Get to know UnitedHealthcare Level Funded

One of the biggest challenges facing business owners is the cost of plan participant health coverage. Managing costs is important, but so is offering a health plan your plan participants actually like. UnitedHealthcare Level Funded health plans are designed to give you a different way to balance the cost savings you're looking for with the benefits that plan participants want. Level Funded health plans are intended to help you save money and build health ownership so plan participants can get more from their health coverage.

Building health ownership and lowering costs

Initiation $$$$	Awareness $$$	Accountability $$	Ownership $
My health benefits help me when I'm sick.	My health benefits help me stay healthy and manage my condition.	My health benefits are an integral part of managing my health.	My health benefits help me make more informed decisions and get the most for my dollars.

A different kind of health plan

Level Funded is a type of self-funded health plan that includes 3 parts:

1. Your self-funded medical plan, which pays covered medical expenses of your covered plan participants and their eligible dependents
2. A third-party administration agreement between you and United HealthCare Services, Inc. (UnitedHealthcare Services LLC in NY) for claims processing, billing, customer service and other administrative services
3. A stop loss insurance policy that helps the plan limit risk by absorbing losses due to large catastrophic medical claims by a covered individual and includes a cap on the overall medical claims payment risk

With a self-funded health plan, you may pay lower premium taxes throughout the year, and you'll potentially have the chance to get a surplus refund[1] at the end of the year where allowed by state law.

How does level funding work?

Traditional insurance is a fixed cost

With traditional plans, the 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 them. But if the claims are lower than expected, the insurance company keeps the difference. This means your health plan doesn't get a surplus refund if your plan participants have lower-than-expected medical claims.

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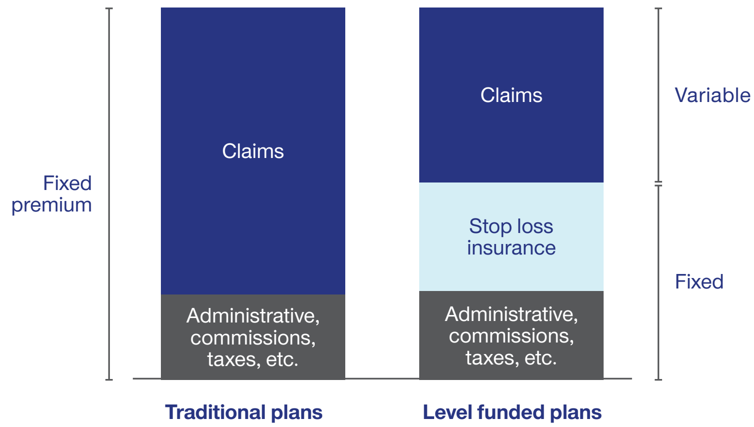
[1] Please consult a tax and/or legal advisor to determine if by receiving this surplus refund, there are any restrictions or obligations.

Level Funded plans are different

With Level Funded, if the covered medical claims are lower than expected, your plan shares the savings with a potential surplus refund at the end of the year (where allowed by state law). And if the covered medical claims are higher than expected, your stop loss insurance policy covers them.

A couple additional benefits:

- The plan is a “level-funded” plan, so your company will make the same monthly claims funding payment throughout the plan year; you won’t have to pay any more for medical claims at the end of the plan year, even if your medical claims are higher than expected
- Self-funded medical plans are not subject to most state insurance mandates or state insurance premium taxes, which may mean lower costs throughout the year (your stop loss coverage is still subject to premium tax, however)

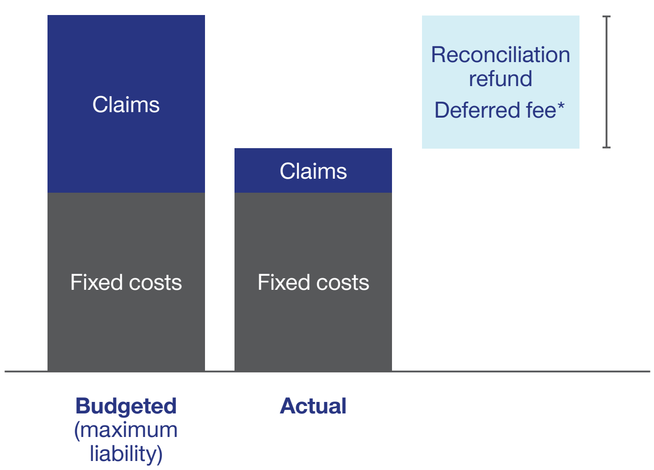


Best case: Low medical claims

Your company’s monthly payments include the estimated health care claims plus 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 unexpected costs.

Part of your monthly payments will go into an account that pays for your covered plan participants’ eligible claims. At the end of the year, the monthly claims funding payments will be compared with the actual claims costs. In the best-case scenario, if actual medical claims costs for the year are less than what was estimated, your plan has a surplus.

After plan reconciliation, any surplus is sent to your plan to use for the following year (where allowed by state law).



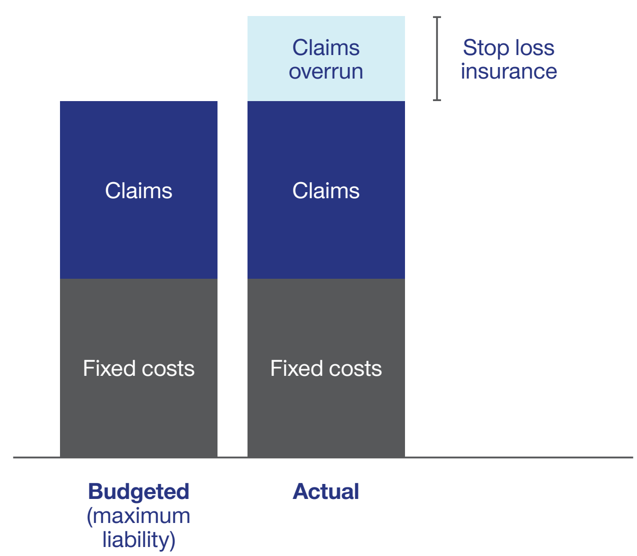
*Where allowed by state law

Worst case: High medical 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 for covered claims at the end of the plan year.

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

Of course, each year could be somewhere in between. But in any case, many businesses may save with a Level Funded plan.



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