



innovation
HEALTH[®]
Aetna | Inova PARTNERSHIP

Together. Better Health.

Administrative handbook

Innovation Health Funding Advantage

For self-insured groups with
100 or fewer eligible employees

Welcome

Thank you for choosing the Innovation Health Funding Advantage self-insured health plan — you've made a great choice. Investing in the right benefits for your employees' health care will pay off today and tomorrow.

We designed this handbook so you'll have all the information you need to work with us as we help administer your self-insured plan. That way, you can get back to doing what's most important to you — running your business.

Find what you need quickly

It's important to know how your self-funded plan works and what you need to do to comply with laws that apply to your plan. We identify categories of things you need to know in this handbook. We also list our contact information on Page 3 if you have questions.

At times, you may notice terms or references that do not apply to your plan. The contracts between you and Innovation Health (or its affiliate, Aetna Life Insurance Company) spell out the actual terms of how we will help administer your self-funded plan. These contracts include:

- ▶ Self-Funded Service Agreement made up of the Master Services, Statement of Available Services, Service & Fee Schedule and Appendices (Appendix I includes the Schedule of Benefits and Booklets)
- ▶ Stop Loss Contract through Aetna (includes the Stop Loss Policy and Application for Stop Loss)

We're working hard to make things simple for you. So let us know if there is anything we can do to make your job easier.

And again, welcome.



Customer service — at your service

Online tools

You get access to the Plan Benefits NavigatorSM Powered by Aetna Navigator[®]. This secure member website provides information about tools, programs and perks that are included in your health plan. It's a great resource to look up coverage, find doctors in our network and estimate the cost of care.

You and your employees can sign up for the member website at **innovation-health.com**.

Claims mailing address

Attn: Claims Reimbursement
Innovation Health
PO Box 981106
El Paso, TX 79998-1106

Member Services

You, your employees and their families can call Member Services with questions. You can find the number listed below and on your Innovation Health member ID card.

Member Services: **1-855-330-4545**

Contact us

Have a question or a problem with your group plan? We are here to help. When you contact us, have your group plan's control, suffix and account number handy.

Do you have any questions on administering your plan? Just call us at **1-855-228-0510** and we can help you. Get the forms you need to administer your plan at **innovation-health.com**.

Billing and monthly payments

Innovation Health Funding Advantage offers a stable monthly payment, the protection of stop loss insurance and the chance to save when your group's medical costs are lower than expected. Every month, you'll pay one amount that covers all of your costs for this arrangement. We explain these costs below.

Your monthly funding consists of four pieces:

1. **Administrative fee** — our fee for processing claims and the other things we do to service your account
2. **Medical costs funding** — the maximum amount of medical costs that you are responsible for in the current year
3. **Terminal reserve funding** — the amount we set aside to pay run-out claims after our relationship ends
4. **Stop loss premium** — what you pay us to protect you if your total claims are higher than expected or if covered individuals have very high medical costs

You can save if your medical costs end up being lower than expected. Here's how it works. At the end of the contract year, we figure out your total medical costs due for that year. If the total costs are less than your maximum funding, we return 50 percent of that surplus to you when you renew. There are also options to pay higher monthly amounts in return for getting back claims surpluses at termination and renewal.

And if your costs are higher than that maximum, Aetna's stop loss insurance protects you.

How we calculate your total monthly payment

We figure out how much you need to pay per employee (the amount is higher if they enroll as a family versus as an individual). We multiply that amount by the number of employees who sign up for coverage.

$$\begin{array}{r} \text{Administrative fee} \\ \text{Medical costs funding} \\ \text{Terminal reserve funding} \\ \text{Stop loss premium} \\ \hline \text{= Total monthly payment} \end{array}$$

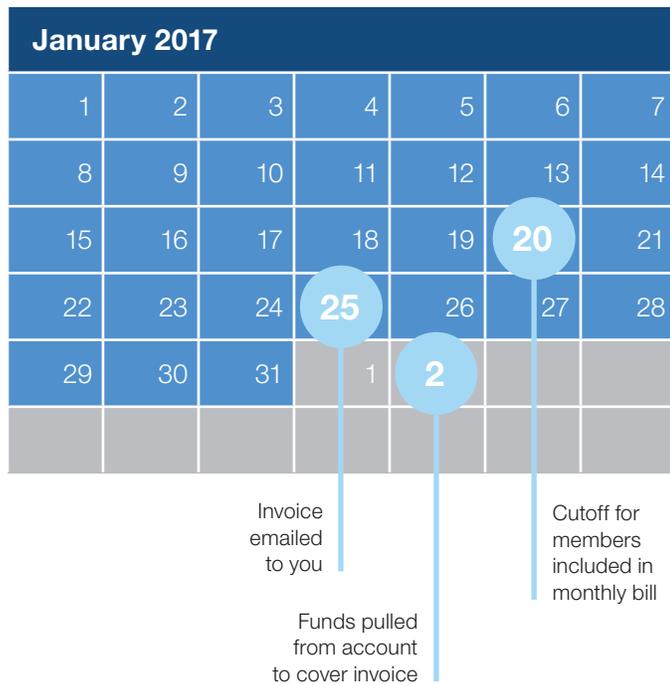
Bank account and invoices

Monthly payments

To simplify the billing and payment process, Innovation Health Funding Advantage works through joint access to your Citibank® bank account — which Aetna sets up during enrollment. On the 25th of each month, we email you an invoice based on how many employees are enrolled for coverage as of the 20th of that month. Around the second business day of the following month, we pull funds from your account to cover what you owe us for that month.

