

STATE OF TENNESSEE – STATE EMPLOYEE GROUP PLAN  
POSTRETIREMENT HEALTH BENEFITS

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*Actuarial Valuation Report  
as of July 1, 2010*

*April 28, 2011*

April 28, 2011

Mr. Ike Boone  
Financial Oversight Coordinator  
F&A Division of Accounts  
14<sup>th</sup> Floor, William Snodgrass Tower  
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Dear Mr. Boone:

This report summarizes the results of our actuarial valuation of health benefits for State retirees under the State Employee Group Plan for the fiscal year beginning July 1, 2010. The State's obligations for the Tennessee Plan and for Local Education employees are valued separately.

The purposes of this report are to:

1. Estimate the employer obligation for retiree health benefits under the plan as of July 1, 2010
2. Determine the Annual Required Contribution (ARC) for the fiscal year ending June 30, 2011 under GASB 45
3. Provide additional information for planning.

Our results are based on census data and health plan rates provided by the State of Tennessee, and the actuarial methods and assumptions shown in Exhibit 4. The accuracy of the results depends upon the data provided. Our results are also based on our understanding of the relevant plan and contribution provisions provided by the State of Tennessee as outlined in Exhibit 5. In addition to showing the results in total and by employer, we have also provided results allocated between Primary Government and Component Units.

Valuation results were based on July 1, 2009 census data and were rolled forward to July 1, 2010 using standard actuarial methods. Census data used and all assumptions are the same used in the July 1, 2009 valuation except that medical plan costs and premiums have been updated for recent:

- Plan experience
- Open enrollment results
- Plan design changes
- Premium rate changes
- Vendor changes and negotiations, including a significantly improved prescription drug arrangement
- The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act. Changes in the plan due to the addition of "adult children" as well as the expected effect of the excise (Cadillac) tax increased liabilities by 1.1%.

The Annual Required Contribution amounts shown in this report are appropriate for use for the period from July 1, 2010 through June 30, 2011. The actuarial liability and the Annual Required Contribution (ARC), calculated to reflect the above changes effective January 1, 2011, decreased from the prior

Mr. Ike Boone  
April 28, 2011  
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valuation due to the changes described above. As we did for the July 1, 2009 valuation, we have relied on the rates used in the July 1, 2009 actuarial valuations performed for the Tennessee Consolidated Retirement System. The rates were based on an experience study performed by the State's pension actuary for mortality, disability, retirement and termination rates.

The amortization method is 30 year level percentage of payroll assuming total annual payroll growth of 3% under the closed basis, with prior contribution deficiencies treated like actuarial gains and losses. The amortization is calculated in total and allocated to the employers based on 2010 actuarial liability. Amortizations are calculated separately for explicit and implicit liability and for actives and inactive.

We certify that we are Members of the American Academy of Actuaries and meet its qualification standards for issuing this Statement of Actuarial Opinion. This valuation was prepared in accordance with our understanding of the requirements of Governmental Accounting Standards Board Statement 45 and the principles of practice prescribed by the Actuarial Standards Board.

Respectfully submitted,



Andrew C. Stratton, FSA, MAAA, EA  
Principal, Consulting Actuary



Amy D. Whaley, FSA, MAAA  
Principal, Consulting Actuary

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## Highlights

	July 1, 2010 - \$ in thousands			July 1, 2009 - \$ in thousands		
	Explicit Subsidy	Implicit Subsidy	Total	Explicit Subsidy	Implicit Subsidy	Total
Present Value of Future Benefits	\$ 1,414,396	\$ 892,460	\$ 2,306,856	\$ 1,598,035	\$ 1,075,838	\$ 2,673,873
Unfunded Actuarial Liability	\$ 928,256	\$ 567,762	\$ 1,496,018	\$ 1,012,305	\$ 669,512	\$ 1,681,817
Annual Required Contribution	\$ 88,944	\$ 56,712	\$ 145,656	\$ 95,819	\$ 64,794	\$ 160,613
Discount Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Salary Scale for Amortization Payment	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expected Employer Share of Current Year Plan Cost	\$ 60,606	\$ 33,556	\$ 94,162	\$ 58,163	\$ 37,672	\$ 95,835

