2018 ANNUAL REPORT
Tennessee State Group Insurance Program

Healthy Members; Peace of Mind
December 13, 2019

Ladies and Gentlemen:

We are pleased to submit the 2018 Annual Program and Financial Report for Benefits Administration. Under the direction of the State, Local Education and Local Government Insurance Committees, this division of the Department of Finance and Administration manages insurance benefits for 140,971 employees/retirees and 42,997 Medicare-eligible retirees and their families from public sector organizations in Tennessee. At the end of 2018, the state-sponsored plans provided health, dental, vision and disability insurance coverage as well as supplemental medical insurance for retirees with Medicare coverage to 325,506 individuals.

The data presented here demonstrate program, statistical and financial trends for the plans. The financial statements reflect the fiscal year ended June 30, 2018.

While the State Group Insurance Program sponsors the coverages and programs reviewed in this report, we work in partnership with 12 contractors and a number of other state agencies to deliver services to program members. The results reported here reflect their contributions and the leadership of the Insurance Committees.

Sincerely,

Laurie S. Lee, Executive Director
Stuart C. McWhorter, Commissioner
Who we are

Benefits Administration is a division within the State of Tennessee’s Department of Finance and Administration.

The authorization for providing group insurance benefits for public officials, state, local education and local government employees and retirees is found in Chapter 27 of Title 8, Tennessee Code Annotated.

The benefit plans authorized by this legislation are governed separately by three committees identified as the State, Local Education and Local Government Insurance Committees. Members for 2018 are listed at the right.

Each committee represents the interests of the employer(s) and their employees and retirees in financially separate benefit plans.

The responsibilities of each committee can be summarized under four broad areas:

1. To establish the benefit plans offered.
2. To approve premiums necessary to fund plan operations.
3. To provide for the administration of certain plan functions through the selection of contractors and monitoring of vendor performance.
4. To establish and review policy related to eligibility and benefits.

Mission
Deliver comprehensive, affordable, dependable and sustainable benefits

Vision
Healthy members; peace of mind

2018 Fast Facts
- 282,509 health plan members
- $1.6 billion total health plan expenses
- 26 percent of health plan spend is pharmacy
- 36 percent of total pharmacy spend is for specialty drugs
- 42,995 supplemental Medicare members
- $63 million supplemental Medicare claims paid

2018 Insurance Committees

Larry B. Martin, Chairman — S, E, G
Commissioner, Department of Finance and Administration

Justin Wilson — S, E, G
Comptroller of the Treasury

David Lillard — S, E, G
State Treasurer

Julie Mix McPeak — S, E
Commissioner, Department of Commerce and Insurance

Rebecca Hunter — S
Commissioner, Department of Human Resources

Todd Campbell — S
Employee Representative

Michelle Consiglio-Young — S
Employee Representative

Rob Chance — S
Higher Education Representative

Randy Stamps — S
Tennessee State Employees Association

Senator Bo Watson — S
Chair, Senate Finance, Ways and Means Committee

Representative Charles Sargent — S
Chair, House Finance, Ways and Means Committee

Maryanne Durski — E
Designee, Department of Education

Vacant — E
Middle Tennessee Teacher Representative

Erin Johnson — E
East Tennessee Teacher Representative

Paula Yates — E
West Tennessee Teacher Representative

Randall Bennett — E
Tennessee School Boards Association

Kevin Krushenski — G
Tennessee Municipal League

Nathan Brock — G
Tennessee County Services Association

S — State Insurance Committee
E — Local Education Insurance Committee
G — Local Government Insurance Committee
Contract Partners

The division works in partnership with the following entities in the administration of insurance benefits and related administrative functions:

**Aon Consulting**
Providing benefits and actuarial consultant services to the division.

**BlueCross BlueShield of Tennessee**
Providing medical third party administration services for State Group Insurance Program (SGIP) members enrolled in one of the medical plan options.

**Cigna**
Providing medical third party administration services for SGIP members enrolled in one of the medical plan options. Also providing voluntary prepaid dental insurance to participating plan members.

**CVS/caremark**
Providing pharmacy benefits for all members enrolled in SGIP health coverage.

**Davis Vision**
Providing voluntary vision insurance to participating plan members.

**IBM Watson Health**
Providing data warehousing and analytical services to assess healthcare utilization and claims-based costs for our population.

**MetLife**
Providing voluntary dental preferred provider organization insurance to participating plan members. Also providing voluntary short-term disability to state and higher education employees and voluntary long-term disability to state employees.

**Optum Health**
Providing employee assistance program (EAP) services to eligible employees and administration of behavioral health and substance use coverage for SGIP members enrolled in health coverage.

**PayFlex**
Providing health savings accounts (HSA) to members enrolled in the Consumer-driven Health Plan (CDHP). Also providing flexible spending accounts (FSA) to state and higher education employees.

**Securian**
Providing basic term life and basic accidental death and dismemberment (AD&D) to benefits eligible state and higher education employees and voluntary term life and voluntary AD&D insurance to benefits-eligible state and higher education employees and their dependents.

**UMR/POMCO**
Providing administration of supplemental medical insurance for retirees with Medicare.

**University Community Health Service**
Providing employee health clinic services to state and higher education employees enrolled in the SGIP.
What we do

Benefits Administration administers health, dental, vision, life and disability insurance coverages for almost 326,000 public sector employees, retirees and their eligible dependents.

In addition to insurance coverages, the division also administers an employee assistance program (EAP) and wellness program.

State Group Insurance Program participants include state government and higher education employees, as well as employees of local school systems and local government agencies who choose to participate in one of the state-sponsored plans. Various quasi-governmental eligible non-profit agencies may also elect to participate in the local government plan.

In 2018, the state offered all members three health insurance options — the Premier Preferred Provider Organization (PPO), Standard PPO and Consumer-driven Health Plan or CDHP.

A fourth option, a high-deductible PPO plan called the Limited PPO, was available to participants in the local education and local government plans.

Members have the choice of two medical insurance carriers — BlueCross BlueShield of Tennessee (BCBST) or Cigna.

The division contracts separately with CVS/caremark for prescription drug coverage and Optum Health for behavioral health and substance use services for all plan options.

In addition to health insurance, participants in all plans may enroll in voluntary dental coverage if coverage is offered by the employing agency, choosing either the preferred dental plan administered by MetLife or the prepaid plan administered by Cigna.

Voluntary vision coverage is available to all state plan members. Members in the local education and local government plans are also eligible, if coverage is offered by the employing agency. Vision coverage is administered by Davis Vision.

The Tennessee Plan, supplemental medical insurance for retirees with Medicare, is available to Medicare-eligible retirees who participate in the Tennessee Consolidated Retirement System (TCRS) and certain higher education retirees who participate in a higher education optional retirement plan. Coverage is administered by UMR/POMCO.

State employees are provided with basic term life and accidental death and dismemberment (AD&D) coverage and may purchase additional voluntary term life and accidental death, underwritten by Securian.

Voluntary short-term disability insurance is available to state and higher education employees. Voluntary long-term disability insurance is available to state employees. Both are administered by MetLife.

Health Plan Enrollment

State and Higher Education comprises more than half of the State Group Insurance Program enrollment.

<table>
<thead>
<tr>
<th></th>
<th>Employee/Retiree</th>
<th>Spouse</th>
<th>Child/Dependent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Education</td>
<td>55,036</td>
<td>18,680</td>
<td>37,345</td>
<td>111,061</td>
</tr>
<tr>
<td>Local Government</td>
<td>16,116</td>
<td>2,900</td>
<td>5,533</td>
<td>24,549</td>
</tr>
<tr>
<td>State &amp; Higher Education</td>
<td>69,819</td>
<td>29,940</td>
<td>47,140</td>
<td>146,899</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>282,509</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please note that percentages throughout this report may not always equal to 100 percent due to rounding.
How we do it

Benefits Administration is organized around four key areas: Vendor Services, Financial Management & Program Integrity, Operations and Communications. These teams deliver value by implementing accountable plan design and conservative fiscal policy to sustain a market-competitive benefit. Specifically, the division has a consistent strategic focus on four key levers:

1. **Purchasing**—Obtain best pricing through competitive procurements that leverage the State’s purchasing power and vendor core competencies
2. **Plan design**—Balance plan target actuarial value and cost with incentives for members to seek appropriate care and manage chronic disease
3. **Population health**—Build health management and wellness supports into the plan design to raise member accountability for health behaviors and improve health outcomes
4. **Pay for value**—Increase the accountability of contractors and providers so that we pay for improved quality and competitive cost, not volume

The year-over-year aggregate premium increases for the state, local education and local government plans from 2015–2018 have averaged 3.4 percent, 3.3 percent and 1.9 percent, respectively, well below the industry average. The plans’ financial performance reflects the success of this strategy.