If members join or drop coverage after the 20th of the month, on the next month's statement we'll show the changes as a retroactive adjustment to your bill.

Example



Your invoice

In addition to the total amount due, your invoice includes:

- ▶ An **Enrollment Report** with enrollment tracked by plan type
- ▶ A **Fund Summary** with funding levels and total claims

Additional reporting

As we prepare for your renewal, we will give you a report that describes the members who we expect to have medical costs of at least \$15,000 for that year. We do not provide member names or other details.

We've got you covered

If in any month we pay out more in claims than we have collected from you, we will temporarily fund the difference. At the end of the policy year, if in total we've paid more than the total medical costs funding, your stop loss policy will kick in to cover subsequent claims in accordance with the stop loss policy.

Insufficient funds

If there are not sufficient funds in your bank account to pay an invoice in full by the payment date, we have the right to immediately stop paying benefits claims and to terminate the Services Agreement upon notice to you. If we terminate the Services Agreement, you still owe the total amount we invoiced you for before we terminated. We have the right to collect that immediately.

Year-end accounting

Surpluses and deficits

A surplus occurs if your total medical costs are less than the medical costs we have paid out 90 days after the contract year ends. The final surplus is determined as part of a year-end accounting.

If you renew your plan with us, we'll keep 50 percent of your surplus to cover our fee for servicing your account.

Innovation Health offers customers the option to pay higher monthly amounts for getting back claims surpluses at termination and renewal. Additional buy-option:

- ▶ 100 percent surplus return

Note: Year-end accounting will not occur until after the 12 months of run-out has finished.

The stop loss policy covers medical costs that are higher than the medical costs funding collected. A deficit will never carry over to the next year.

How your stop loss works

Stop loss insurance kicks in to help in two ways. It pays when your plan's medical costs are higher than your maximum expected claims amount. This protects you against the risk that your employees in total are sicker than expected. In addition, your stop loss insurance will pay for the medical claims of a single member who has very high medical costs in the contract year.

Example: surplus (renewal)

Year-end accounting	
Total medical costs funding*	\$300,000
Annual medical costs paid	(\$250,000)
Result	\$50,000 surplus

50% returned to you 50% retained by Aetna

*Terminal reserve fund is not included until a group terminates.

Eligibility and enrollment

Your contract documents lay out guidelines for eligibility and enrollment. We describe those guidelines below, but please review the contract documents if you have any questions.

New hires and newly eligible employees

You can help new hires or newly eligible employees make informed decisions by giving them our enrollment materials and benefits literature. This can also help to avoid claims problems caused by delayed enrollment or missing information. Here is some information you may wish to share:

- ▶ Enrollment/change form with instructions
- ▶ Privacy notice
- ▶ Summary of Benefits and Coverage

Ensure employees return enrollment forms that are completely filled out and signed. Information such as date of hire and group number is required. Incomplete forms may delay enrollment and ID cards.

Change in enrollment status

You must complete an enrollment/change form for an enrollee not more than 31 days after an employee:

- ▶ Adds a dependent through marriage, birth, adoption or legal guardianship
- ▶ Drops a dependent through divorce, death or age cutoff
- ▶ Changes address, if out of area
- ▶ Changes employment status through retirement, layoff or other form of termination