### Summary of Data

**2009\***

Actives	73,648
Retirees/Disabled /Surviving Spouses/Spouse Contracts	7,870

\*2009 census data used for 2009 and 2010 valuations

# Exhibit 1

## Development of Annual Required Contribution

	July 1, 2010 - \$ in thousands			July 1, 2009 - \$ in thousands		
	Explicit Subsidy	Implicit Subsidy	Total	Explicit Subsidy	Implicit Subsidy	Total
<b>Present Value of Future Benefits</b>						
Retired	\$ 335,927	\$ 180,610	\$ 516,537	\$ 360,966	\$ 235,948	\$ 596,914
Active	\$ 1,078,469	\$ 711,850	\$ 1,790,319	\$ 1,237,069	\$ 839,890	\$ 2,076,959
Total	\$ 1,414,396	\$ 892,460	\$ 2,306,856	\$ 1,598,035	\$ 1,075,838	\$ 2,673,873
<b>Actuarial Liability</b>						
Retired	\$ 335,927	\$ 180,610	\$ 516,537	\$ 360,966	\$ 235,948	\$ 596,914
Active	\$ 592,329	\$ 387,152	\$ 979,481	\$ 651,339	\$ 433,564	\$ 1,084,903
Total	\$ 928,256	\$ 567,762	\$ 1,496,018	\$ 1,012,305	\$ 669,512	\$ 1,681,817
<b>Fair Value of Plan Assets</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Unfunded Actuarial Liability</b>	\$ 928,256	\$ 567,762	\$ 1,496,018	\$ 1,012,305	\$ 669,512	\$ 1,681,817
<b>Expected First Year Net Payments</b>	\$ 60,606	\$ 33,556	\$ 94,162	\$ 58,163	\$ 37,672	\$ 95,835
<b>Annual Required Contribution</b>						
Normal Cost	\$ 45,125	\$ 30,054	\$ 75,179	\$ 49,817	\$ 34,700	\$ 84,517
Amortization of Unfunded Actuarial Liability	\$ 43,819	\$ 26,658	\$ 70,477	\$ 46,002	\$ 30,094	\$ 76,096
Total	\$ 88,944	\$ 56,712	\$ 145,656	\$ 95,819	\$ 64,794	\$ 160,613

### Amortization Bases

Effective Date	Original Amount	Remaining Amount July 1, 2010	Remaining Period	Amortization Charge
July 1, 2007	\$1,805,582	\$1,811,946	27	\$84,096
July 1, 2009	\$(130,233)	\$(130,543)	29	\$(5,717)
July 1, 2010	\$(185,385)	\$(185,385)	30	\$(7,902)
Total		\$1,496,018		\$70,477

## Exhibit 2

### Accounting Disclosures (GASB 45) – Primary Government \*

(\$ in thousands)

Fiscal Year Ending	6/30/2011	6/30/2010**	6/30/2009 **
Normal cost at year end	\$ 46,607	\$ 52,395	\$ 68,105
Amortization of UAAL	\$ 46,157	\$ 49,914	\$ 50,614
Annual required contributions (ARC)	\$ 92,764	\$ 102,309	\$ 118,719
<b>Development of Net OPEB Obligation</b>			
Annual Required Contribution (ARC)	\$ 92,764	\$ 102,309	\$ 118,719
Interest on prior year Net OPEB Obligation	\$ 9,921	\$ 6,920	\$ 3,482
Adjustment to ARC	\$ (9,397)	\$ (6,555)	\$ (3,389)
Annual OPEB Cost	\$ 93,288	\$ 102,674	\$ 118,812
Contribution Made	TBD	\$ (35,997)	\$ (42,414)
Increase in Net OPEB Obligation	TBD	\$ 66,677	\$ 76,398
Net OPEB Obligation at Beginning of Year	\$ 220,458	\$ 153,781	\$ 77,383
Net OPEB Obligation at End of Year	TBD	\$ 220,458	\$ 153,781

\* See Appendix for employers under Primary Government.

\*\* Numbers shown for fiscal year ended 6/30/2009 and 6/30/2010 are based on information from the Comprehensive Annual Financial Report.

