

FUNDING Options

helps control costs

Fully insured funding has always been an easy way to pay for health care coverage. But as health care expenses continue to rise, many employers are finding they can control their health care costs by funding a plan that's based on their company's own claims experience.

The Great-West solution

We've developed two distinct arrangements that give your clients what they want. Simple Funding lets employers enjoy predictable monthly payments, but still participate in claims savings. Preferred Funding allows employers to pay actual claims costs each month, giving them maximum control over their cash flow. Both Simple Funding and Preferred Funding offer protection from catastrophic claims liability. What's more, both are available to employers with as few as 20 employees.

Who would benefit?

Your clients should consider Simple Funding or Preferred Funding if they:

- ✓ are in the private sector and are growing and profitable
- ✓ have favorable demographics
- ✓ are paying too much for health care
- ✓ are comfortable assuming some risk in return for potential savings
- ✓ are looking for a more efficient way to pay for health care coverage

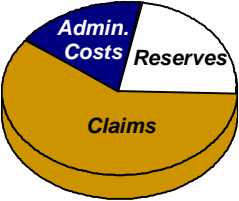
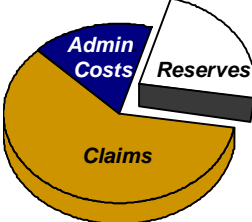
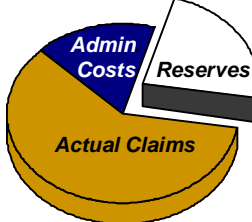
Four advantages

Let's take a minute to review why these funding arrangements are a good idea.

- 1. Pay the right price.** Your clients' health care costs are based on their companies' claims experience – not an industry average. This can result in significant savings and gives employers more control over their cash flow.
- 2. Participate in “big” company benefits.** Large companies have enjoyed the benefits of these funding arrangements for years. Now, employers with as few as 20 employees can also take advantage of lower net costs, reduced premium taxes, and eliminate expensive state-mandated benefits.
- 3. Enjoy built-in protection.** If your client's claims costs come in higher than expected, both Simple Funding and Preferred Funding provide safeguards to protect their liability. We offer both individual and aggregate stop-loss protection, so an individual catastrophic claim or group of unexpected claims won't be an overwhelming financial surprise.
- 4. Benefit from increased cash flow.** Because your clients will have few, if any, claims payments during the first two months of the initial plan year, both our funding arrangements defer the claims payment liability for the first two months. Your clients can use this extra cash flow to invest in their company, or use it for other purposes

How do simple funding and preferred funding work?

Great-West's funding arrangements provide the best value for your clients' dollars.

	Traditional Insurance	Simple Funding	Preferred Funding
			
What do you pay?	A fixed, monthly premium that consists of administrative fee, claims estimates and reserves.	A fixed, monthly fee that consists of administrative fee, stop-loss premium and claims estimates.	A variable monthly fee that includes fixed administrative costs and stop-loss premium, and actual claims expenses for the previous month.
Who keeps reserves?	All premium is retained by the insurance company, regardless of actual claims experience.	You budget for two months of plan costs to pay for expenses after termination, and <i>you</i> control money until needed.	You budget for two months of plan costs to pay for expenses after termination, and <i>you</i> control money until needed.
When do you pay?	In advance.	Two months in arrears.	Two months in arrears.
What happens when you have favorable claims experience?	Insurance company keeps managed care savings as additional profit. Renewal is based on insurer's pool of experience.	Surpluses are spread over three years. Great-West reimburses net surplus 90 days after the end of the plan year. Renewal is driven by your favorable experience.	You receive immediate cash flow advantages from favorable claims experience because you pay actual claims costs for the previous month. Renewal is driven by your favorable experience.
What happens when you have unfavorable claims experience?	Results in rate increase at renewal. Annual liability is limited to paid premium.	Results in rate increase, but net cost is based on actual claims. Annual liability is limited by stop-loss protection.	Results in rate increase, but renewal cost is based on actual claims. Annual liability is limited by stop-loss protection.
Who benefits?	Most companies have good claims experience and subsidize those few with poor experience.	Your company benefits directly in your favorable claims experience.	Your company benefits <i>immediately</i> in your favorable claims experience.
Best for employers who:	Have poor claims experience and/or who want fixed payments.	Have favorable claims experience but want steady monthly costs.	Have favorable claims experience and want maximum control over cash flow.