

CUSTOMER SUCCESS STORY

The Medicines Company saves almost \$900,000 on benefits while nearly tripling in size

GREAT-WEST HEALTHCARE



COMPANY PROFILE

The Medicines Company, based in Parsippany, N.J., meets the demands of the world's most advanced medical practitioners by developing products that improve acute hospital care. Leveraging its range of clinical and commercial skills, the company develops products acquired from leading life science innovators. It markets Angiomax® (bivalirudin), an anticoagulant approved in the United States and other countries for use in patients undergoing coronary angioplasty procedures. Founded in 1996, the company is publicly traded on the Nasdaq exchange under the ticker symbol MDCO.

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Michele Priestman,
Manager of Human Resources Administration,
The Medicines Company

BENEFIT NEEDS

In 2003, The Medicines Company employed fewer than 100 people. Anticipating rapid growth as demand for its products increased worldwide, the company needed to evaluate new employee benefits options. At the time, its benefits were through a professional employer organization (PEO), however

Customer:

The Medicines Company

Employees:

280

Benefit needs:

- A cost-containment strategy to support the company as it grows
- Responsive, attentive service
- Quality benefits that cover employees in every state

Our solution:

- With self-funding, The Medicines Company covers actual claims incurred by employees, rather than paying set premiums, minimizing costs as the company grows
- Though it has tripled in size, The Medicines Company has kept benefits cost increases well under industry averages each year, adding up to nearly \$900,000 in savings to date
- Employees are covered nationwide through the Great-West Healthcare provider network
- Almost 90 percent of employees are enrolled in benefits through The Medicines Company, indicating employees have truly embraced the Great-West Healthcare plan



cost and service issues led the human resources department to seek out an alternate solution.

While many of the company's employees work in U.S. offices in New Jersey and Massachusetts, a majority of the sales reps are home-based in every state nationwide. The Medicines Company wanted comprehensive coverage to suit the needs of the greatest number of employees across the country.

OUR ADVANTAGE

To meet its employee benefits needs, The Medicines Company turned to local broker William Gallagher & Associates to help identify and evaluate its options. The broker introduced a self-funded plan from Great-West Healthcare, now part of CIGNA. With self-funding, The Medicines Company covers actual claims incurred by employees up to a set stop-loss amount. By dramatically reducing fixed monthly premiums, the company expected to minimize costs as it grew.

The Medicines Company now offers employees the Great-West Healthcare Preferred Provider Organization (PPO) plan for medical, dental and prescriptions, along with a flexible spending account (FSA) option for all employees nationwide, regardless of location. All employees use a single network. However, when network options were too limited for one particular employee in an area of North Carolina, Great-West Healthcare worked with The Medicines Company to secure network coverage in that employee's area to ensure it met everyone's needs.

POPULAR PLAN SAVES COMPANY MORE EACH YEAR

Today, the company has grown to more than 280 employees. Almost 90 percent are enrolled in benefits through The Medicines Company, indicating employees have truly embraced the Great-West Healthcare PPO plan.

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As the company has nearly tripled in size the past few years, it has minimized increases in its benefits costs.

“Annual benefit renewals have been very good,” said Michele Priestman, manager of human resources administration at The Medicines Company. “Our claims are great. We have had very little increase each year.”

In the first year, the company saw a minimal increase and was able to keep premiums stable for employees. The next year was just slightly higher, while the third renewal came in at about a 7 percent increase.

Most importantly, the company has saved significantly on its benefits costs. “We are projected to save close to \$500,000 this year on our medical, prescription and dental benefits, as it relates to our maximum exposure,” Priestman said. “What’s most exciting is that we’ve been successful in significantly growing our employee population while nearly doubling our plan savings from the previous year. For the past three years, our total savings added up to nearly \$900,000 compared to what the company would have spent under a traditional benefits plan.”

With the help of William Gallagher & Associates and Great-West Healthcare, now part of CIGNA, The Medicines Company has continually adjusted its benefits to keep costs down. For example, the company previously gave employees a maximum of \$2,000 for physical therapy. After that, employees paid out of pocket. As a result, some stopped physical therapy, which resulted in additional, higher-cost claims when employees needed increased medical care for injuries. By raising the amount provided upfront for physical therapy, the company expects to reduce claims down the road.

STREAMLINING MONTHLY AUDIT REPORTING, ADMINISTRATION

As part of her responsibilities, Priestman prepares monthly auditing reports. With reporting from Great-West Healthcare, she can easily pull reports on employee benefits in the way she needs them - in less than two minutes. The complete auditing process, which once took a full day, now takes just a few hours.

Priestman also appreciates responsive service from Great-West Healthcare. According to Priestman, in her long career in human resources, she has never before experienced a

health insurance company with such a high level of service. For her, it means being able to reach someone at Great-West Healthcare to clear up an issue within minutes.

“The service is very good, the prices are very good, the people are very knowledgeable and we’ve got a great relationship with Great-West Healthcare,” she said.

Likewise, administration is much simpler. Online tools on the Great-West Healthcare Web site allow employees to make most of their changes on their own, rather than calling Priestman. She simply educates them about the online features. “I always direct employees to MyGreatWest.com,” she said. “Having claims information and the provider directory for employees to access online has meant fewer calls to the human resources department.” ■

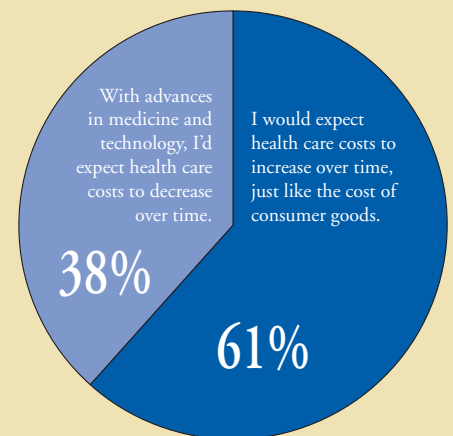


PREDICTIONS FOR FUTURE HEALTH CARE COSTS

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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