## Exhibit 2

### Accounting Disclosures (GASB 45) – Primary Government (continued)

#### Schedule of Government Contributions and Three Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
June 30, 2009 *	\$118,812	35.7%	\$153,781
June 30, 2010 *	\$102,674	35.1%	\$220,458
June 30, 2011	\$93,288	TBD	TBD

#### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
July 1, 2007	\$0	\$1,152,887	\$1,152,887	0.00%	\$1,944,150	59.30%
July 1, 2009	\$0	\$1,104,073	\$1,104,073	0.00%	\$1,729,937	63.82%
July 1, 2010	\$0	\$977,935	\$977,935	0.00%	N/A	N/A

\* Numbers shown for fiscal year ended 6/30/2009 and 6/30/2010 are based on information from the Comprehensive Annual Financial Report.

## Exhibit 2

### Accounting Disclosures (GASB 45) – Component Units \*

(\$ in thousands)

Fiscal Year Ending	6/30/2011	6/30/2010**	6/30/2009 **
Normal cost at year end	\$ 28,572	\$ 32,122	\$ 42,310
Amortization of UAAL	\$ 24,320	\$ 26,182	\$ 28,657
Annual required contributions (ARC)	\$ 52,892	\$ 58,304	\$ 70,967
<b>Development of Net OPEB Obligation</b>			
Annual Required Contribution (ARC)	\$ 52,892	\$ 58,304	\$ 70,967
Interest on prior year Net OPEB Obligation	\$ 5,685	\$ 4,094	\$ 2,082
Adjustment to ARC	\$ (5,385)	\$ (3,877)	\$ (2,026)
Annual OPEB Cost	\$ 53,192	\$ 58,521	\$ 71,023
Contribution Made	TBD	\$ (23,156)	\$ (26,310)
Increase in Net OPEB Obligation	TBD	\$ 35,365	\$ 44,713
Net OPEB Obligation at Beginning of Year	\$ 126,336	\$ 90,971	\$ 46,258
Net OPEB Obligation at End of Year	TBD	\$ 126,336	\$ 90,971

\* See Appendix for employers under Component Units.

\*\* Numbers shown for fiscal year ended 6/30/2009 and 6/30/2010 are based on information from the Comprehensive Annual Financial Report.

## Exhibit 2

### Accounting Disclosures (GASB 45) – Component Units

(continued)

#### Schedule of Government Contributions and Three Year Trend Information

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2009 *	\$71,023	37%	\$90,971
June 30, 2010 *	\$58,521	40%	\$126,336
June 30, 2011	\$53,192	TBD	TBD

#### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Accrued Liability (AAL)</b>	<b>Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>as % of Covered Payroll</b>
July 1, 2007	\$0	\$652,696	\$652,696	0.00%	\$1,378,089	47.36%
July 1, 2009	\$0	\$577,744	\$577,744	0.00%	\$1,371,949	42.11%
July 1, 2010	\$0	\$518,083	\$518,083	0.00%	N/A	N/A

\* Numbers shown for fiscal year ended 6/30/2009 and 6/30/2010 are based on information from the Comprehensive Annual Financial Report.

## Exhibit 3

### Summary of Census Data

Active Employees											
Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
<b>Under 25</b>	578	830	25								1,433
<b>25 to 29</b>	1,134	2,826	814	29							4,803
<b>30 to 34</b>	1,452	2,343	2,119	573	10						6,497
<b>35 to 39</b>	1,671	2,171	1,889	1,448	405	18					7,602
<b>40 to 44</b>	1,711	1,864	1,689	1,279	1,148	685	60				8,436
<b>45 to 49</b>	1,689	1,916	1,801	1,358	1,127	1,703	983	65			10,642
<b>50 to 54</b>	1,821	1,800	1,762	1,417	1,215	1,519	1,563	921	59		12,077
<b>55 to 59</b>	1,693	1,465	1,540	1,229	1,144	1,333	1,147	1,209	531	23	11,314
<b>60 to 64</b>	1,201	803	996	766	783	786	688	641	594	170	7,428
<b>65 &amp; over</b>	609	231	373	367	321	358	259	302	308	288	3,416
<b>Total</b>	13,559	16,249	13,008	8,466	6,153	6,402	4,700	3,138	1,492	481	73,648

