

Krista K. Foster
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May 8, 2019

Via Email

Dawn Welch,
Associated Administrators, Inc.
On Behalf of Bakers Union & FELRA Health & Welfare Fund
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Denison, Texas 75020
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Re: Bakers Union & FELRA Health & Welfare Fund – 3 year renewal offering

Dear Dawn,

In accordance with the upcoming renewal, this letter will provide the Bakers Union & FELRA Health & Welfare Fund notice of the Cigna's Shared Administration repricing program's renewal fees effective September 1, 2019, the anniversary of our contract.

We are very pleased to have the Bakers Union & FELRA Health & Welfare Fund as a client of Cigna. Please know that we are appreciative of and thankful for your partnership and business.

Over this past year, Cigna has worked diligently to improve the health of Bakers Union & FELRA Health & Welfare Fund members and help maximize the value of its customers' health care dollars through our Cigna Care Management services and seamless, national network.

We are respectfully asking the Board of Trustees to consider a 5% PEPM fee increase effective September 1, 2019.

We wish to highlight that Cigna continues to provide significant savings to the Fund through our provider network discounts, and our care management program. In fact, Cigna has generated total savings in excess of \$3 million net of fees to the Fund for the 2019 plan year.

At this time, we would like to extend a 3 year renewal offering which clearly demonstrates Cigna's commitment to our partnership. A brief review of Cigna's proposed renewal offer, current services and additional considerations are as follows:

September 1, 2019 Medical Renewal Fees

Cigna's proposed renewal offer is outlined below:

- ◆ **Network Plan's SAR Fees**

Current Administration Fee:	\$29.36 (PEPM)
New Administration Fee (Effective 9/1/19):	\$30.83 (PEPM)

After the 2019 plan year, our proposal includes a 3% lock in rate increase for the subsequent 2 years. Fees and will be guaranteed through August 31, 2022.

2020 and 2021 Medical Renewal Fees

♦ **Network Plan's SAR Fees**

Administration Fee (Effective 9/1/20):	\$31.75 (PEPM)
Administration Fee (Effective 9/1/21):	\$32.70 (PEPM)

Services - Cigna provides the Fund the current services outlined below:

- Shared Administration Repricing Services
- Access to our National Network of more than 1 million provider locations
- Provider Credentialing to NCQA Standards and Contract Negotiations
- Network provider channeling & guidance
- Transplant Centers of Excellence
- Medical: Inpatient Pre-Admission Certification & Continued Stay Procedural Review
- Medical Care Case Management Support
- 24 Hour Nurse Line
- Health Risk Assessment/Online Coaching
- Mental Health Pre-Admission Certification Continued Stay Review
- Mental Health Case Management Support
- Healthy Rewards Discount program
- Online Web Tools:

I am looking forward to building our relationship and working with you, the Trustees, and the members of the Fund for many years to come. I am available at your convenience to sit down and review this renewal together. In the meantime, if you have any questions regarding the 2019 proposed renewal offer, please do not hesitate to contact me.

Sincerely,



Krista K. Foster
Senior Client Manager