

The benefits you want. The protection you need.

Self-Funding

A guide for small to mid-size businesses



Self-Funding

Employers like you often struggle to find healthcare benefits options that give you the control, flexibility and value you need – until now.

With Starmark, you get better control over your health benefits, the flexibility to tailor your self-funded plan design to your specific needs, and the opportunity to receive a refund if your group's claims are lower than expected.

Our self-funded health benefit plan designs with stop-loss insurance give you peace of mind - you can offer your employees the benefits they want while we protect your business from big claims. Plus, if you have a surplus in your account, you may receive a refund!



Self-funding with Starmark has many advantages, including:

Opportunity for future savings – If there is a surplus in the aggregate claim liability account (also called claim pre-fund account) for your self-funded plan at the end of the agreement, a portion of that money will be credited to your account and used to lower your costs in future months or returned to you as cash, depending on your plan design.

Stop-loss protection – If medical claims paid by your self-funded health benefit plan are higher than the amount of money funded in the claim pre-fund account, you're protected with stop-loss insurance. The stop-loss insurance takes effect and pays covered claims over the amount you've funded, which means if the entire group has high claims, or your group has specific coverage and an individual has a catastrophic claim, you don't need to worry.

Predictable payments – Payments are the same amount each month, regardless of claim activity, which allows for better budgeting and peace of mind.

Attract and retain employees – We offer a variety of self-funded health benefit plan designs with benefits ranging from comprehensive medical to preventive-only. Simply select the plan(s) that best meet the needs of your company. Self-funded dental plan designs are available with select health plan designs.

Savings on state premium taxes – Self-funded claim dollars are not subject to state health insurance premium taxes, which helps lower costs.

Transparency of healthcare dollars – You'll have convenient access via the Document Center to reports showing how your healthcare dollars are being spent, which means you'll be armed with knowledge that can help you target specific areas in your plan design to modify at your next plan year. You'll have access to a monthly report summarizing claim liability and also a set of comprehensive claim activity reports that provide an instant view of your claim utilization for the first six, nine, 12 and 18 months after the start of your plan year. The claim activity reports include: Enrollment by Month, Summary by Patient Type, Service and Diagnostic Category, and a Prescription Drug Utilization Report.

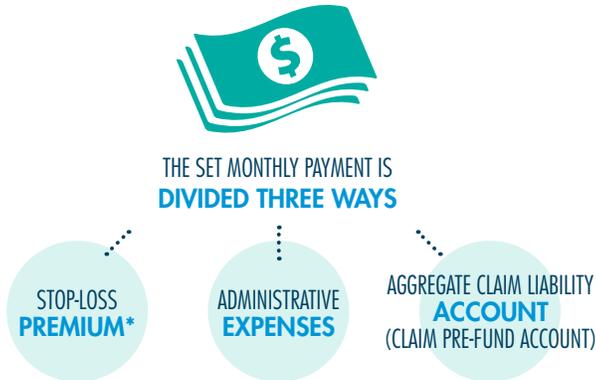
How does our self-funding work for you?

With Starmark, you pay for covered claims incurred by your employees under your self-funded health benefit plan. To help minimize the risk and protect your business, stop-loss insurance pays if claims are more than what you funded.

Aggregate stop-loss covers claims over a certain amount for the entire group, and the specific stop-loss, if applicable, covers claims over a certain amount for a specific person.

We help you budget with fixed monthly payments

You pay a fixed monthly payment for medical, and dental if selected, which goes toward the aggregate and specific stop-loss insurance premium, as applicable, administrative costs and claim pre-fund account.



* When Starmark Healthy ChoicesSM, Starmark *HealthyEdge*SM, Starmark Healthy Incentives[®] or Starmark Limited PlusSM is selected, both aggregate and specific stop-loss premium are included in the monthly payment. When Starmark *HealthyDental*SM is selected, no additional stop-loss premium is required as covered claims are applied to the aggregate stop-loss limits for the medical plan.

When Starmark Preventive PlusSM is selected, only aggregate stop-loss premium is included in the monthly payment. Specific stop-loss does not apply.

CLAIMS

When employees have covered claims, they are paid out of the claim pre-fund account.

Then, one of two things can happen at the end of the year.



If claims are less than what you funded, you may receive the surplus either as an administrative fee credit or cash¹.



ADMIN. CREDIT

CASH

OR

STOP-LOSS

If claims are more than what you funded, the stop-loss insurance pays the balance so you don't have to. This means you are protected against large, unexpected claims.



We give you the opportunity to manage your surplus

If claim activity is favorable, you may have a surplus in the claim pre-fund account. Groups may choose a new surplus option at their new plan year.