## Exhibit 3

### Summary of Census Data

*(continued)*

Attained Age	Retirees/Disableds/Surviving Spouses/Spouse Contracts
Under 40	27
40 to 44	32
45 to 49	147
50 to 54	665
55 to 59	2,205
60 to 64	4,490
65 to 69	131
70 to 74	80
75 to 79	43
80 to 84	26
85 to 89	18
90 to 94	6
95 to 99	0
100 and Over	0
<b>Total</b>	7,870

In addition to the above, we received summary information about the enrollment effective January 1, 2011. We reflected the fact that 58% of participants enrolled in the Partnership PPO, while 42% of participants enrolled in the Standard PPO.

# Exhibit 4

## Actuarial Assumptions and Cost Method

**Valuation Date:** July 1, 2010

**Discount Rate:** 4.5%

**Cost Method:** Projected Unit Credit with benefits attributed prorata from date of hire to assumed termination of employment.

**Amortization Method:** 30 year level percentage of payroll assuming total annual payroll growth of 3%, closed basis. Amortizations are calculated separately for explicit and implicit and for actives and inactive. A new 30 year basis is established each valuation for the difference between the Unfunded Actuarial Accrued Liability as of the valuation date, and the amount that would be expected to remain unfunded based on the expected schedule developed at establishment of each amortization base. This method results in prior contribution deficiencies to be treated as part of a new base and therefore amortized over 30 years. Thus, the adjustment to the ARC component of the annual OPEB Cost uses this 30 year amortization, consistent with GASB Technical Bulletin 2008-1 - Determining the Annual Required Contribution Adjustment for Postemployment Benefits.

**Preretirement Mortality:**

Age	Male	Female
20	0.03%	0.02%
25	0.03	0.02
30	0.04	0.02
35	0.06	0.04
40	0.09	0.06
45	0.12	0.09
50	0.17	0.13
55	0.24	0.20
60	0.39	0.31
65	0.61	0.47

**Postretirement Mortality:**

Age	Male	Female	Disabled
40	0.2%	0.1%	2.6%
50	0.4	0.2	3.3
55	0.7	0.4	3.7
60	1.0	0.7	4.1
65	1.4	0.9	4.6
70	2.2	1.3	5.5
75	3.8	2.3	6.9
80	6.5	4.3	9.2
85	10.2	7.2	12.9
90	16.7	13.7	18.4
95	24.6	22.5	26.4

# Exhibit 4

## Actuarial Assumptions and Cost Method

(continued)

**Disability Rates:**

Age	Male	Female
20	0.06%	0.03%
25	0.06	0.03
30	0.07	0.04
35	0.11	0.06
40	0.16	0.14
45	0.22	0.24
50	0.27	0.33
55	0.27	0.38
60	-	-

**Service Retirement Rates:** Retirement rates prior to age 60 apply only if the participant has completed 30 years of service.

Age	State	
	Male	Female
50	6.0%	7.5%
51	6.0	7.5
52	6.0	7.5
53	6.0	7.5
54	6.5	7.5
55	6.5	7.5
56	7.0	8.0
57	7.0	8.0
58	7.5	8.0
59	8.0	8.0
60	8.5	9.0
61	11.0	12.0
62	16.0	18.0
63	12.0	12.0
64	14.0	14.0
65	22.0	22.0
66	15.5	17.0
67	15.5	17.0
68	15.5	17.0
69	15.5	17.0
70	15.5	17.0
71	15.5	17.0
72	15.5	17.0
73	15.5	17.0
74	15.5	17.0
75	100.0	100.0

# Exhibit 4

## Actuarial Assumptions and Cost Method

(continued)

Additional rate of retirement in the year in which an active first reaches age 60 and 15 years of service

2.0%

Additional rate of retirement in the year in which an active prior to age 60 first reaches 30 years of service

7.5%

### Sample Termination and Early Retirement Rates<sup>1</sup>:

Age	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	Male <sup>2</sup>	Female <sup>2</sup>
20	30.0%	24.6%	17.8%	18.3%
25	25.4	21.4	14.4	14.8
30	23.0	18.6	9.6	10.3
35	20.8	16.1	5.2	6.3
40	18.6	13.8	2.6	3.4
45	16.5	12.0	1.8	2.2
50	14.8	11.1	2.2	2.3
55	15.3	11.6	2.6	3.4
60	17.9	14.4	4.3	4.9
65	24.0	20.5	-	-

