

# CIGNA Choice Fund<sup>®</sup> Experience Study

SUMMARY OF KEY FINDINGS

DECEMBER 2009

CIGNA recently completed a multi-year study of the health care claims experience of nearly 655,000 individual customers enrolled in CIGNA Choice Fund<sup>®</sup> consumer-driven health plans and traditional HMO and PPO plans. The results demonstrate that CIGNA Choice Fund plans can improve the health, well-being and sense of security of the individual and can “bend the cost curve” while increasing levels of care.

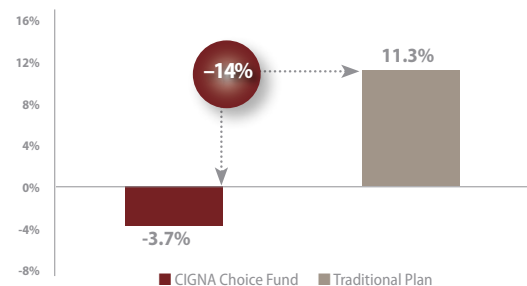
## The study shows:

- Medical cost trend for consumer-driven health plans (CDHP) continues to be less than the trend for HMOs and PPOs:** Medical cost trend for first year CIGNA Choice Fund customers was 14% lower, and lower cost trend continues in subsequent years.
- Use of preventive care increased:** First-year preventive visits increased, and renewal-year visits remained significantly higher than traditional plans.
- Use of best medical practices was constant or improved:** Customers with CIGNA Choice Fund continued to receive recommended care at similar or better compliance rates as customers with traditional plans.
- Cost reduction for chronic diseases:** Medical cost trend is between 15%-27% less for CIGNA Choice Fund customers with hypertension, joint disease and diabetes.
- More engaged in health management:** Disease management program follow-through and completion rates are 22% higher among those in CIGNA Choice Fund plans than their counterparts in traditional plans.
- Medication compliance improved, while costs decreased:** Use of maintenance medications that support chronic conditions increased while costs decreased, and CIGNA Choice Fund enrollees’ use of generic drugs was at a higher rate than individuals in traditional plans.

## Key Findings – Medical Cost Trend and Use

- Medical cost trend for the CIGNA Choice Fund was lower than that of CIGNA’s HMO and PPO plans in both the first and renewal plan years.**
- CIGNA Choice Fund medical cost trend was 14% lower than traditional plans in the first plan year; with first-year cost savings occurring in all health status categories, across all categories of service, and for both Health Reimbursement Account and Health Savings Account plans.**
- The CIGNA Choice Fund Experience Study has shown consistent results in previous studies at -13%, -12%, and -16%.**
- The study shows that lower medical cost trend for CIGNA Choice Fund continues in subsequent years. This means that the cost reduction associated with Choice Fund is sustainable and in fact increases over time.**

Medical Cost Trends – 2008 vs. 2007  
CIGNA Choice Fund vs. Traditional Plans

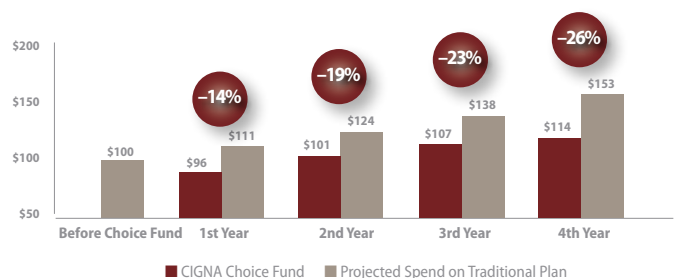


Medical (non-pharmacy) analysis excludes catastrophic claims > \$50,000 and capitated services. Data is standardized for both populations.

Values are adjusted to reflect the overall health status mix of the entire study group.

Results are relatively insensitive to the method of standardization: +/- 1%.

