

CUSTOMER SUCCESS STORY

Ohio township offers rich benefits to employees while saving \$100,000 annually

GREAT-WEST HEALTHCARE



COMPANY PROFILE

Washington Township is located in south-western Ohio, within Dayton. The township's roots go all the way back to 1796, when the state of Ohio was divided into hundreds of townships. Ohio has preserved this original form of government, which oversees public roads, police protection, fire protection, park maintenance, cemeteries, some recreational facilities, zoning restrictions and waste disposal. Today, Washington Township offers a well-balanced mix of residential developments and open space, as well as a strong business base and convenient shops and restaurants. It is home to more than 31,000 people in the unincorporated area, and another 21,000 in the incorporated area, the City of Centerville.

“With cost savings of about \$100,000 a year with self-funding, Great-West enables us to provide comprehensive coverage at no cost to employees.”

Mike Barlow, Finance Director,
Washington Township

BENEFIT NEEDS

Washington Township employs about 80 full-time employees and 250-300 part-time employees who work in administration, parks and recreation, fire and police protection, and in the roads department. The township wants to provide health insurance coverage at no cost to its employees, while keeping costs low to satisfy taxpayers. With its previous insurance carrier, the township paid increasing premiums, making it hard to continue covering employees at 100 percent. Plus, their premium levels far exceeded the level their prior insurance carrier paid out in claims. Washington Township began looking at options that would enable it to take advantage of its relatively young

Customer: Washington Township

Employees: 80 full-time,
250-300 part-time

Benefit needs:

- Washington Township aims to offer health coverage at no cost to employees
- With its previous carrier, it faced increasing premiums although it had relatively low plan usage
- Operating on taxpayer revenue, the township has an extra incentive to keep costs down

Our solution:

- For 11 years, self-funding through Great-West Healthcare has kept the township's costs significantly below what it would pay in premiums, saving \$100,000 annually
- Savings add up to \$1.3 million over the past 11 years, which has enabled the township to keep covering 100 percent of insurance costs for employees beyond deductibles
- The township offers employees rich benefits and a nationwide PPO plan
- Washington Township has the flexibility to change its plan design regularly to further cut costs or enhance coverage

employee group and bring costs closer to actual plan usage.

OUR ADVANTAGE

Since 1993, Great-West Healthcare, now part of CIGNA, has provided self-funded health coverage to Washington Township. Under the plan, the township covers actual employee claims each month, instead of fixed premiums. With a specific stop-loss amount, they pay claims only up to a pre-determined amount, which helps them limit and control their costs.

Mike Barlow, finance director for the township, considered a variety of options, including third-party administrators and partial self-funded plans, before choosing Great-West Healthcare. But self-funding and a well-rounded package of benefits from Great-West Healthcare emerged as the best option. “We liked that, in addition to saving us money, they could provide all of our benefits – health, dental, life and disability,” Barlow said.

Over the past 11 years, self-funding from Great-West Healthcare has continued to fit the township's needs. Its stop-loss, or the maximum it will ever have to pay in a given plan period, consistently remains lower than the amount the township would pay in premiums under a traditional plan. Barlow has reevaluated the plan twice over the past 11 years to ensure the township still comes out ahead with self-funding, and Great-West Healthcare always came out the clear winner.

In fact, Barlow estimates that the township saves about \$100,000 annually over what it would pay in premiums, which adds up to almost 1.3 million in savings over the past 11 years. These substantial cost savings have enabled Washington Township to continue covering employees at 100 percent and to keep deductibles low, at \$200 per individual and \$600 per family.

Washington Township
Montgomery County, Ohio

A Wonderful Place to Call Home.

CUSTOMER SUCCESS STORY

Rate increases over the years have been minimal, with two or three years even bringing rate decreases. Rate reductions allowed Washington Township to extend even greater benefits to its employees. For example, it expanded coverage for preventive care and broadened its copay coverage. Now, employees pay only one copay for a doctor's visit and any follow-up lab work or inpatient surgery performed within two weeks of the initial visit. Additionally, lab work is covered at 100 percent if ordered by a preferred doctor.

Twice a year, Great-West Healthcare, now part of CIGNA, provides reports to the township showing claims levels and recommends ways to cut costs or enhance coverage with changes in areas such as copays and drug plans, depending on the township's needs. "We have the flexibility to make changes to coverage and costs based on our own experience, if we have a healthy year or not," Barlow said.

Washington Township hopes to enhance employee health and further cut costs over the long haul with Great-West Healthcare's disease management program, of which 20 employees are currently enrolled. Disease management has been shown to

reduce claims costs for employees with specific conditions by an average of \$1,260 per year.¹ The program provides in-depth information on a variety of medical conditions, such as diabetes, asthma, cancer, emphysema and heart disease, which empowers employees to manage their health more effectively.

Great-West Healthcare also simplifies benefits administration for Washington Township. Plan administrators look up claims information and add or remove employees via the Great-West Healthcare Web site. Likewise, employees access their own claims histories online, which saves township administrators time.

Overall, attractive benefits through a nationwide PPO plan and significant cost savings benefit everyone in Washington Township – employees, taxpayers and township administrators.

"With cost savings of about \$100,000 a year with self-funding, Great-West enables us to provide comprehensive coverage at no cost to employees," Barlow said. ■

¹ Great-West Healthcare research, July 2004

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GreatWestHealthcare.com

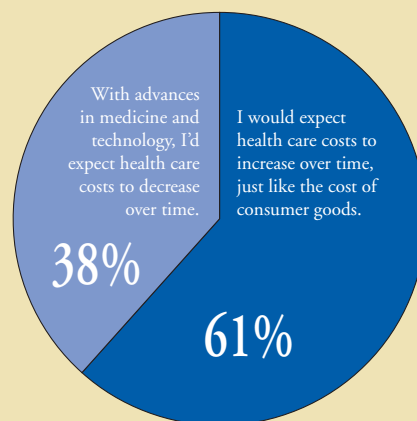


PREDICTIONS FOR FUTURE HEALTH CARE COSTS

Which ONE of these two statements BEST describes you?

Sixty-one percent expect health care costs to increase over time, just like consumer goods, such as gasoline and a movie ticket.

Source: Great-West Healthcare research survey, July, 2005



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