



CIGNA Choice Fund[®] Experience Study

Summary of Key Findings

October 2007

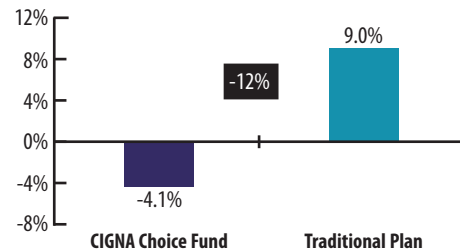
CIGNA HealthCare recently completed a two-year study of the health care claims experience of more than 430,000 CIGNA consumer-driven health plan and traditional HMO and PPO members. The results show:

- **CDHP medical cost trend is less than half the trend for HMOs and PPOs:** Medical costs for first-year CIGNA CDHP members were more than 12% lower and were 5% lower for second-year members relative to CIGNA HMO and PPO members.
- **Member out-of-pocket costs were similar:** First-year Health Reimbursement Account (HRA) cost share percentage (% of member paid costs) was similar to traditional plans while second-year CDHP cost share percentages were 4% less for both HRA and Health Savings Account (HSA) members.
- **Use of preventive care increased:** First-year member preventive visits increased, and second-year member visits remained significantly higher than those among traditional plan members.
- **Use of best medical practices was constant:** CIGNA Choice Fund members continued to receive recommended care at similar compliance rates as traditional plan members.
- **Medication compliance improved, while costs decreased:** Use of maintenance medications that support chronic conditions increased while costs decreased.

Key Findings – Medical Costs and Use

- Medical cost trend for CIGNA HealthCare consumer-driven health plan members is lower than that of CIGNA's HMO and PPO plans in both the first and second plan years.
 - In full replacement cases, first-year CDHP medical cost trend was significantly lower than typical trend levels at 1.6%.
- CIGNA Choice Fund medical cost trends were more than 12% 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 HRA and HSA plans.
- CIGNA Choice Fund medical costs, were nearly 5% less than traditional plans in the second plan year. Primary sources of cost savings include: cost improvement among high-risk patients, decline in outpatient facility costs and costs for professional services were approximately 3% lower than traditional plan costs.

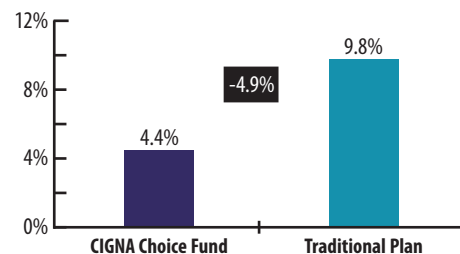
First-Year Medical Costs
2006 v. 2005



Medical (non-pharmacy) analysis excludes catastrophic claims > \$50,000 and capitated services, and two cases with non-standard benefits.

Data is standardized for both populations. Values are adjusted to reflect the overall claim level mix of the entire study group.

Second-Year Medical Costs
2006 v. 2005



Medical (non-pharmacy) analysis excludes catastrophic claims > \$50,000 and capitated services.

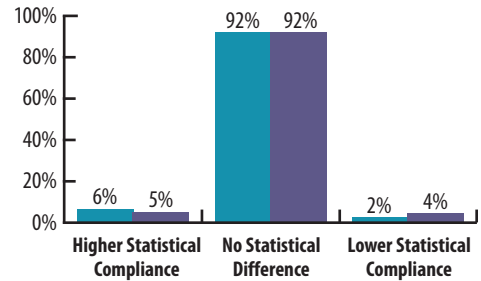
Data is standardized for both populations. Values are adjusted to reflect the overall claim level mix of the entire study group.



Key Findings – Medical Costs and Use (continued)

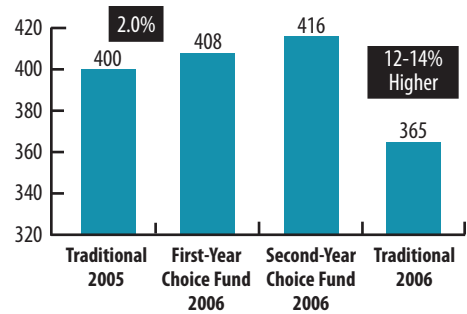
- CIGNA Choice Fund members continued to receive recommended care at the same or higher levels as when these members were enrolled in traditional plans in the previous year. This evaluation was based on more than 300 evidence-based measures of health care quality (for example, women having a mammogram in the past 24 months or diabetes patients having a physician visit in the last six months).
 - This experience was similar for second-year CDHP members (not pictured).

First-Year Medical Best Practice Measure Comparison
 ■ 2005 Traditional ■ 2006 CIGNA Choice Fund



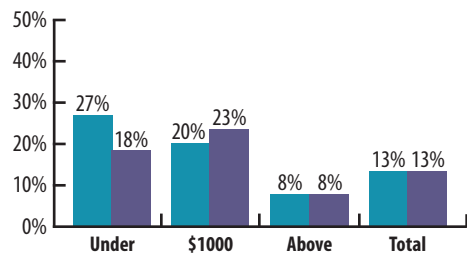
- In addition, CIGNA Choice Fund members were far more likely to take advantage of preventive care visits than members in traditional plans.