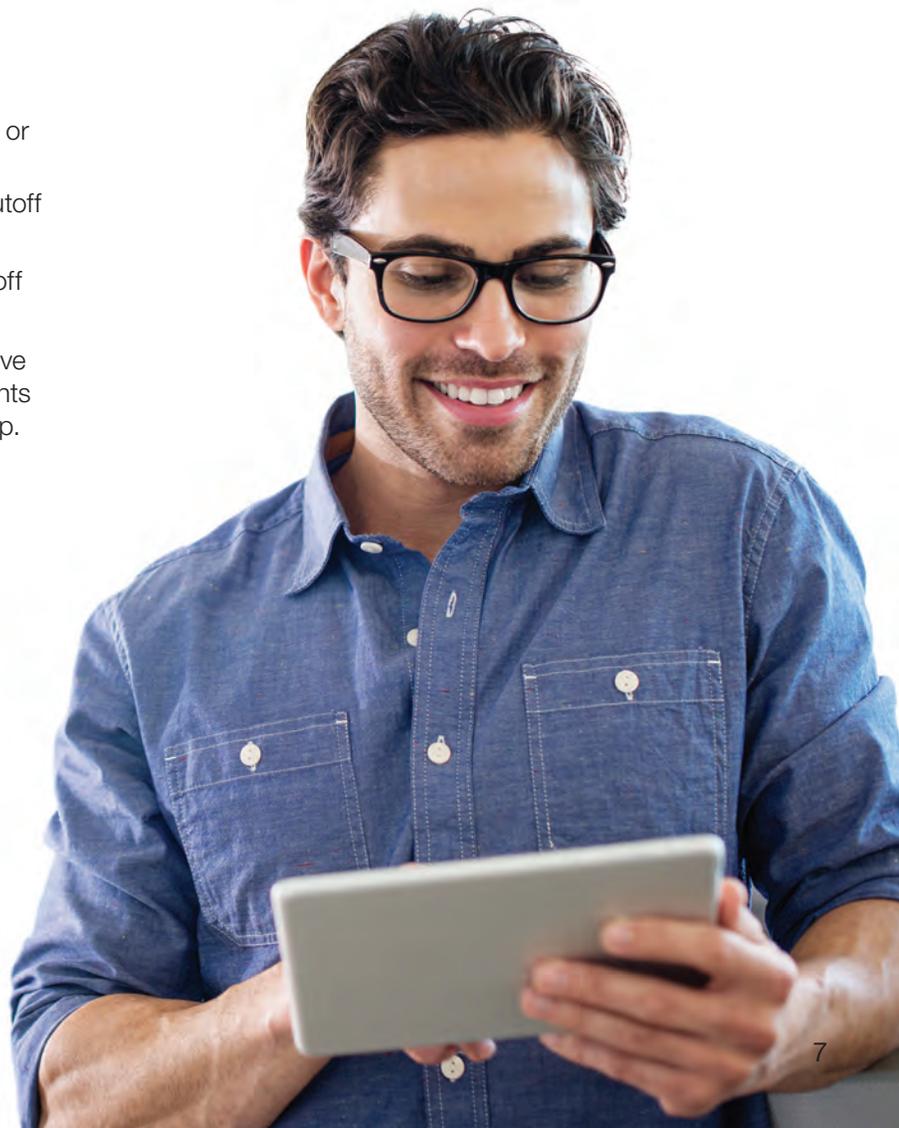
Coverage for new dependents usually becomes effective on the date of a life-changing event. Life-changing events include marriage, birth, adoption and legal guardianship.

ID cards

We mail ID cards to participants shortly after they enroll with us. Your employees can also print their ID cards from their member website at innovation-health.com.

Prescription coverage

Many pharmacies do not accept insurance unless the member presents his or her member ID card. Members who have not yet received their ID cards may still have their prescriptions filled at a participating pharmacy. Once members receive their ID cards, they can then send us copies of their prescription receipt with their member ID numbers marked on them. We will then reimburse them for the cost, less their copayment. (Copayment is the fixed dollar amount an employee pays when visiting the pharmacy or doctor.) The pharmacy directory contains a list of local participating pharmacies. Or use our online provider directory at innovation-health.com.



Legal documents, contracts and responsibilities

When selecting Innovation Health Funding Advantage, you signed a number of documents designed to effectively establish your plan. Below is a summary of those documents and their uses for your reference:

- ▶ **Self-Funded Service Agreement** — comprised of the Master Services, Statement of Available Services, Service & Fee Schedule and Appendices (Appendix I includes the Schedule of Benefits and Booklets)
- ▶ **Master Services Agreement** — outlines services provided by Innovation Health as the administrative service provider for the Innovation Health Funding Advantage product
- ▶ **Stop Loss Insurance Policy** — the insurance policy that outlines your stop loss coverage

Fiduciary duties

Aetna serves as the claims fiduciary. That means we have final say about whether the plan covers a claim. We also help you comply with your duties under the Affordable Care Act to provide members with Summaries of Benefits and Coverage.

You are legally responsible for everything else. Additionally, you need to file reports with the Department of Labor and Internal Revenue Service. You also need to give members access to their Summary Plan Description, which describes the plan's benefits.

The federal Employee Retirement Income Security Act of 1974 (ERISA) law has additional legal requirements. For more information about ERISA, visit the U.S. Department of Labor website at [dol.gov/ebsa/compliance_assistance.html](https://www.dol.gov/ebsa/compliance_assistance.html).

Many of the requirements are not different from a traditional fully insured arrangement, but you should be aware of additional reporting requirements for a self-funded benefits plan.

Health benefits and health insurance plans are offered and/or underwritten by Innovation Health Insurance Company and Innovation Health Plan, Inc. (Innovation Health).

This material is for information only and is not an offer or invitation to contract. An application must be completed to obtain coverage. Rates and benefits may vary by location. Health benefits and health insurance plans contain exclusions and limitations. Providers are independent contractors and not agents of Innovation Health or Aetna. Provider participation may change without notice. Innovation Health or Aetna do not provide care or guarantee access to health services. Not all health and dental services are covered. See plan documents for a complete description of benefits, exclusions, limitations and conditions of coverage. Plan features are subject to change. Information is believed to be accurate as of the production date; however, it is subject to change. For more information about Innovation Health plans, refer to [innovation-health.com](https://www.innovation-health.com).

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