In 2018, the following key initiatives were accomplished.

**Vendor Services**

Benefits Administration launched short-term and long-term disability benefits in January 2018. As of Jan. 1, 2018, approximately 4,700 state and higher education employees were enrolled in short-term disability, and almost 5,000 state employees were enrolled in long-term disability. Those numbers grew to 5,600 and 5,800, respectively, by the end of 2018.

The State Group Insurance Program participates in a value-based payment initiative called Episodes of Care. The first Episodes of Care results for the 2017 performance period were finalized in mid-2018. The program launched in 2017 with five episodes: perinatal, total joint, percutaneous coronary intervention, cholecystectomy and colonoscopy. While provider gain-share payouts in the upside-only program were modest, most quality metrics showed year-over-year improvement. Additional episodes will roll out in future years.

Options for the Diabetes Prevention Program (DPP) expanded. The DPP focuses on preventing or delaying the onset of type 2 diabetes through lifestyle changes such as diet and increased physical activity. Cigna launched their program with Omada during the first quarter of 2018 with over 600 members enrolling during the first few months. The PartNers Health & Wellness Center offered two classes during the year.

**Financial Management & Program Integrity**

This area promotes compliance, transparency and accountability throughout the division. During 2018, the group successfully implemented the new decision support system and actuarial services contracts. The decision support contract expanded the data incorporated into the system to include dental, vision and disability claims in addition to medical claims. This allows a more comprehensive view of the benefits provided to members and how members access these benefits. The actuarial services contract consolidates two prior contracts, benefits consulting and Other Post-employment Benefits (OPEB) valuation, into one. This allows for a more streamlined approach to benefits actuarial services by coordinating efforts and data sharing between the actuarial teams.

The Financial Management area coordinated the planning for the January 1, 2019 implementation of the OPEB trust for the State and Higher Education Plan. The Vendor Accountability area continued to monitor the third party administrators by reviewing the vendors’ time to process claims, testing for duplicate claims, performing focused claims testing on denied and pended claims and reviewing the internal provider claims appeal logs. The Member Accountability area performed reviews of ineligible members and assisted the third party administrators in collecting from subrogation cases, totaling over $1.5 million in collections.

**Operations**

In 2018, Operations enhanced customer service by adding a real-time chat feature to current phone and email interactions on our Zendesk customer service and engagement software. We also implemented a new function for agency benefits coordinators, employees and retirees to upload applications and supporting documentation into Zendesk instead of faxing, emailing or mailing paperwork. For the year, our Zendesk customer service satisfaction rate was 96.4 percent.

Other accomplishments include:

- Updated State new employee orientation. This training simplifies benefits information and provides timely, valuable information. Survey
respondents rated the training 98 percent very helpful or helpful.

- Added online Annual Enrollment for retirees. In October 2018, retirees could make Annual Enrollment benefits elections online using Edison self-service, instead of through paper enrollment forms using fax, email or mail.

- Developed HIPAA 834 file document to provide new benefits vendors with information specific to the State of Tennessee’s 834 enrollment file. This resource reduces the likelihood of errors in new vendor implementation.

Communications

Communication’s outreach and education efforts help agencies and members understand insurance benefits options and make informed choices. In 2018, one major accomplishment was combining the Insurance & Benefits and Partners for Health websites. New technology procured by the state allowed us to move to one branded website to better serve members and stakeholders who found navigating two sites confusing. The website features an updated look and feel that includes photos, videos, improved navigation, social media feeds and a help button for chatting with the service center during business hours.

With the new website in place, Communications revamped its print pieces. We replaced the 20-plus-page decision guides with eight-page Annual Enrollment newsletters with information about benefits options. The newsletters directed employees to our website to find more information. We also made new-hire guides available digitally. Both of these actions decreased printing and mailing costs significantly.

The team emphasized greater use of targeted direct member email communication by plan, product and/or program and continued to build its lists of addresses for electronic communications. We worked with Vendor Services to launch Know Your Health, an email campaign focused on hospital safety, provider options and general healthcare and we created customized, vendor-specific emails, fliers and onsite clinic support materials for our new Diabetes Prevention Program.

Communications and Operations conducted agency benefits coordinator training across the state with 460 participants. We surveyed those who attended, and 97 percent found the training very helpful or helpful. We also conduct an Annual Customer Satisfaction Survey of ABCs. Participants rated their overall customer service satisfaction in 2018 at 93 percent meets or exceeds expectations.

2018 Procurements

All procurements were completed through competitive requests for proposals

The Decision Support System procurement was for a single contract for a decision support system (DSS) and executive information system with operational and strategic, pre-programmed report templates and ad-hoc reporting capabilities. The DSS allows Benefits Administration to analyze healthcare cost and utilization in our population and conduct fraud and abuse reporting. The State, Local Education and Local Government Insurance Committees awarded the contract to IBM Watson Health.

The Employer Insurance Benefits Consulting and Actuarial Services procurement was for a single professional services contract to provide employee benefits consulting, actuarial, auditing and OPEB valuation services for the public sector plans. The State, Local Education and Local Government Insurance Committees awarded this contract to Aon Consulting.

The ParTNers Health & Wellness Center procurement was for a single contract for the management of the ParTNers Health & Wellness Center (Center), located on the third floor of the Tennessee Tower in Nashville. The Center is available to state and higher education employees who are enrolled in the State Group Insurance Program. Services provided in the Center include preventive care, care for minor illnesses and injuries, immunizations, onsite generic medications, chronic condition care, onsite counseling, wellness coaching and referrals to primary care physicians. The State Insurance Committee awarded this contract to University Community Health Services, dba Connectus Health.

The Primary Population Health and Wellness procurement was for two contracts - one for a voluntary health improvement and wellness program offering disease management and an array of wellness resources, challenges and counseling/coaching and the second for a weight management program. Due to a protest of the population health contract, the contracts originally awarded in 2017 were not signed and program implementation was delayed. In May 2018 the court proceedings for this protest ended and the injunction was lifted, allowing us to go forward with the procurement. Following re-issuance of the population health cost proposal, the State, Local Education, and Local Government Insurance Committees awarded the population health contract to ActiveHealth Management. The weight management contract, originally awarded to ActiveHealth Management, was also signed.
Overview of Plan Options

Multiple plan options were available in 2018, and members could enroll in any of the plans:

1. Premier Preferred Provider Organization (PPO)
2. Standard PPO
3. Consumer-driven Health Plan (CDHP)/Health Savings Account (HSA)
4. Limited PPO (local education & local government only)

Networks

- Members had a choice of BlueCross BlueShield Network S, Cigna Local Plus or Cigna Open Access Plus (OAP) in all grand divisions. An additional monthly premium charge of $40 or $80 (depending on tier) continued to apply to the Open Access network to partially account for the higher costs of this broad network.
- For 2018, 3,400 (2 percent) members enrolled in the OAP network.

Coverage Highlights

- Enrollment in the Standard PPO increased 12 percent from last year in the state plan.
- In the local government plan, the Premier PPO has surpassed the Limited PPO plan.
- Enrollment in the CDHP/HSA increased from 6,469 in January 2017 to 7,756 in December 2018 (19 percent increase).
- Employees contributed approximately $8.1 million to their health savings accounts.
- Employers contributed approximately $4.8 million.
Overview of Plan Options, cont’d

Enrollment Coverage by Tier

The percent of local government members enrolling in family coverage is much lower than in the local education and state plans, while the percentage of employee-only coverage for local government far outpaces the other plans.

Coverage by Age

- The average age among all members is 36.9, which is slightly lower than in 2015 (37.1).
- The average age for all plans has decreased slightly in the past few years.
  - State 37.5 (37.7 in 2015)
  - Local education 35.6 (35.4 in 2015)
  - Local government 39.2 (39.6 in 2015)

Gender

The overall gender split is 56 percent female, 44 percent male, with the local education plan having the higher percentage of females to males. This has remained constant for the past few years.
Health Plan

Expenses 2015-2018

- Includes all plans: State and Higher Education, Local Education and Local Government.
- Total plan expenses were $1.57 billion in 2018 and increased 7.6 percent between 2015 and 2018. There was a 3.7 percent increase in overall spend between 2017 and 2018.
- Pharmacy claims increased at the highest rate (34.8 percent) between 2015 and 2018.

2018 Plan Expenses

Pharmacy claims accounted for the largest single category of health plan spend (26 percent). This is an increase from three years ago (2015) when it was 21 percent.