Projected Medical Costs per \$100 Spent  
CIGNA Choice Fund vs. Traditional Plans



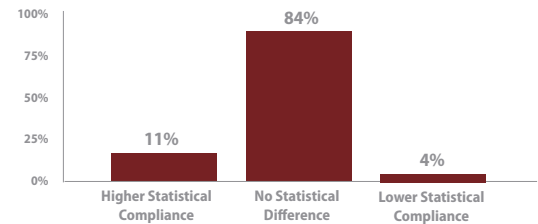
Analysis excludes catastrophic claims > \$50,000 and capitated services.



## Key Findings – Medical Cost Trend and Use (continued)

- CIGNA Choice Fund enrollees continued to receive recommended care at the same or higher levels as when these individuals were enrolled in traditional plans in the previous year. This evaluation was based on close to 400 evidence-based measures of health care quality (for example, hypertensive patient compliance with ACE inhibitor medication or diabetes patients having a physician visit in the last six months).
  - This experience was similar for renewal-year CDHP enrollees (not pictured).

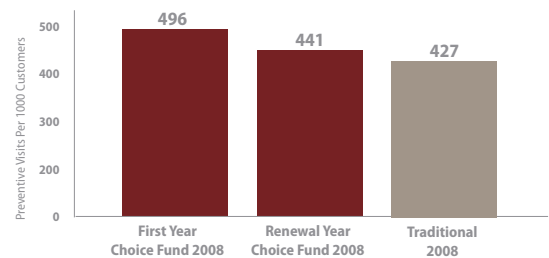
Medical Best Practice Measure Comparison  
CIGNA Choice Fund\* vs. Traditional Plans



\* New Choice Fund customers in 2008.  
Total is less than 100% due to rounding. 95% confidence level.

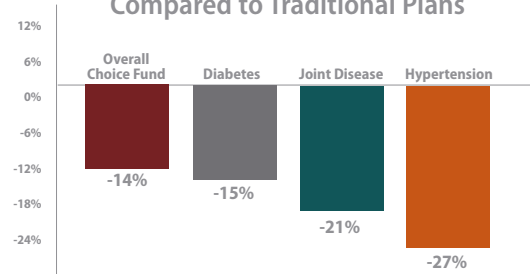
- In addition, CIGNA Choice Fund enrollees were far more likely to take advantage of preventive care visits than individuals enrolled in traditional plans.

Preventive Care Visits  
CIGNA Choice Fund vs. Traditional Plans



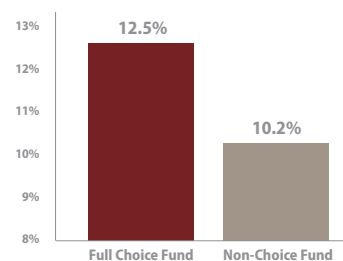
- Chronic conditions: Compared to customers in traditional plans, medical cost trend was substantially less for customers enrolled in CIGNA Choice Fund with diabetes (15% less), joint disease (21% less) or hypertension (27% less).
  - Individuals with chronic conditions maintained similar treatment regimens regardless of whether they were covered by Choice Fund or traditional plans. This suggests that reduction in cost trend is a result of better chronic disease management and more discerning use of preference-sensitive services, not the avoidance of needed care in an effort to avoid expenses.

Medical Cost Trend Reduction  
Compared to Traditional Plans



- Disease management: Full replacement CIGNA Choice Fund accounts have higher Disease Management graduation rates than non-Choice Fund accounts.
  - Individuals with chronic illnesses covered by Choice Fund plans are more likely to participate in their plan disease management program.
  - Disease management program graduation rates are 22% higher than their counterparts in traditional plans.

Disease Management Graduation Rate

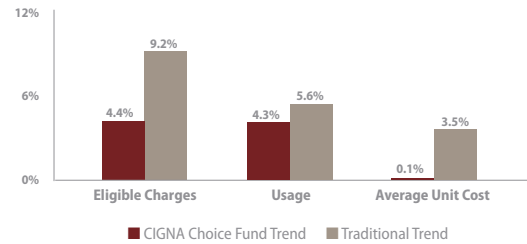


## Key Findings – Pharmacy

- The trend in pharmacy costs for new CIGNA Choice Fund customers was cut by more than half when compared to those enrolled in traditional plans:
  - Usage was higher for new CIGNA Choice Fund enrollees when compared to prior year.
  - Average unit cost was lower for both maintenance and acute medications.

