our online provider directory at www.aetna.com.
When selecting Aetna Funding Advantage, you signed a number of documents designed to effectively establish your plan. Below is a summary of those documents and their uses for your reference.

- **Self-Funded Service Agreement** — comprised of the Master Services, Statement of Available Services, Service & Fee Schedule and Appendices (Appendix I includes the Schedule of Benefits and Booklets).
- **Master Services Agreement** — outlines services provided by Aetna as the administrative service provider for the Aetna Funding Advantage product.
- **Stop Loss Insurance Policy** — the insurance policy that outlines your stop loss coverage.

**Fiduciary duties**

Aetna serves as the claims fiduciary. That means we have final say about whether the plan covers a claim. We also help you comply with your duties under the Affordable Care Act by providing Summaries of Benefits and Coverage that can be shared with members.

You are legally responsible for everything else. Among other things, you need to file reports with the Department of Labor and Internal Revenue Service (IRS). You also need to give members access to their Summary Plan Description, which describes the plan’s benefits.

The federal Employee Retirement Income Security Act of 1974 (ERISA) law has additional legal requirements. For more information about ERISA, visit the U.S. Department of Labor website at [www.dol.gov/ebsa/compliance_assistance.html](http://www.dol.gov/ebsa/compliance_assistance.html).

Many of the requirements are not different from a traditional fully insured arrangement, but you should be aware of additional reporting requirements for a self-funded benefits plan.

This material is for informational purposes only and is neither an offer of coverage nor medical advice. It contains only a partial, general description of programs and services and does not constitute a contract. Aetna is not a provider of health care services and, therefore, cannot guarantee any results or outcomes. All participating providers are independent contractors and are neither agents nor employees of Aetna.