Outpatient office expenses increased more than 5 percent from 2017, while inpatient facility expenses decreased slightly.
### Health Plan, cont’d

#### Spend by Relationship

#### Plan Payments by Member Risk

- **Healthy**: Very healthy, minimum use of healthcare services. Interventions should focus on preventive care.
- **Stable**: Fairly healthy, low use of healthcare services. Monitor health to mitigate risk.
- **At Risk**: Primarily acute conditions, moderate use of healthcare services. Lack of management may result in high cost care and increased severity.
- **Struggling**: Higher disease severity, heavy use of healthcare services. Costs well above average; poor health adversely influences day to day life. Lack of management may result in extreme high cost and overall decline in health.
- **In Crisis**: Highest severity of illness, significant use of healthcare services. Highest costs, poor health negatively impacts quality of life. Aggressive care management needed.

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*Numbers may not add up to 100% due to rounding*
Health Plan, cont’d
Cost Share per Member 2015-2018

Even with plan changes in 2017, including an increase in member pharmacy co-pays and the introduction of a cost sharing tier for specialty medications, the percentage of the total cost of drugs paid by members declined to a low of 8.8 percent.

The “Top Ten” list combined represents 75 percent of total plan expense in 2018. This is down from 79 percent in 2017.

<table>
<thead>
<tr>
<th>&quot;Top Ten&quot; Medical and Pharmacy Claims Expense</th>
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<tbody>
<tr>
<td><strong>Medical Procedure Groups</strong></td>
</tr>
<tr>
<td>1. Office visits</td>
</tr>
<tr>
<td>2. Emergency department visits</td>
</tr>
<tr>
<td>3. Specialty drugs (other than chemotherapy)</td>
</tr>
<tr>
<td>5. Surgery</td>
</tr>
<tr>
<td>7. Anesthesia Services</td>
</tr>
</tbody>
</table>
Health Plan, cont’d

Cost per Member per Month by Service Category

Pharmacy has the highest cost per member per month among all service categories and is 85 percent greater than the next highest category.

Utilization Trends

<table>
<thead>
<tr>
<th></th>
<th>Local Education</th>
<th>Local Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2018</td>
</tr>
<tr>
<td>Admissions per 1,000</td>
<td>51</td>
<td>52</td>
</tr>
<tr>
<td>OP Facility Visits Per 1,000</td>
<td>1,295</td>
<td>1,160</td>
</tr>
<tr>
<td>Office Visits Per 1,000</td>
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<td>8,286</td>
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<tr>
<td>ER Visits Per 1,000</td>
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<tr>
<td>Scripts Per 1000</td>
<td>15,516</td>
<td>15,468</td>
</tr>
<tr>
<td>Patients Per 1,000 Complications *</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td>Readmissions Per 1,000</td>
<td>3</td>
<td>2</td>
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<table>
<thead>
<tr>
<th></th>
<th>State</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2018</td>
</tr>
<tr>
<td>Admissions per 1,000</td>
<td>55</td>
<td>58</td>
</tr>
<tr>
<td>OP Facility Visits Per 1,000</td>
<td>1,356</td>
<td>1,304</td>
</tr>
<tr>
<td>Office Visits Per 1,000</td>
<td>8,293</td>
<td>8,387</td>
</tr>
<tr>
<td>ER Visits Per 1,000</td>
<td>226</td>
<td>216</td>
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<tr>
<td>Scripts Per 1000</td>
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<td>15,735</td>
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<tr>
<td>Patients Per 1,000 Complications *</td>
<td>19</td>
<td>24</td>
</tr>
<tr>
<td>Readmissions Per 1,000</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

*Complications are based on diagnosis codes, which changed from ICD-9 to ICD-10 in Q4 2015, when we see a significant increase in the numbers. This is likely due to ICD-10 making it easier to code for complications.
Health Plan – Pharmacy

Top 10 Therapeutic Class by Scripts Rx, 2018
• Drugs used to treat conditions like depression are the top central nervous system drugs by number of scripts and net pay.
• Drugs used to treat hypertension/high blood pressure are the top cardiovascular agents by number of scripts.
• Hormones and synthetic substances are used to treat conditions such as diabetes, osteoporosis and enlarged prostate.

Top 10 Therapeutic Class by Net Pay Rx, 2018
Drugs used to treat diabetes are the top hormones and synthetic substance drugs by net pay.
Health Plan – Pharmacy, cont’d

Net Plan Cost of Drugs Over Time

Specialty drugs are those used to treat complex, chronic or rare conditions, are high cost, and may require special handling. Patients on specialty drugs may need ongoing supervision and monitoring. The number of drugs in the specialty pipeline has increased and has been a driver of pharmaceutical spending over the past few years.

The net cost of specialty drugs increased 48 percent since 2015, versus 28.5 percent for all drugs.

Percent of Total Net Plan Cost of Drugs

Specialty drugs now account for 36 percent of total plan pharmacy spend.
Health Plan – Behavioral Health

Utilization

• Member utilization of Behavioral Health was 5.7 percent. This is consistent with 2017 utilization.
• In-network utilization by cost was 78 percent. This is better than the 74 percent in-network utilization in 2017.
• In-network utilization by claimant count was 85 percent, a slight increase over 2017.

Network Summary

• 276 new clinicians at 393 locations were added in 2018:
  • 24 MDs
  • 22 PhDs
  • 65 Advanced Practice registered nurses
  • 165 Master’s level clinicians
• 119 providers left the network—13 MDs, 9 Advanced Practice RNs, 97 Master’s level clinicians

Key Diagnoses

• Depression, trauma/stress and anxiety were the top three diagnostic categories by utilizer volume in 2018. These were unchanged from 2017.
• Utilizers per 1000: Depression = 21, Trauma/Stress = 14.4, Anxiety = 13.3, Substance Use = 2.4

Use by Level of Care

Utilizers per 1000: Acute Inpatient = 2.6, Residential = 1.1, Day Treatment = 1.1, Structured Outpatient = 1.9, Outpatient = 44.3, Medication Services = 17.2, Other = 4.0

BHO Member Demographics

![Gender Pie Chart]

Gender

- Male 47%
- Female 53%

![Age Band Pie Chart]

Age Band

- Under 20: 23%
- 20-34: 29%
- 35-49: 25%
- 50-64: 22%
- 65+: 1%

![Relationship Pie Chart]

Relationship

- Spouse: 18%
- Employee: 39%
- Dependent: 43.2%
Health Plan – Behavioral Health, cont’d

Substance Use

- In 2018, 669 members sought care for substance use.
- Almost half (47 percent) of members seeking care for substance use were dependents.
- This is lower than 2017 (56 percent) as a higher percentage of employees and spouses sought care for substance use in 2018.

Dependents received more care for opioid abuse, whereas employees and spouses received care mainly for alcohol abuse.

<table>
<thead>
<tr>
<th></th>
<th>Employee</th>
<th></th>
<th></th>
<th></th>
<th>Spouse</th>
<th></th>
<th></th>
<th></th>
<th>Dependent</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Alcohol</td>
<td>Opioid</td>
<td>Other</td>
<td>Alcohol</td>
<td>Opioid</td>
<td>Other</td>
<td>Alcohol</td>
<td>Opioid</td>
<td>Other</td>
</tr>
<tr>
<td>Acute IP</td>
<td>16%</td>
<td>5%</td>
<td>9%</td>
<td>12%</td>
<td>7%</td>
<td>18%</td>
<td>6%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Residential</td>
<td>53%</td>
<td>25%</td>
<td>55%</td>
<td>51%</td>
<td>48%</td>
<td>49%</td>
<td>43%</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>Day Treatment</td>
<td>6%</td>
<td>13%</td>
<td>17%</td>
<td>10%</td>
<td>9%</td>
<td>13%</td>
<td>16%</td>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td>Structured OP</td>
<td>23%</td>
<td>17%</td>
<td>16%</td>
<td>24%</td>
<td>13%</td>
<td>19%</td>
<td>33%</td>
<td>32%</td>
<td>34%</td>
</tr>
</tbody>
</table>
Health Plan – Employee Assistance Program (EAP)

Optum provides EAP services for the state group health plan. Eligible employees and their dependents may receive up to five counseling visits, per situation, per year at no cost to them. Master’s level specialists are available 24/7 to assist with stress, legal, financial, mediation and work/life services. The program is available to all state and higher education benefits eligible employees and their eligible dependents. Local education and local government employees enrolled in the health plan are also eligible as well as their benefits eligible dependents.

Satisfaction and Outcome Scores

- 94 percent are satisfied and would use EAP again.
- 93 percent received info requested in a reasonable time.
- 94 percent think the staff was helpful.
- 82 percent feel more effective at work.
- 89 percent have seen improvement in self (or family).
- 83 percent decrease in absenteeism.
- 88 percent feel less stress or worry.
- 83 percent feel more confident about being able to manage issues.