<sup>1</sup> Termination rates cease at the earlier of age 60 and 30 years of service

<sup>2</sup> Ultimate rates apply beginning on an employee's 3<sup>rd</sup> year of employment

**Plan Participation:** Future retirees are assumed to elect coverage based upon the level of subsidy.

The assumed participation rates are:

30+ years of service	90%
20-29 years of service	75%
Less than 20 years of service	55%

Eligible members are assumed to elect immediate coverage at assumed termination of employment. Current retirees are assumed to maintain coverage. All members are assumed to have required plan participation prior to retirement. Members are assumed to have the same overall distribution of enrollment by benefit option (Partnership PPO vs. Standard PPO, Lost Cost Carrier vs. High Cost Carrier) that they had in the January 1, 2011 open enrollment.

**Spouse Assumptions:** 50% of the future participants are assumed to cover a spouse, and males are assumed to be four years older than females. Current retirees are assumed to keep current spouse participation. 50% of surviving spouses are assumed to receive a TCRS survivor pension.

# Exhibit 4

## Actuarial Assumptions and Cost Method

(continued)

### Health Care Cost Trend Rates:

Health Care cost trend rates to be applied to expected future claims, contributions, and premiums:

Calendar Year	Rate
2010 to 2011	10.0%
2011 to 2012	9.5
2012 to 2013	9.0
2013 to 2014	8.5
2014 to 2015	8.0
2015 to 2016	7.5
2016 to 2017	7.0
2017 to 2018	6.5
2018 to 2019	6.0
2019 to 2020	5.5
2020 to 2021	5.0

**Medical Plan Costs:** Costs were developed from reported incurred medical and prescription drug claims experience and administrative costs for 2008 and 2009. Estimated net per capita monthly incurred claim costs for 2010/2011, including administrative expenses:

Age	Claims Cost
50	\$7,053
55	8,440
60	9,942
65*	8,699
70*	9,968
75*	11,422

\*Costs at age 65 and over apply to a limited number of grandfathered people only

**Average Premiums:** Blended monthly premiums for future retirees for Calendar year 2011:

Single	\$581.41
Family	\$1,245.37

### Subsidies:

Explicit subsidy – employer portion of blended premium  
 Implicit subsidy – difference between age-adjusted claims/admin costs and blended premiums (applicable for all employers due to blending of premium costs)

# Exhibit 4

## *Actuarial Assumptions and Cost Method*

*(continued)*

**Census Data:** Collected as of July 1, 2009 and used for the July 1, 2009 and July 1, 2010 valuations. The data was not audited by Buck Consultants. Retirees who waived coverage and showed no spousal coverage were deleted from all files. Except for a group of 217 pre-65 retirees, duplicates were left in the file as is. Where retirement allocation codes were in conflict with Plan codes, we used retirement allocation codes to determine the Plan (and premium information was changed accordingly).

**Changes Since Prior Valuation:** Medical plan costs and premiums have been updated for plan experience, open enrollment results, plan design changes, premium rate changes, vendor changes and negotiations, including a significantly improved prescription drug arrangement and health reform impacts including the addition of adult children and excise tax.

# Exhibit 5

## Summary of Substantive Plan Provisions

**Eligibility:** TCRS participants with state medical benefits are eligible for health coverage following service retirement or early retirement, which are generally as follows:

- Service retirement: age 60 and 10 years of service, or 30 years of service
- Early retirement: age 55 and 10 years of service, or 25 years of service

Similar requirements generally apply to ORP and other non-TCRS participants.

Retirees with less than 20 years of service must participate in the state medical plan for the 3 years prior to retirement and must begin retiree coverage immediately upon retirement. Retirees with 20 years of service must participate for the year prior to retirement and must begin retiree coverage within 5 years of retirement.

