


The benefits you want. The protection you need.

Self-Funding

A guide for small to mid-size businesses



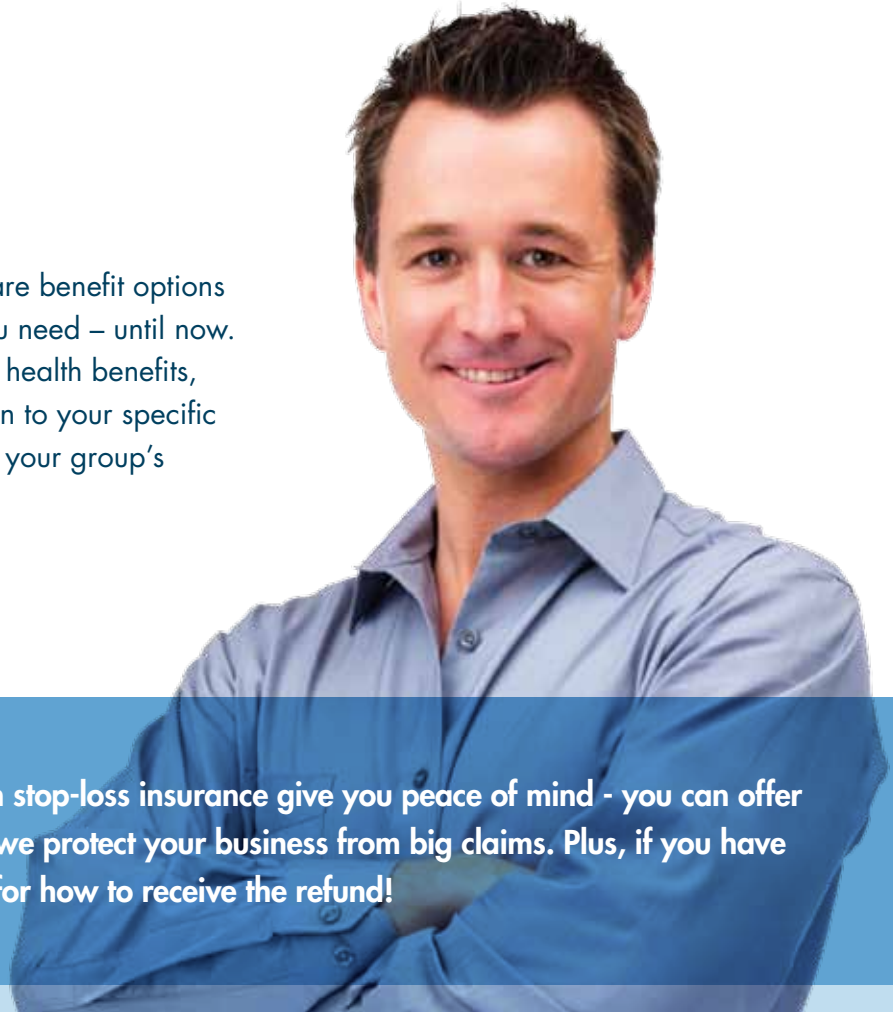
Trustmark
LIFE INSURANCE COMPANY

 **Starmark**[®]

PERSONAL. FLEXIBLE. TRUSTED.

Self-Funding

Employers like you often struggle to find healthcare benefit 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.



Starmark self-funded health 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 have a choice for how to receive the 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 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 claims over the amount you've funded, which means if an individual in your group has a catastrophic claim, or the entire group has high claims, you don't need to worry.

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

Attract and retain employees – A Starmark self-funded plan design gives you the feel of a traditional health plan your employees are used to, while allowing you the flexibility to tailor the plan to meet the needs of your company.

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

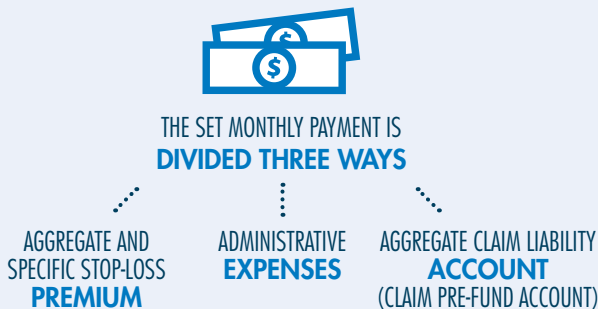
Transparency of healthcare dollars – You'll receive reports showing how your healthcare dollars are being spent, which means you'll be armed with knowledge that can help you target specific areas in your plan design to modify at your next plan year. You'll receive a monthly report summarizing claim liability 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: Medical Enrollment by Month, Summary by Patient Type, Service and Diagnostic Category, and a Prescription Drug Utilization Report.

How does Starmark® self-funding work for you?

With Starmark, you pay for the claims incurred by your employees under your self-funded plan. And to help minimize the risk and protect your business, the stop-loss insurance pays if the covered claims are more than what you are required to fund, so you don't have to worry.

The aggregate stop-loss will cover claims over a certain amount for the entire group and the specific stop-loss will cover claims over a certain amount for a specific person.

You pay one fixed monthly payment, which goes toward the aggregate and specific stop-loss insurance premium, administrative costs and claim pre-fund account.



When employees have medical claims, the covered claims 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 can choose to receive the surplus either as an administrative fee credit or cash¹.



OR



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 from the entire group or even just one individual.

Starmark gives 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 when they renew their agreement.

Choose one of four surplus options.²

- **2/3 Administrative Fee Credit Surplus³**
2/3 administrative fee credit at renewal. However, any surplus is forfeited if the agreement is terminated on or off anniversary.
- **2/3 Administrative Fee Credit, 2/3 Cash Surplus³**
2/3 administrative fee credit at renewal or 2/3 as cash when 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?

Starmark 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 will estimate an amount of money to hold in the terminal liability reserve to pay claims during the runout period. Groups with five to 24 covered employees will have their surplus determined in the 16th month after the effective date. Groups with 25 or more covered employees may choose to have the surplus determined in either the 13th month or 16th month. 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?

Starmark self-funded plan designs with this surplus option 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.

² Surplus options may vary by state.

³ Starmark retains 1/3 of the surplus as a delayed administrative fee.

¹ Not all surplus options have a cash option.

Count on Starmark®

Choosing a self-funded plan design can be confusing, but Starmark is here to help. Starmark offers the expertise, service and seamless integration you need to make the transition smooth and successful.

Seamless Integration

Self-funded 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 plan design from Starmark, you can rest assured knowing that you're getting the benefit of Starmark's expertise. Starmark has been serving businesses since 1985. Plus, Starmark actively markets self-funded health plan designs in numerous states.

Service

Starmark prides itself on providing exceptional customer service to its clients. Starmark calls each new group to welcome them and then follows up throughout the year to ensure satisfaction.



More than great benefits!

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

Starmark: Personal. Flexible. Trusted.

Self-funded plans are administered by Starmark, and stop-loss insurance 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.

Starmark: Serving the healthcare benefit needs of employer groups for nearly 30 years

With expertise in group healthcare benefits, Starmark offers self-funded plan designs, tools to manage healthcare costs, paperless employee enrollment, nationwide network access and seamless HRA administration for small to mid-size businesses.

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 surplus options may vary by state.



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