Utilization Rate

In 2018, 6 percent of members used the EAP (8,466 unique members out of 140,971 employees). This is consistent with the prior year.

Utilization

Primary utilizers are mainly female employees.
Health Plan – EAP, cont’d

EAP Visits per Member
Of those who used EAP in 2018, 36 percent used all five visits included in their benefits.

Presenting Issues
EAP presenting issues for 2018 were consistent with the top five in 2017: anxiety, depression, work/life management, marital/primary relationships and family issues.
Health Plan – Wellness

The ParTNers for Health Wellness Program was temporarily suspended in 2018 due to a procurement issue.

Preventive Visits 2015-2018

Far fewer members had preventive visits in 2018 than in prior years. The lack of a wellness program that incentivized preventive care is likely the driver behind this decline.

Over one third of plan members have a chronic condition.

<table>
<thead>
<tr>
<th># of Chronic Conditions</th>
<th>Number of Patients</th>
<th>Percentage of Total Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>57,595</td>
<td>22.9%</td>
</tr>
<tr>
<td>Two</td>
<td>21,621</td>
<td>8.6%</td>
</tr>
<tr>
<td>Three</td>
<td>6,638</td>
<td>2.6%</td>
</tr>
<tr>
<td>Four</td>
<td>1,666</td>
<td>0.7%</td>
</tr>
<tr>
<td>Five +</td>
<td>464</td>
<td>0.2%</td>
</tr>
<tr>
<td># With Any Condition</td>
<td>87,984</td>
<td>35.0%</td>
</tr>
</tbody>
</table>

Conditions included: Asthma, CAD, CHF, COPD, Diabetes, Hypertension, Mental health – Depression, Osteoarthritis, Spinal/Back Disorder (including low back pain)
Positive: In all three plans the screening rate for breast cancer exceeded the HEDIS measure, and the screening rate for the diabetes A1c test was right at the HEDIS measure.

Negative: In all three plans the cervical cancer screening rates remained below the HEDIS rate and rates declined for all groups between 2017 and 2018.

While colon cancer screening rates remained below the HEDIS rate, they did improve above 2017 rates in all three groups.

The Healthcare Effectiveness Data and Information Set (HEDIS) is a widely used set of performance measures in the managed care industry, developed and maintained by the National Committee for Quality Assurance (NCQA).
**Health Plan – Wellness, cont’d**

**Obesity and Diabetes Heat Maps**

The heat maps below show the prevalence of obesity and diabetes by county, reinforcing the concern that obesity plays a role in member risk for developing type 2 diabetes.

**Obesity Patients per 1000 by County, 2018**

![Obesity Patients map](image)

**Diabetes Patients per 1000 by County, 2018**

![Diabetes Patients map](image)

* Data source State Decision Support System
Other Programs Offered by Benefits Administration

ParTNers Health & Wellness Center
• State and higher education employees working in or around downtown Nashville have access to the ParTNers Health & Wellness Center (Center) located in the Tennessee Tower. The Center provides health care services to employees enrolled in a state health plan.
• In 2018, the Center had 3,256 office visits (a 11.4 percent decrease from 2017) and 729 EAP/BHO visits.
• Visits were lower in 2018 due to a staffing issue.
• The Center had a positive ROI of 3.03 equating to over $1.87 million in direct cost savings.

Telehealth
• In 2018, Telehealth was available to enrolled members on the health plan at a discounted copay of $15 for the PPO and at a discounted rate for the CDHP. BlueCross BlueShield of Tennessee and Cigna both had contracts with MDLive, marketed as PhysicianNow and MDLive respectively.
• By the end of 2018, telehealth registrations had increased 27 percent from 2017 to 14,715.
• In 2018, there were a total of 3,775 encounters.
• Top diagnoses included sinusitis, upper respiratory infections, pharyngitis and urinary tract infections.

Flexible Spending Accounts
• Approximately 3,881 state employees contributed $6 million to flexible spending accounts (FSA).
  
  **Annual Election**
  Healthcare FSA — $4,358,880
  Dependent care FSA — $1,559,695
  Limited FSA — $ 85,352
• This resulted in an estimated $264K of FICA savings for the State.
Voluntary Products

Dental Insurance

- State employees have two dental options from which to choose. The Prepaid Dental Plan is administered by Cigna, and the Dental Preferred Provider Organization (DPPO) is administered by MetLife. Local education and local government employees may participate if their employing agency chooses to offer the product. Retirees receiving a pension from the Tennessee Consolidated Retirement System or who participated in a higher education Optional Retirement Plan may enroll in one of the dental plans. The State provides no funding for these services.

Dental Enrollment

<table>
<thead>
<tr>
<th></th>
<th>State 2018</th>
<th>Local Education 2018</th>
<th>Local Government 2018</th>
<th>2018 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid</td>
<td>42,014</td>
<td>4,794</td>
<td>2,513</td>
<td>49,321</td>
</tr>
<tr>
<td>DPPO</td>
<td>82,348</td>
<td>25,701</td>
<td>8,098</td>
<td>116,147</td>
</tr>
<tr>
<td>Total</td>
<td>124,362</td>
<td>30,495</td>
<td>10,611</td>
<td>165,468</td>
</tr>
</tbody>
</table>

State enrollment increased 2.5 percent (2,989 employees) from 2017. Local education participation remained flat, while local government participation increased 5 percent (509 employees).

Vision Insurance

- Vision coverage is available to all state employees. Employees with participating local education and local government agencies are also eligible if their agency chooses to offer coverage. Retirees are eligible if enrolled in the medical plan. The coverage is administered by Davis Vision.
- Members have two plan choices - a basic plan and an expanded plan. The State provides no funding for these services.

Vision Enrollment

<table>
<thead>
<tr>
<th></th>
<th>State 2018</th>
<th>Local Education 2018</th>
<th>Local Government 2018</th>
<th>2018 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Plan</td>
<td>25,705</td>
<td>5,801</td>
<td>2,238</td>
<td>33,744</td>
</tr>
<tr>
<td>Expanded Plan</td>
<td>68,117</td>
<td>19,766</td>
<td>9,024</td>
<td>96,907</td>
</tr>
<tr>
<td>Total</td>
<td>93,822</td>
<td>25,567</td>
<td>11,262</td>
<td>130,651</td>
</tr>
</tbody>
</table>

State enrollment increased 6.8 percent (6,051 employees) from 2017. Local education enrollment increased 4.6 percent (1,124 employees). Local government enrollment increased 22.4 percent (2,064 employees).
Voluntary Products, cont’d

Life Insurance

- State employees are provided with basic term life and accidental death and dismemberment (AD&D) insurance coverage. Voluntary term life and voluntary AD&D are available to state employees. These coverages are underwritten by Minnesota Life (Securian Financial).

Basic Term Life & Basic AD&D Enrollees 2018 (State Only)

<table>
<thead>
<tr>
<th>Covered Volume</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Term Life</td>
<td>$3.05 billion</td>
</tr>
<tr>
<td>Basic AD&amp;D</td>
<td>$7.79 billion</td>
</tr>
</tbody>
</table>

Basic Term Life & Basic AD&D 2018 (State Only)

<table>
<thead>
<tr>
<th>Premiums</th>
<th>Paid Benefit Amount</th>
<th># Enrollees Receiving Benefits</th>
<th>Administration Fees</th>
<th>IBNR Reserves</th>
<th>Conversion Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Term Life</td>
<td>$6.79 million</td>
<td>$5.98 million</td>
<td>260</td>
<td>$110,050</td>
<td>$106,080</td>
</tr>
<tr>
<td>Basic AD&amp;D</td>
<td>$863,820</td>
<td>$835,518</td>
<td>15</td>
<td>$9,378</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Voluntary Products, cont’d
Voluntary AD&D (State Only)

<table>
<thead>
<tr>
<th>Coverage Type</th>
<th>State Enrollees</th>
<th>Coverage Volume</th>
<th>Paid Benefit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>10,547</td>
<td>$631,763,000</td>
<td>$150,434</td>
</tr>
<tr>
<td>Family</td>
<td>15,409</td>
<td>$923,088,000</td>
<td>$25,029</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>25,956</strong></td>
<td><strong>$1,554,851,000</strong></td>
<td><strong>$175,463</strong></td>
</tr>
</tbody>
</table>

Voluntary Term Life 2018 (State Only)

Coverage Level | Coverage Volume | Combined Paid Benefit Amount |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>$2.377 billion</td>
<td>$7.55 billion</td>
</tr>
<tr>
<td>Spouse</td>
<td>$185.5 million</td>
<td></td>
</tr>
<tr>
<td>Child Term Rider</td>
<td>$92.06 million</td>
<td></td>
</tr>
</tbody>
</table>

Voluntary Universal Life 2018 (State Only)

- The voluntary universal life covered 7,588 current and former state employees and 1,430 spouses.
- Enrollment closed to new members at the end of 2012.