*Spouse coverage:* Spouses may participate in the Plan. When a retiree dies, surviving spouses may remain in the plan for six months for free. After that, if the surviving spouse receives a TCRS survivor pension, the spouse may participate and pay a “retiree only or spouse only” rate.

*Disabled coverage:* Disabled employees who leave employment with five or more years of service may participate.

*Medicare eligibility:* Disabled members with Medicare remain in the plan until age 65. A few participants, generally without Medicare, can stay in the plan beyond age 65.

**Premiums:** Blended active and retired premiums are:

Calendar Year 2011 Monthly Premiums				
Average premium	Partnership Low Cost Carrier	Standard Low Cost Carrier	Partnership High Cost Carrier	Standard High Cost Carrier
Employee Only	\$568.33	\$593.33	\$578.33	\$603.33
Employee + Children	\$852.50	\$877.50	\$872.50	\$897.50
Employee + Spouse	\$1,193.49	\$1,243.49	\$1,213.49	\$1,263.49
Employee + Spouse + Children	\$1,477.66	\$1,527.66	\$1,497.66	\$1,547.66

Employee Contributions as a Percent of Blended Premium*	
Years of Service	Employee Contribution
30+	20%
20 – 29	30%
Less than 20	40%

\*percentage applies to low cost carrier in the Partnership Plan. Retirees pay the difference for other plans.

# Exhibit 6

## Benefit Design

(continued)

Benefit Design: (Effective January 1, 2011)

	Partnership PPO		Standard PPO		
	In network	Out of network	In network	Out of network	
Deductible*	\$350 Individual/ \$900 Family	\$700 Individual/ \$1,800 Family	\$700 Individual/ \$1,800 Family	\$1,400 Individual/ \$1,600 Family	
Out-of-pocket Maximum*	\$1,350 Individual/ \$3,500 Family	\$2,700 Individual/ \$7,000 Family	\$1,700 Individual/ \$4,500 Family	\$3,400 Individual/ \$9,000 Family	
Preventative Care/Well-baby, Well-child Visits	No Charge	\$40 co-pay	No Charge	\$50 co-pay	
Primary Care	\$25 co-pay	\$45 co-pay	\$30 co-pay	\$50 co-pay	
Mental Health** (Out-patient including psychiatry and substance abuse)	\$25 co-pay	\$45 co-pay	\$30 co-pay	\$50 co-pay	
Specialist Care	\$40 co-pay	\$65 co-pay	\$45 co-pay	\$70 co-pay	
Emergency Room (waived if admitted)	\$80 co-pay	\$80 co-pay	\$100 co-pay	\$100 co-pay	
Urgent Care	\$50 co-pay	\$50 co-pay	\$55 co-pay	\$55 co-pay	
Inpatient Care	10% co-insurance	40% co-insurance	20% co-insurance	40% co-insurance	
Out Patient Surgery	10% co-insurance	40% co-insurance	20% co-insurance	40% co-insurance	
Ambulance	10% co-insurance	10% co-insurance	20% co-insurance	20% co-insurance	
Advanced X-Ray, Scans and Imaging	10% co-insurance	40% co-insurance	20% co-insurance	40% co-insurance	
OT/PT/Speech Therapy	10% co-insurance	40% co-insurance	20% co-insurance	40% co-insurance	
Lab/X-ray	100% co-insurance after office copay	100% co-insurance after office copay up to MAC	100% co-insurance after office copay	100% co-insurance after office copay up to MAC	
Chiropractic	\$25 (visits 1-20) \$40 (visits 21 and up)	\$45 (visits 1-20) \$60 (visits 21 and up)	\$30 (visits 1-20) \$45 (visits 21 and up)	\$50 (visits 1-20) \$70 (visits 21 and up)	
Pharmacy (30-day supply, only from pharmacies in 30-day network)	Generic	\$5 co-pay	Co-pay + any amount exceeding MAC	\$10 co-pay	Co-pay + any amount exceeding MAC
	Preferred Brand	\$30 co-pay		\$40 co-pay	
	Non-preferred Brand	\$80 co-pay		\$90 co-pay	
Pharmacy (90-day supply available only from special, less costly 90-day network or mail-order)	Generic	\$10 co-pay	Co-pay + any amount exceeding MAC	\$20 co-pay	Co-pay + any amount exceeding MAC
	Preferred Brand	\$60 co-pay		\$80 co-pay	
	Non-preferred Brand	\$160 co-pay		\$180 co-pay	

\* No single family member will be subject to a deductible or out-of-pocket maximum greater than the "employee only" amount. Once two or more family members (depending on premium level) have met the total deductible and/or out-of-pocket maximum, it will be met by all covered family members.