Choose one of five surplus options.²

■ 1/2 Administrative Fee Credit Surplus³

1/2 administrative fee credit applied in the subsequent plan year. However, any surplus is forfeited if the agreement is terminated on or off anniversary.

■ 2/3 Administrative Fee Credit Surplus⁴

2/3 administrative fee credit applied in the subsequent plan year. However, any surplus is forfeited if the agreement is terminated on or off anniversary.

■ 2/3 Administrative Fee Credit, 2/3 Cash Surplus⁴

2/3 administrative fee credit applied in the subsequent plan year or 2/3 as cash if the agreement terminates on anniversary. However, any surplus is forfeited if the agreement is terminated off anniversary.

■ Cash Surplus

A cash refund after surplus determination.

How do these surplus options work?

Our self-funded plan designs with one of these surplus options have a 15-month runout period; therefore, covered claims will continue to be paid for 15 months after the agreement ends. Based on the group's claims experience, Trustmark Life Insurance Company will estimate an amount of money to hold in the terminal liability reserve to pay claims during the runout period. Groups will have their surplus determined in the 16th month after the effective date. Once the surplus is determined, it cannot be changed, regardless of actual claim activity at the end of the runout period.

■ Traditional Cash Surplus

A cash refund after the runout period.

How does this surplus option work?

Our self-funded plan designs with this surplus option generally offer a choice of a 9- or 12-month runout period; therefore, covered claims will continue to be paid for 9 or 12 months after the agreement ends. At the end of the runout period, groups receive a cash refund of money remaining in the claim pre-fund account. Note: Starmark Preventive Plus self-funded plan designs offer only the Traditional Cash Surplus option with a 9-month runout period.

If the stop-loss insurance contract terminates before the end of the contract period, there is no aggregate stop-loss insurance available for the months the contract was in force. As a result, the employer is responsible for reimbursing Trustmark Life Insurance Company and/or Starmark for any advances, including all aggregate advances. The employer is also responsible for paying all covered claims below the specific deductible, if applicable, that were incurred and not paid while the plan was in force. Additionally, if the 1/2 Administrative Fee Credit Surplus, the 2/3 Administrative Fee Credit Surplus or the 2/3 Administrative Fee Credit, 2/3 Cash Surplus option was selected, the employer forfeits the surplus.

Termination of Starmark Healthy Choices, Starmark *HealthyEdge*, Starmark Healthy Incentives or Starmark Limited Plus simultaneously terminates Starmark *HealthyDental*.

² Surplus option availability varies by plan design and state.

³ We retain 1/2 of the surplus as a delayed administrative fee.

⁴ We retain 1/3 of the surplus as a delayed administrative fee.

¹ Not all surplus options have a cash option.

Choose the leader in small group self-funding

Choosing a self-funded health benefit plan design can be confusing, but we're here to help. We offer the expertise, service and seamless integration you need to make the transition smooth and successful.

Seamless Integration

Self-funded health benefit plans are administered by Starmark and the stop-loss insurance is insured by Trustmark Life Insurance Company, a leading health and life insurer for more than 100 years. And because Starmark is part of the Trustmark Companies, you get seamless integration of claims payment, administration and benefits.

Expertise

When you choose a self-funded health benefit plan design from Starmark, you can rest assured knowing that you're getting the benefit of our expertise. Plus, we actively market self-funded health benefit plan designs in numerous states.

Service

We pride ourselves on providing exceptional customer service to our clients. We call each new group to welcome them and follow up throughout the year to ensure satisfaction.

Self-funded plans are administered by Starmark, and stop-loss insurance coverage is provided by Trustmark Life Insurance Company.

Trustmark: An employee benefits company for more than 100 years

- The Trustmark Companies serve more than 2 million covered lives or plan participants.
- Trustmark Life Insurance Company is rated A- (Excellent) by A.M. Best.

Since 1985, we have focused on health benefit plan designs for small to mid-size businesses.

We administer self-funded health benefit plans, offering extensive plan design choices, exceptional personal service and nationwide provider access.

Personal. Flexible. Trusted.®

- Experience our unparalleled **personal** service.
- Choose from **flexible** health benefit plan designs to create a plan to meet your needs and budget.
- Employers have **trusted** us to serve the healthcare benefit needs of their employees since 1985.

The information contained in this brochure is a general description of features, benefits, requirements and restrictions of the Administrative Services Agreement. More details are provided in the Administrative Services Agreement, which is the prevailing document.

Plan design availability and/or coverage may vary by state.



PERSONAL. FLEXIBLE. TRUSTED.®



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