This suggests that individuals were compliant with their medications while exercising lower cost options such as generic medications and home delivery purchasing.

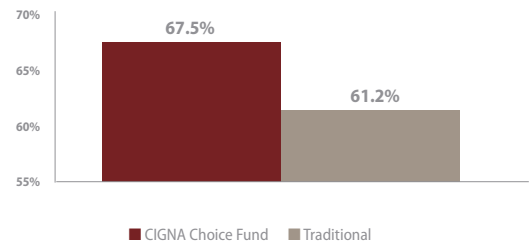
Pharmacy Costs  
CIGNA Choice Fund vs. Traditional Plans



Compares trend of 275,000 continuously enrolled customers who have a pharmacy plan with a separate benefit to 16,000 continuously enrolled CIGNA Choice Fund customers who were in their first year of having a combined medical and pharmacy deductible.

- Generic usage was more than 6% higher for individuals enrolled in CIGNA Choice Fund plans.  
Utilization trend and cost-per-day trend were both lower for new CIGNA Choice Fund enrollees.  
Utilization was similar for maintenance medications and lower for acute medications.

Percent of Prescriptions Filled with Generic Drugs,  
2008 CIGNA Choice Fund vs. Traditional Plans



**Overall, CIGNA's consumer-driven health plans save money without compromising care. Only CIGNA Choice Fund is designed to deliver both immediate and sustainable cost savings. We do it by delivering the right mix of influencers to change behavior so individuals make value-oriented investments in care to improve their health.**

### CIGNA Choice Fund customers:

- Have 34% higher adoption of myCIGNA.com
- Are more likely to use online tools at least once a month
- Are up to 7 times more likely to complete a Health Assessment
- Are more likely to participate in and complete a Disease Management Program
  - Program graduation rates are 22% higher among those in CIGNA Choice Fund plans than their counterparts in traditional plans

## About the Study

The experience study – one of the most extensive to date – was an analysis of claims data for two groups of customers from the same 415 client groups:

- 230,000 individuals were continuously enrolled in a CIGNA Choice Fund plan in 2007 and 2008.
  - 57,000 individuals were in their first year with a CIGNA Choice Fund medical plan.
  - 173,000 individuals were in a renewal year with CIGNA Choice Fund.
- 425,000 traditional HMO and PPO customers from the same employer groups served as a control group.
- 104,000 Choice Fund customers with a pharmacy and medical combined deductible were used in the pharmacy analysis against a control population of 275,000 individuals who have a separate pharmacy plan (i.e., not a combined deductible).
- 88,000 customers were in a renewal year with CIGNA Choice Fund with a combined medical and pharmacy deductible.
- 16,000 customers were in their first or renewal year with a CIGNA Choice Fund medical plan and in their first year of having a combined medical and pharmacy deductible.
- The study examined the total cost of claims for both employers and individuals to isolate behavior changes associated with enrollment in consumer-driven plans. Observed differences were not the result of changes in coverage or increases in consumer cost-sharing.
- Results were standardized. This process adjusts for differences in health status mix (the number of low, moderate and high risk individuals) between CIGNA Choice Fund and traditional plan groups. Values are adjusted to reflect the overall health status mix of the entire study group. This allows for valid, consistent comparisons between groups.
- Standardized data better estimates the potential impact of the CIGNA Choice Fund plan when offered as the only coverage option (full replacement).
- The study excluded catastrophic claims in excess of \$50,000 from all populations to reduce random variations within smaller sets of data.
- Disease Management results were from an internal product analysis on client specific data where CIGNA Choice Fund was the only plan offering vs. clients offering only traditional plans.
  - Graduation occurs when the customer is able to effectively manage their condition and have met all clinical requirements to live a healthier life, which may result in a lower risk for higher claims.
  - Three of the CIGNA Well Aware programs are ongoing – Heart Disease, Diabetes and COPD. Therefore, there are no graduation rates measured for these programs.

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