Preventive Care Visits Per 1000 Members



- Cost-shifting did not occur. First-year HRA cost share percentage (% of member paid costs) was similar to traditional plans, while second-year cost share percentage for both HRA and HSA members dropped 4% from the previous year's level.
- Out-of-pocket expenses for CIGNA Choice Fund members were comparable to those of traditional plan members.
- Notably the study's findings **do not** include the cost benefit of lower premiums that are typically 10 percent to 20 percent lower for consumer-driven plans.

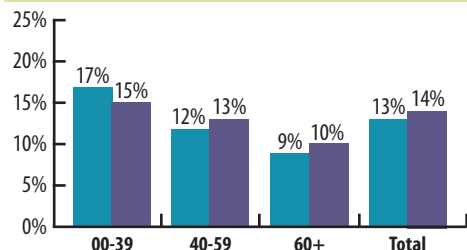
Member Cost Share Percentage by Claim Categories CIGNA Choice Fund HRA
 ■ 2005 Prior to CIGNA Choice Fund ■ 2006 CIGNA Choice Fund



*Excludes premiums *Medical only
 *Unadjusted cost data – includes all costs

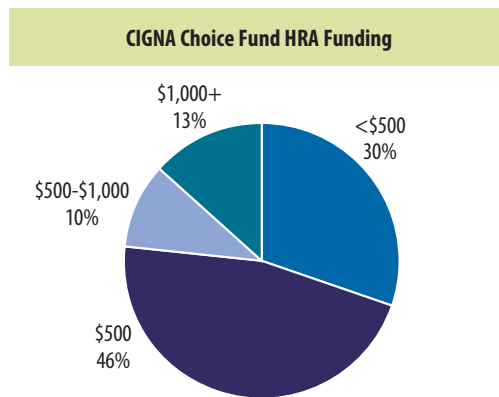
- These results were similar for both men and women regardless of age.

Member Cost Share Percentage by Age and Gender CIGNA Choice Fund HRA
 ■ 2006 Male ■ 2006 Female

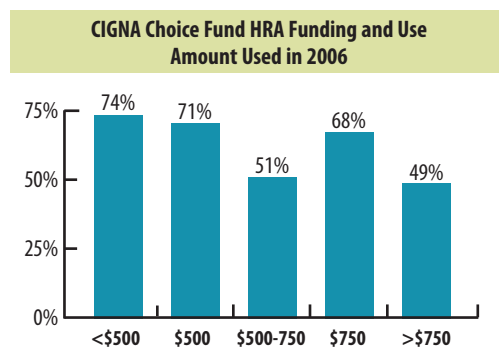


Key Findings – Medical Costs and Use (continued)

- The majority of plan sponsors established individual HRA funds of \$500 or more. A total of 94% of HRA members and 85% of HSA members had deductibles less than \$2000; demonstrating that to be successful, plan sponsors do not need to cost-shift.

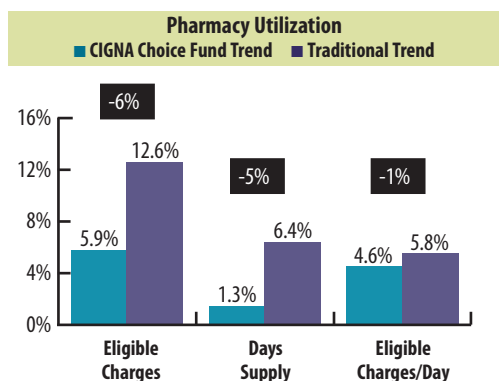


- On average, about 25% to 50% of fund dollars remained at year end for use in 2007.



Key Findings – Pharmacy

- Pharmacy costs for new CIGNA Choice Fund members were 6% lower than traditional plan costs. Utilization was higher for new CIGNA Choice Fund members and cost per day was lower, for both maintenance and acute medications, suggesting that members were compliant with their medications while exercising lower-cost options such as generic medications and mail-order purchasing. (The substantial savings in year one mean that year-two savings are relatively flat as members continue to use generics and mail order.)
- CIGNA Choice Fund maintenance drug costs were lower than traditional plan costs, while days supply showed a moderate increase and cost per day was reduced.
- Costs for medications for acute conditions for CIGNA Choice Fund members were lower than traditional plan costs, while days supply and cost per day were also lower.





About the Study

The experience study – one of the most extensive to date – is an analysis of claims data for two groups of members from the same 119 client groups:

- 111,000 total CIGNA Choice Fund members who were continuously enrolled in a CIGNA product in 2005 and 2006.
 - 45,000 members were in second year with CIGNA Choice Fund.
 - 66,000 members were in first year with CIGNA Choice Fund.
- A control population of 320,000 HMO & PPO enrollees from the same employer groups who did not switch to a CIGNA Choice Fund plan.
- Total study population of more than 431,000 participants; 396,000 with a 12-month experience period (January-December), and 35,000 with six-month experience period (July-December) in both 2005 and 2006.
- The study examined the total cost of claims for both employers and consumers to isolate behavior changes associated with enrollment in consumer-driven plans. Observed differences were not the result of changes in benefits 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 members) 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 CIGNA Choice Fund plan when offered as the only benefit option (full replacement).
- Pharmacy analysis is based upon 8,600 CIGNA Choice Fund members who had a combined medical and pharmacy deductible:
 - 2,200 pharmacy members were in second year with CIGNA Choice Fund and combined deductible.
 - 6,400 pharmacy members were in first year with CIGNA Choice Fund and combined deductible.
- The study excluded catastrophic claims in excess of \$50,000 from all populations to reduce random variations within smaller sets of data.

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