Voluntary Universal Life Financials

<table>
<thead>
<tr>
<th>Coverage Amount</th>
<th>$380.8 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Claims Payments</td>
<td>$5.1 million</td>
</tr>
<tr>
<td>Net Claims Payments</td>
<td>$2.9 million</td>
</tr>
<tr>
<td>Employee Cash Value (as of 12/18)</td>
<td>$72.1 million</td>
</tr>
<tr>
<td>Spouse Cash Value (as of 12/18)</td>
<td>$3.6 million</td>
</tr>
</tbody>
</table>
Voluntary Products, cont’d

Disability Insurance

- Disability insurance was offered beginning January 1, 2018.
- Short-term disability insurance was available for state government and higher education employees.
- Long-term disability insurance was available for state government employees. (State higher education employees have a separate long-term disability insurance plan through their institutions.)
- An open enrollment was conducted in the fall of 2017 for coverage beginning 2018.

<table>
<thead>
<tr>
<th>STD Enrollment</th>
<th>STD Benefits Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Employees</td>
<td>$572,399</td>
</tr>
<tr>
<td>Higher Education Employees</td>
<td>$163,612</td>
</tr>
<tr>
<td>Total</td>
<td>$736,012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LTD Enrollment</th>
<th>LTD Benefits Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Employees</td>
<td>$20,197</td>
</tr>
<tr>
<td>Total</td>
<td>$20,197</td>
</tr>
</tbody>
</table>

*Higher Education employees are not eligible for LTD. They have a separate account.

The Tennessee Plan

- The State maintains a Supplemental Medical Insurance program for Medicare-eligible retirees, including retired teachers, state and local government employees who participate in the Tennessee Consolidated Retirement System or a higher education Optional Retirement Plan. The program involves two elements: the sponsorship of supplemental medical insurance for retirees with Medicare and the provision of premium support for eligible retirees.
- The division offers a single supplemental medical insurance for retirees with Medicare (The Tennessee Plan). The Tennessee Plan is similar to a National Association of Insurance Commissioners Model D Medigap Plan.
- The state’s premium support for retired teachers and state employees is based on a retiree’s length of service. Local education support staff retirees and local government retirees participating in The Tennessee Plan receive additional support if their employer passed a resolution authorizing such support.
- The Tennessee Plan is self-insured. Claims are administered by the UMR/POMCO Group.
- UMR/POMCO’s customer service center received more than 19,366 calls in 2018. The customized web portal provides members access to claim information, copies of explanation of benefits forms and direct links to other helpful sites.

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>Total Paid Claims</th>
<th>Total # of Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td>42,995</td>
<td>$63,035,639</td>
</tr>
</tbody>
</table>
### Local Education Participants

- Achievement School District
- Alamo City Schools
- Alcoa City Schools
- Anderson County Schools
- Athens City Schools
- Bedford County Board of Education
- Bells City Schools
- Benton County Schools
- Bledsoe County Schools
- Bradford Special School District
- Bradley County Board of Education
- Bristol City Schools
- Campbell County Schools
- Cannon County Schools
- Carroll County Schools
- Carter County Schools
- Cheatham County Schools
- Cleveland City Schools
- Clinton City Schools
- Cocke County Schools
- Coffee County Schools
- Cumberland County Schools
- Dayton City Schools
- Decatur County Schools
- Dekalb County Schools
- Dickson County Board of Education
- Dyer County Schools
- Elizabethton City Schools
- Etowah City Schools
- Fayette County Schools
- Fayetteville City Schools
- Fentress County Schools
- Franklin County Schools
- Franklin Special School District
- Frayser Community Schools
- Gibson County Schools
- Giles County Schools
- GRAD Restart Academies
- Grainger County Schools
- Greene County Schools
- Greeneville City Schools
- Grundy County Schools
- Hamblen County Schools
- Hancock County Schools
- Hardeman County Schools
- Hardin County Schools
- Hawkins County Schools
- Haywood County Schools
- Henderson County Schools
- Henry County Board of Education
- Hickman County Schools
- Hollow Rock – Brueton Special School District
- Houston County Schools
- Humboldt City Schools
- Humphreys County Schools
- Huntingdon Special Schools
- Jackson County Schools
- Jackson-Madison County Board of Education
- Jefferson County Schools
- Johnson County Board of Education
- Kingsport City Schools
- KIPP Memphis Collegiate Schools
- Knox County Schools
- Lake County Schools
- Lauderdale County Schools
- Lawrence County Schools
- Lebanon – Special School District
- Lenoir City Schools
- Lewis County Schools
- Lexington City Schools
- Lincoln County Schools
- Little TN Valley Education Co-op
- Loudon County Schools
- Macon County Schools
- Manchester City Schools
- Marion County Schools
- Marshall County Board of Education
- Maury County Schools
- McKenzie Special School District
- McMinn County Schools
- McNairy County School System
- Meigs County Board of Education
- Milan Special School District
- Millington Municipal School
- Monroe County Board of Education
- Moore County Schools
- Morgan County Schools
- Murfreesboro City Schools
- Newport City Schools
- Oak Ridge City Schools
- Obion County Schools
- Oneida Special School District
- Overton County Schools
- Paris Special School District
- Perry County Schools
- Pickett County Schools
- Polk County Board of Education
- Putnam County Schools
- Rhea County Schools
- Richard Hardy Memorial School
- Roane County Schools
- Robertson County Schools
- Rogersville City Schools
- Scott County Schools
- Sequatchie County Schools
- Sevier County Schools
- Smith County Schools
- South Carroll Special School District
- Stewart County Schools
- Sullivan County Board of Education
- Sweetwater City Schools
- Tipton County Schools
- Trousdale County Schools
- Tullahoma City Schools
- Unicoi County Schools
- Union City Schools
- Union County Schools
- Van Buren County Schools
- Warren County Schools
- Washington County Schools
- Wayne County Schools
- Weakley County Schools
- West Carroll Special School District
- White County Schools

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### What is the Basic Education Program?

The Basic Education Program (BEP) is the funding formula through which state education dollars are generated and distributed to Tennessee schools. To receive this funding, the local education agencies must pay a minimum of 45% and 10% of the monthly premium for the coverage elected by the instructional and support staff employees, respectively.
**Local Government Participants**