\*\*The following behavioral health services are treated as "inpatient" for the purposes of determining member cost-sharing: residential treatment, partial hospitalization, and intensive outpatient therapy.

# Appendix

## Results by Employer (Dollars in Thousands) – Prorated by Headcount

Employer	Count		Actuarial Liability		Benefit Payment	Normal Cost	ARC
	Retirees, Spouses, Surviving Spouse Contracts, & Disabled Employees	Active	Retirees, Spouses, Surviving Spouse Contracts, & Disabled Employees	Active			
Austin Peay State University	31	799	\$1,813	\$11,148	\$371	\$816	\$1,415
Capitol Print Shop *	0	9	\$0	\$126	\$0	\$9	\$15
Chattanooga State Technical Community College	35	527	\$2,047	\$7,353	\$419	\$538	\$977
Cleveland State Community College	20	197	\$1,170	\$2,749	\$239	\$201	\$386
Columbia State Community College	15	240	\$877	\$3,348	\$179	\$245	\$442
Division of Accounts *	7	77	\$409	\$1,074	\$84	\$79	\$149
Dyersburg State Community College	10	190	\$585	\$2,651	\$120	\$194	\$344
East Tennessee State University	167	2,155	\$9,769	\$30,066	\$1,998	\$2,200	\$4,070
Governor's Books from Birth *	0	3	\$0	\$42	\$0	\$3	\$5
GS Central Stores *	2	20	\$117	\$279	\$24	\$20	\$39
GS Food Services *	2	2	\$117	\$28	\$24	\$2	\$9
GS Printing *	2	43	\$117	\$600	\$24	\$44	\$77
GS Property Utilization *	5	22	\$292	\$307	\$60	\$22	\$52
GS Purchasing *	3	49	\$175	\$684	\$36	\$50	\$90
GS Records Management *	0	15	\$0	\$209	\$0	\$15	\$25
Jackson State Community College	27	244	\$1,579	\$3,404	\$323	\$249	\$485
Middle Tennessee State University	84	2,199	\$4,914	\$30,680	\$1,005	\$2,245	\$3,890
Motlow State Community College	26	185	\$1,521	\$2,581	\$311	\$189	\$385
Motor Vehicle Management *	5	32	\$292	\$446	\$60	\$33	\$68
Nashville State Technical Community College	22	363	\$1,287	\$5,065	\$263	\$371	\$667
Northeast State Technical Community College	5	295	\$292	\$4,116	\$60	\$301	\$503
Office of Information Resources *	26	355	\$1,521	\$4,953	\$311	\$362	\$666
Pellissippi State Technical Community College	25	445	\$1,462	\$6,209	\$299	\$454	\$812
Postal Service *	10	47	\$585	\$656	\$120	\$48	\$108
Roane State Community College	30	355	\$1,755	\$4,953	\$359	\$362	\$678
Southwest State Community College	62	656	\$3,627	\$9,152	\$742	\$670	\$1,273
State of Tennessee *	5,613	44,860	\$384,523	\$577,834	\$67,154	\$45,793	\$91,213
Tennessee Board of Regents Central Office	51	124	\$2,983	\$1,730	\$610	\$127	\$360