- Aging Services of the Upper Cumberland
- Aid to Distressed Families of Appalachian Counties
- AIM Center, Inc.
- Alamo, City of
- Alpha-Talbot Utility District
- Anderson County CAC
- Appalachian Education Community Corp.
- ARC of Davidson County
- ARC of Williamson County
- Atoka, Town of
- Atwood, Town of
- Avalon Center
- Bangham Utility District of Putnam and Jackson Counties
- Bean Station, Town of
- Bedford County
- Behavioral Health Initiatives
- Belle Meade, City of
- Bells, City of
- Benton County Highway
- Bethlehem Centers of Nashville
- Better Decisions
- Big Creek Utility District
- Big Sandy, City of
- Blaine, City of
- Blakemore United Methodist Childrens Center
- Bledsoe County
- Blount County Community Action Agency
- Blount Partnership
- Blountville Utility District
- Bondecroft Utility
- Bountiful Basket Nutrition Program
- Bradley/Cleveland Services
- Bridges of Williamson County
- Bruceton, Town of
- Cagle-Fredonia Utility District
- Camden, City of
- Campbell County 911
- Care of Savannah, Inc.
- Carey Counseling Center
- Carroll County
- Carroll County Highway
- Cartabbage, Town of
- Caryville – Jacksboro Utility
- Caryville, Town of
- Castalian Springs – Bethpage Utility District
- Center for Independent Living of Middle TN
- Center for Living and Learning
- Cerebral Palsy Center
- Chattanooga Housing Authority
- Chester County
- Chester County Highway
- Children’s Advocacy Center
- Children’s Advocacy Center, 31st JD
- City of Michie Water Systems
- Clarksville Housing Authority
- Clarksville/Montgomery County CAA
- Clearfork Utility District
- Clifton, City of
- Clinchfield Senior Adult Center
- Clinch-Powell Educational Cooperative
- Cocaine Alcohol Awareness Program
- Cocke County
- Cocke County 911
- Cocke County Highway
- Coffee County
- Community Development Center
- Community Foundation of Middle TN
- Cookeville Boat Dock Utility
- Coopertown, Town of
- Cordell Hull Utility District
- Core Services of Northeast TN
- Cornerstone
- County Officials Association of TN
- Covington, City of
- Crab Orchard Utility District
- Crockett County
- Crockett County Highway
- Crockett County Public Utility District
- Cross Plains, City of
- Cumberland Community Options, Inc.
- Cumberland County
- Cumberland Utility District
- Dandridge, Town of
- Dayton, City of
- Decatur County
- Decatur County Highway
- Decherd, City of
- Dekalb County
- Dekalb County 911
- DeWhite Utility District
- Disability Resource Center
- Dismas, Inc.
- Dover, Town of
- Duck River Utility Commission
- Dyersburg Housing Authority
- Dyersburg Suburban Consolidated Utility District
- Eagleville, City of
- East TN Development District
- East Montgomery Utility District
- Easter Seals of TN
- Eastside Utility District
- Empower TN
- Engstrom Services, Inc.
- Erin, City of
- Erin Housing Authority
- Estill Springs, Town of
- Etheridge, City of
- Fairview Utility District
- Fayette County
- Fayette County 911
- Fayette County Public Works
- Fayetteville, City of
- Fayetteville Housing Authority
- Fentress County
- Fentress County Emergency Communications District
- Fifty Forward
- First Utility District of Hardin County
- First Utility District of Tipton County
- Forest Hills, City of
- Franklin County
- Franklin County Adult Activity Center
- Franklin County Consolidated Housing Authority
- Franklin County Highway
- Gainesboro, Town of
- Gibson County Municipal Water District
- Giles County
- Giles County 911
- Gladville Utility District
- Gleason, City of
- Good Neighbor Mission and Crisis Center
- Goodwill Industries Knoxville, Inc.
- Gordonsville, Town of
- Gorham MacBane Library
- Grundy County Highway
- Grundy Housing Authority
- Habilitation and Training Services
- Hamblen County Emergency Communication District
- Hancock County
- Hardeman County Emergency Communication District
- Hardeman – Fayette Utility District
- Hardin County
- Hardin County 911
- Hartsville/Trousdale County
- Hartsville/Trousdale Water and Sewer Utility
- Henderson, City of
- Henderson County
- Henderson County Highway
- Highland Rim Economic Corporation
- Hixson Utility District
- Hohenwald, City of
- Hohenwald Housing Authority
- Homesafe of Sumner, Wilson and Robertson County
- Hope of East TN
- Houston County Highway
- Humboldt, City of
- Humboldt Housing Authority
- Humphreys County 911
- Huntingdon, Town of
- Jacksonboro, Town of
- Jackson Area Council on Alcohol and Drug Dependence
- Jackson Center for Independent Living
- Jackson County
- Jamestown, City of
- Jason Foundation
- Jasper, Town of
- Jefferson City Housing
- Jefferson County
- Jefferson County 911
- Johnson County
- Johnson County 911
- Journeys in Community Living
- Jubilee Community Arts
- Kimball, Town of
- Kings Daughters Day Home
- Kingston, City of
- Kingston Springs, Town of
Knoxville Community Development Corporation
Knoxville-Knox County CAC
Lafayette, City of
Lake City, City of
Launch Tennessee
Lawrence County
Lawrence County 911
Lawrenceburg Housing Authority
Lewis County Government
Lewis County Highway
Lewisburg Housing Authority
Lexington Electric System
Lincoln County
Loretto, City of
Loudon County Economic Development Agency
Manchester, City of
Manchester Housing Authority
Marion County
Marion County Highway
Marion County 911
Marion Natural Gas
Marshall County
McKenzie, City of
McMinn County Economic Development Authority
McNairy County Development Services
McNairy County Highway
McNeilly Center for Children
Meigs County
Memphis Area Association of Governments
Memphis Area Legal Services
Memphis Center for Independent Living
Mental Health Association of Middle TN
Meritan, Inc.
Michie, City of
Mid-Cumberland CAA
Mid-Cumberland HRA
Mid-East CAA
Minor Hill Water Utility District
Montague, Town of
Mosheim, Town of
Murfreesboro Electric Department
My Friend’s House Family and Children’s Services
NAMI Davidson County
NAMI TN
Nashville Cares
National Healthcare for the Homeless Council
New Horizons Corporation
New Johnsonville, City of
Newbern, City of
Nolensville, Town of
North Overton Utility District
North Utility District of Rhea County
Northeast Henry County Utility
Northwest Dyersburg Utility
Northwest TN Economic Development Council
Northwest TN Head Start
Northwest TN Workforce Board, Inc.
Oak Hill, City of
Oak Ridge, City of
Oak Ridge Housing Authority
Obion County
Old Gainesboro Road Utility District
Orange Grove Center
Overton County
Overton County Highway
Overton County Nursing Home
Pegram, Town of
Perry County
Perry County Highway
Perry County Medical Center
Petersburg, Town of
Pleasant View, Town of
Portland, City of
Prevent Child Abuse TN
Professional Care Services of West TN
Progress, Inc.
Project Return
Puryear, City of
Reelfoot Lake Regional Utility and Planning District
Renewal House
Rhea County
Riceville Utility District
Roane County
Roane County 911
Samaritan Recovery Community, Inc.
Savannah, City of
Scott County Government
Scotts Hill, Town of
Second South Cheatham Utility District
Sequatchie County
Sequatchie County Highway
Sequatchie Valley Planning
Serenity Recovery Center
Sexual Assault Center
Sharon, City of
Shelby County 911
Shelby Residential and Vocational Services, Inc.
Signal Mountain, Town of
Skills Development Services, Inc.
Smith County
Smith County Highway
South Carthage, Town of
South Central TN Development District
South Central TN Workforce Alliance
South Pittsburg, City of
South Pittsburg Housing Authority
Southeast Mental Health Center
Southeast TN Development District
Southeast Tennessee Human Resource Agency
Southwest Human Resource Agency
Southwest TN Development District
St. Joseph, City of
Statewide Independent Living Council of TN
Stewart County
Stewart County Highway
Sullivan County 911
Sullivan County Government
Surgoinsville Utility District
TARP, Inc.
Technology Access Center
The Development Corp of Knox County
Tipton County
Tipton County 911 District
Tiptonville, City of
TN Alliance for Legal Services
TN Association of Alcohol, Drug Addiction Services
TN Association of Assessing Officers
TN Association of County Executives
TN Association of Craft Artists
TN Association of Rescue Squads
TN Association of Utility Districts
TN Business Enterprises
TN Central Economic Authority
TN Community Services Agency
TN County Highway Officials
TN County Services Association
TN Education Association
TN Historical Society
TN Municipal Bond Fund
TN Municipal League
TN Organization of School Superintendents
TN Primary Care Association
TN School Boards Association
TN Secondary School Athletic Association
TN Sports Hall of Fame
TN State Employees Association
TN State Museum
TN State Veterans Home – Clarksville
TN State Veterans Home – Executive Office
TN State Veterans Home – Humboldt
TN State Veterans Home – Knoxville
TN State Veterans Home – Murfreesboro
TN Voices for Children
Tracy City Public Utility
Troy, Town of
Tuckalееee Utility District
Tullahoma Housing Authority
Tullahoma Utilities Board
Unicoi, Town of
Union City, City of
Union City Energy Authority
United Neighborhood Health Services
Upper Cumberland CSA
Upper Cumberland Development District
Upper Cumberland Human Resource Agency
Upper East TN Human Development Agency
Urban Housing Solutions
Vision Coordination
Walden, Town of
Warren County
Wartburg, City of
Wartrace, Town of
Watertown, City of
Watertown Sewer Operative and Maintenance, City of
Waynesboro, City of
WDVX Cumberland Communications
Weakley County
Weakley County 911
West Overton Utility
West TN Forensic Services
West TN Legal Services, Inc.
West TN Regional Art Center
West TN Regional Art Center
West Warren-Viola Utility
Westmoreland, Town of
White Bluff, City of
Whiteville, Town of
Whitwell, City of
Williamson County Child Advocacy Center
Wilson County ECD 911
Witt Utility District
Woodbury Housing Authority
Woodlawn Utility District
Workforce Solutions
Financial Statements

The following unaudited financial statements for the state plan, local education plan, local government plan and retiree plan disclose the financial position and the results of operations for the years ended June 30, 2018 and 2017. The state plan, local education plan and local government plan financial statements include only active employees — retirees are disclosed separately. The Department of Finance and Administration, Benefits Administration prepared these statements which summarize transactions for all coverages available through each plan. The complete financial statements, accompanying notes and supplemental schedules are included in the Comprehensive Annual Financial Report (CAFR) for the State of Tennessee. The CAFR was prepared by the Department of Finance and Administration, Division of Accounts and was audited by the Comptroller of the Treasury, Division of State Audit.

NOTE: Financial data in this section expressed in thousands

State Plan

**Statements of Net Position**

<table>
<thead>
<tr>
<th></th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 402,413</td>
<td>$ 329,650</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>6,212</td>
<td>9,688</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 408,625</td>
<td>$ 339,338</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>$ 64,840</td>
<td>$ 64,244</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>45,123</td>
<td>43,146</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$ 109,963</td>
<td>$ 107,390</td>
</tr>
<tr>
<td><strong>Net position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ 298,662</td>
<td>$ 231,948</td>
</tr>
<tr>
<td>Total net position</td>
<td>$ 298,662</td>
<td>$ 231,948</td>
</tr>
</tbody>
</table>
Statements of Revenues, Expenses and Changes in Fund Net Position

<table>
<thead>
<tr>
<th></th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
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</tr>
<tr>
<td>Premiums</td>
<td>$ 805,198</td>
<td>$ 758,818</td>
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<tr>
<td>Other</td>
<td>1,000</td>
<td>1,000</td>
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<tr>
<td><strong>Total operating revenues</strong></td>
<td>$ 806,198</td>
<td>$ 759,818</td>
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<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
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<tr>
<td>Medical and mental health claims</td>
<td>$ 705,265</td>
<td>$ 704,348</td>
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<tr>
<td>Administrative services</td>
<td>4,405</td>
<td>5,997</td>
</tr>
<tr>
<td>Contractual services</td>
<td>34,082</td>
<td>38,016</td>
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<tr>
<td><strong>Total operating expenses</strong></td>
<td>$ 743,752</td>
<td>$ 748,361</td>
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<tr>
<td><strong>Operating income (loss)</strong></td>
<td>$ 62,446</td>
<td>$ 11,457</td>
</tr>
<tr>
<td><strong>Non-operating revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$ 4,268</td>
<td>$ 1,305</td>
</tr>
<tr>
<td><strong>Total non-operating revenues</strong></td>
<td>$ 4,268</td>
<td>$ 1,305</td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>$ 66,714</td>
<td>$ 12,762</td>
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<tr>
<td><strong>Net position, July 1</strong></td>
<td>231,948</td>
<td>219,186</td>
</tr>
<tr>
<td><strong>Net position, June 30</strong></td>
<td>$ 298,662</td>
<td>$ 231,948</td>
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</table>

Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from interfund services provided</td>
<td>$ 442,898</td>
<td>$ 415,450</td>
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<tr>
<td>Receipts from fund members</td>
<td>404,190</td>
<td>383,685</td>
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<td>Payments to suppliers</td>
<td>(776,564)</td>
<td>(769,979)</td>
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<tr>
<td>Payments for interfund services used</td>
<td>(2,029)</td>
<td>(1,893)</td>
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<tr>
<td><strong>Net cash provided by (used for) operating activities</strong></td>
<td>$ 68,495</td>
<td>$ 27,263</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>$ 4,268</td>
<td>$ 1,305</td>
</tr>
<tr>
<td><strong>Net cash from investing activities</strong></td>
<td>$ 4,268</td>
<td>$ 1,305</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash</strong></td>
<td>$ 72,763</td>
<td>$ 28,568</td>
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<tr>
<td><strong>Cash, July 1</strong></td>
<td>329,650</td>
<td>301,082</td>
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<td><strong>Cash, June 30</strong></td>
<td>$ 402,413</td>
<td>$ 329,650</td>
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Reconciliation of operating income to net cash from operating activities

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<th></th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>$ 62,446</td>
<td>$ 11,457</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash from operating activities</td>
<td></td>
<td></td>
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<tr>
<td>Changes in assets and liabilities:</td>
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<tr>
<td>(Increase) decrease in accounts receivable</td>
<td>3,477</td>
<td>(2,119)</td>
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<tr>
<td>Increase (decrease) in accounts payable</td>
<td>596</td>
<td>15,218</td>
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<tr>
<td>Increase (decrease) in unearned revenue</td>
<td>1,976</td>
<td>2,707</td>
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<tr>
<td><strong>Net cash provided by (used for) operating activities</strong></td>
<td>$ 68,495</td>
<td>$ 27,263</td>
</tr>
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</table>
## Local Education Plan

### Statements of Revenues, Expenses and Changes in Fund Net Position

<table>
<thead>
<tr>
<th></th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums</td>
<td>$ 515,167</td>
<td>$ 471,445</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>$ 515,167</td>
<td>$ 471,445</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical and mental health claims</td>
<td>$ 463,966</td>
<td>$ 470,838</td>
</tr>
<tr>
<td>Administrative services</td>
<td>3,411</td>
<td>4,574</td>
</tr>
<tr>
<td>Contractual services</td>
<td>25,120</td>
<td>27,614</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>$ 492,497</td>
<td>$ 503,026</td>
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<tr>
<td><strong>Operating income (loss)</strong></td>
<td>$ 22,670</td>
<td>$(31,581)</td>
</tr>
<tr>
<td><strong>Non-operating revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$ 1,916</td>
<td>$ 577</td>
</tr>
<tr>
<td><strong>Total non-operating revenues</strong></td>
<td>$ 1,916</td>
<td>$ 577</td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>$ 24,586</td>
<td>$(31,004)</td>
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<tr>
<td><strong>Net position, July 1</strong></td>
<td>121,117</td>
<td>152,121</td>
</tr>
<tr>
<td><strong>Net position, June 30</strong></td>
<td>$ 145,703</td>
<td>$ 121,117</td>
</tr>
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</table>

### Statements of Net Position

<table>
<thead>
<tr>
<th></th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 187,735</td>
<td>$ 158,934</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>3,322</td>
<td>6,251</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 191,057</td>
<td>$ 165,185</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>$ 45,264</td>
<td>$ 43,980</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>90</td>
<td>88</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 45,354</td>
<td>$ 44,068</td>
</tr>
<tr>
<td><strong>Net position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ 145,703</td>
<td>$ 121,117</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$ 145,703</td>
<td>$ 121,117</td>
</tr>
</tbody>
</table>
## Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from fund members</td>
<td>$ 521,059</td>
<td>$ 478,365</td>
</tr>
<tr>
<td>Payments to insurance companies and healthcare providers</td>
<td>(493,491)</td>
<td>(497,019)</td>
</tr>
<tr>
<td>Payments for state services</td>
<td>(683)</td>
<td>(611)</td>
</tr>
<tr>
<td><strong>Net cash from (used for) operating activities</strong></td>
<td>$ 26,885</td>
<td>($19,265)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>$ 1,916</td>
<td>$ 577</td>
</tr>
<tr>
<td><strong>Net cash from investing activities</strong></td>
<td>$ 1,916</td>
<td>$ 577</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash</strong></td>
<td>$ 28,801</td>
<td>($18,688)</td>
</tr>
<tr>
<td>Cash, July 1</td>
<td>158,934</td>
<td>177,622</td>
</tr>
<tr>
<td><strong>Cash, June 30</strong></td>
<td>$ 187,735</td>
<td>$ 158,934</td>
</tr>
</tbody>
</table>

**Reconciliation of operating income to net cash from operating activities**

<table>
<thead>
<tr>
<th></th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$ 22,670</td>
<td>($31,581)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
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<td></td>
</tr>
<tr>
<td>(Increase) decrease in accounts receivable</td>
<td>2,929</td>
<td>(1,204)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>1,284</td>
<td>13,501</td>
</tr>
<tr>
<td>Increase (decrease) in unearned revenue</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) operating activities</strong></td>
<td>$ 26,885</td>
<td>($19,265)</td>
</tr>
</tbody>
</table>
Supplementary Information — Active Employees

The table below illustrates how the Local Education Group Insurance Fund’s earned revenues and investment income compare to related costs of loss and other expenses assumed by the fund for the last ten years. The rows of the table are defined as follows:

(1) This line shows the total of each fiscal year’s earned contribution revenues and investment revenues.

(2) This line shows each fiscal year’s other operating costs of the fund including overhead and claims expense not allocable to individual claims.

(3) This line shows the fund’s incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year); some of these amounts are unavailable.

(4) This section shows the cumulative amounts paid as of the end of successive years for each policy year; some of these amounts are unavailable.

(5) This section shows how each policy year’s incurred claims increased or decreased as of the end of successive years; some of these amounts are unavailable. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature fiscal years. The columns of the table show data for successive fiscal and policy years.