# Appendix

## Results by Employer (Dollars in Thousands) – Prorated by Headcount

Employer	Count		Actuarial Liability		Benefit Payment	Normal Cost	ARC
	Retirees, Spouses, Surviving Spouse Contracts, & Disabled Employees	Active	Retirees, Spouses, Surviving Spouse Contracts, & Disabled Employees	Active			
Tennessee State University	47	1,290	\$2,749	\$17,998	\$562	\$1,317	\$2,275
Tennessee Technological University	87	1,057	\$5,089	\$14,747	\$1,041	\$1,079	\$2,012
TN Housing Development Agency	9	200	\$526	\$2,790	\$108	\$204	\$358
TN Student Assistance Corporation	9	46	\$526	\$642	\$108	\$47	\$103
TN Technical Center at Athens	1	20	\$58	\$279	\$12	\$20	\$36
TN Technical Center at Chattanooga	2	40	\$117	\$558	\$24	\$41	\$72
TN Technical Center at Covington	1	17	\$58	\$237	\$12	\$17	\$31
TN Technical Center at Crossville	2	33	\$117	\$460	\$24	\$34	\$61
TN Technical Center at Crump	2	23	\$117	\$321	\$24	\$23	\$44
TN Technical Center at Dickson	4	37	\$234	\$516	\$48	\$38	\$73
TN Technical Center at Elizabethton	1	31	\$58	\$433	\$12	\$32	\$54
TN Technical Center at Harriman	3	21	\$175	\$293	\$36	\$21	\$44
TN Technical Center at Hartsville	1	28	\$58	\$391	\$12	\$29	\$49
TN Technical Center at Hohenwald	3	36	\$175	\$502	\$36	\$37	\$69
TN Technical Center at Jacksboro	5	16	\$292	\$223	\$60	\$16	\$42
TN Technical Center at Jackson	1	46	\$58	\$642	\$12	\$47	\$79
TN Technical Center at Knoxville	6	44	\$351	\$614	\$72	\$45	\$91
TN Technical Center at Livingston	5	31	\$292	\$433	\$60	\$32	\$66
TN Technical Center at McKenzie	0	20	\$0	\$279	\$0	\$20	\$33
TN Technical Center at McMinnville	4	22	\$234	\$307	\$48	\$22	\$49
TN Technical Center at Memphis	7	60	\$409	\$837	\$84	\$61	\$120
TN Technical Center at Morristown	2	46	\$117	\$642	\$24	\$47	\$82
TN Technical Center at Murfreesboro	2	33	\$117	\$460	\$24	\$34	\$61
TN Technical Center at Nashville	4	52	\$234	\$725	\$48	\$53	\$98
TN Technical Center at Newbern	2	20	\$117	\$279	\$24	\$20	\$39
TN Technical Center at Oneida	3	22	\$175	\$307	\$36	\$22	\$45
TN Technical Center at Paris	2	32	\$117	\$446	\$24	\$33	\$59
TN Technical Center at Pulaski	0	29	\$0	\$405	\$0	\$30	\$48
TN Technical Center at Ripley	2	20	\$117	\$279	\$24	\$20	\$39
TN Technical Center at Shelbyville	4	31	\$234	\$433	\$48	\$32	\$63
TN Technical Center at Whiteville	1	19	\$58	\$265	\$12	\$19	\$34
TRICOR *	14	124	\$819	\$1,730	\$168	\$127	\$248
Univ of Tennessee System	1,151	12,387	\$67,328	\$172,822	\$13,771	\$12,645	\$23,973
University of Memphis	139	2,428	\$8,131	\$33,875	\$1,663	\$2,478	\$4,436

# Appendix

## Results by Employer (Dollars in Thousands) – Prorated by Headcount

Employer	Count		Actuarial Liability		Benefit Payment	Normal Cost	ARC
	Retirees, Spouses, Surviving Spouse Contracts, & Disabled Employees	Active	Retirees, Spouses, Surviving Spouse Contracts, & Disabled Employees	Active			
Volunteer State Community College	27	373	\$1,579	\$5,204	\$323	\$381	\$699
Walters State Community College	32	406	\$1,872	\$5,664	\$383	\$414	\$768
<b>Total</b>	<b>7,870</b>	<b>73,648</b>	<b>\$516,537</b>	<b>\$979,481</b>	<b>\$94,162</b>	<b>\$75,179</b>	<b>\$145,656</b>

\* Indicates Primary Government Employers. All other employers are Component Units.

Results are prorated by headcount only and do not reflect actual enrollment of the particular employer. Moreover, the actuarial assumptions outlined in the report were selected for use for measurement of the obligation for the plan as a whole, rather than based on experience for any individual employer. Thus, the results shown could be significantly different than a calculation of the actuarial liability performed separately for a particular employer or component.