Ten-Year Claims Development Information

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<tbody>
<tr>
<td>(1)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Required contribution and investment revenue earned (fiscal year)</td>
<td>403,627</td>
<td>421,242</td>
<td>444,773</td>
<td>439,640</td>
<td>463,986</td>
<td>488,113</td>
<td>471,353</td>
<td>449,965</td>
<td>472,022</td>
<td>517,083</td>
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<td></td>
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<td></td>
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<tr>
<td>Unallocated expenses (fiscal year)</td>
<td>21,019</td>
<td>23,195</td>
<td>26,767</td>
<td>26,473</td>
<td>27,384</td>
<td>29,831</td>
<td>34,261</td>
<td>35,026</td>
<td>32,188</td>
<td>28,531</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated incurred claims and expenses, end of policy year</td>
<td>373,682</td>
<td>441,168</td>
<td>413,568</td>
<td>429,252</td>
<td>432,425</td>
<td>435,832</td>
<td>456,600</td>
<td>473,999</td>
<td>483,123</td>
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</tr>
<tr>
<td>(4)</td>
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<td>Paid (cumulative) as of:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>End of policy year</td>
<td>347,060</td>
<td>408,968</td>
<td>383,440</td>
<td>401,000</td>
<td>404,145</td>
<td>408,145</td>
<td>404,145</td>
<td>408,145</td>
<td>412,712</td>
<td>452,836</td>
</tr>
<tr>
<td>One year later</td>
<td>347,060</td>
<td>408,968</td>
<td>383,440</td>
<td>401,000</td>
<td>404,145</td>
<td>408,145</td>
<td>404,145</td>
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</tr>
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<td>Two years later</td>
<td>347,060</td>
<td>408,968</td>
<td>383,440</td>
<td>401,000</td>
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<td>452,836</td>
</tr>
<tr>
<td>Three years later</td>
<td>347,060</td>
<td>408,968</td>
<td>383,440</td>
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<td>404,145</td>
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<td>452,836</td>
</tr>
<tr>
<td>Four years later</td>
<td>347,060</td>
<td>408,968</td>
<td>383,440</td>
<td>401,000</td>
<td>404,145</td>
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<td>404,145</td>
<td>408,145</td>
<td>412,712</td>
<td>452,836</td>
</tr>
<tr>
<td>Five years later</td>
<td>347,060</td>
<td>408,968</td>
<td>383,440</td>
<td>401,000</td>
<td>404,145</td>
<td>408,145</td>
<td>404,145</td>
<td>408,145</td>
<td>412,712</td>
<td>452,836</td>
</tr>
<tr>
<td>Six years later</td>
<td>347,060</td>
<td>408,968</td>
<td>383,440</td>
<td>401,000</td>
<td>404,145</td>
<td>408,145</td>
<td>404,145</td>
<td>408,145</td>
<td>412,712</td>
<td>452,836</td>
</tr>
<tr>
<td>Seven years later</td>
<td>347,060</td>
<td>408,968</td>
<td>383,440</td>
<td>401,000</td>
<td>404,145</td>
<td>408,145</td>
<td>404,145</td>
<td>408,145</td>
<td>412,712</td>
<td>452,836</td>
</tr>
<tr>
<td>Eight years later</td>
<td>347,060</td>
<td>408,968</td>
<td>383,440</td>
<td>401,000</td>
<td>404,145</td>
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<td>404,145</td>
<td>408,145</td>
<td>412,712</td>
<td>452,836</td>
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<tr>
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<td>383,440</td>
<td>401,000</td>
<td>404,145</td>
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<td></td>
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<td></td>
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<tr>
<td>Reestimated incurred claims and expenses:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of policy year</td>
<td>373,682</td>
<td>441,168</td>
<td>413,568</td>
<td>429,252</td>
<td>432,425</td>
<td>435,832</td>
<td>456,600</td>
<td>473,999</td>
<td>483,123</td>
<td>*</td>
</tr>
<tr>
<td>One year later</td>
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<td>413,568</td>
<td>429,252</td>
<td>432,425</td>
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<td>432,425</td>
<td>435,832</td>
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<td>483,123</td>
<td>*</td>
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<tr>
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<td>413,568</td>
<td>429,252</td>
<td>432,425</td>
<td>435,832</td>
<td>456,600</td>
<td>473,999</td>
<td>483,123</td>
<td>*</td>
</tr>
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<td>441,168</td>
<td>413,568</td>
<td>429,252</td>
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<td>435,832</td>
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<td>413,568</td>
<td>429,252</td>
<td>432,425</td>
<td>435,832</td>
<td>456,600</td>
<td>473,999</td>
<td>483,123</td>
<td>*</td>
</tr>
<tr>
<td>Eight years later</td>
<td>373,682</td>
<td>441,168</td>
<td>413,568</td>
<td>429,252</td>
<td>432,425</td>
<td>435,832</td>
<td>456,600</td>
<td>473,999</td>
<td>483,123</td>
<td>*</td>
</tr>
<tr>
<td>Nine years later</td>
<td>373,682</td>
<td>441,168</td>
<td>413,568</td>
<td>429,252</td>
<td>432,425</td>
<td>435,832</td>
<td>456,600</td>
<td>473,999</td>
<td>483,123</td>
<td>*</td>
</tr>
<tr>
<td>(6)</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in estimated incurred claims and expenses from end of policy year</td>
<td>33,682</td>
<td>(683)</td>
<td>1,542</td>
<td>(1,670)</td>
<td>(975)</td>
<td>(249)</td>
<td>521</td>
<td>(668)</td>
<td>o</td>
<td>*</td>
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</table>

* Data not available
## Local Government Plan

### Statements of Net Position

<table>
<thead>
<tr>
<th></th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 54,259</td>
<td>$ 44,498</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>1,006</td>
<td>1,779</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 55,265</td>
<td>$ 46,277</td>
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<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
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<tr>
<td>Accounts payable and accruals</td>
<td>$ 10,664</td>
<td>$ 11,315</td>
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<tr>
<td>Unearned revenue</td>
<td>38</td>
<td>34</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 10,702</td>
<td>$ 11,349</td>
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<tr>
<td><strong>Net position</strong></td>
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<td></td>
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<tr>
<td>Unrestricted</td>
<td>$ 44,563</td>
<td>$ 34,928</td>
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<tr>
<td><strong>Total net position</strong></td>
<td>$ 44,563</td>
<td>$ 34,928</td>
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### Statements of Revenues, Expenses and Changes in Fund Net Position

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<tr>
<th></th>
<th>30-JUN-18</th>
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</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
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<tr>
<td>Premiums</td>
<td>$ 136,454</td>
<td>$ 127,032</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>$ 136,454</td>
<td>$ 127,032</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical and mental health claims</td>
<td>$ 119,378</td>
<td>$ 122,756</td>
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<tr>
<td>Administrative services</td>
<td>732</td>
<td>1,020</td>
</tr>
<tr>
<td>Contractual services</td>
<td>7,247</td>
<td>7,398</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>$ 127,357</td>
<td>$ 131,174</td>
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<tr>
<td>Operating income (loss)</td>
<td>$ 9,097</td>
<td>$(4,142)</td>
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<tr>
<td><strong>Non-operating revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$ 538</td>
<td>$ 151</td>
</tr>
<tr>
<td><strong>Total non-operating revenues</strong></td>
<td>$ 538</td>
<td>$ 151</td>
</tr>
<tr>
<td>Change in net position</td>
<td>$ 9,635</td>
<td>$(3,991)</td>
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<tr>
<td>Net position, July 1</td>
<td>34,928</td>
<td>38,919</td>
</tr>
<tr>
<td>Net position, June 30</td>
<td>$ 44,563</td>
<td>$ 34,928</td>
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**Statements of Cash Flows**

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>30-JUN-18</th>
<th>30-JUN-17</th>
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</thead>
<tbody>
<tr>
<td>Receipts from fund members</td>
<td>$139,124</td>
<td>$129,517</td>
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<tr>
<td>Payments to insurance companies and healthcare providers</td>
<td>(129,773)</td>
<td>(128,850)</td>
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<tr>
<td>Payments for state services</td>
<td>(128)</td>
<td>(114)</td>
</tr>
<tr>
<td>Net cash from (used for) operating activities</td>
<td>$9,223</td>
<td>$553</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>$538</td>
<td>$151</td>
</tr>
<tr>
<td>Net cash from investing activities</td>
<td>$538</td>
<td>$151</td>
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<table>
<thead>
<tr>
<th>Net increase (decrease) in cash</th>
<th>$9,761</th>
<th>$704</th>
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<tr>
<td>Cash, July 1</td>
<td>44,498</td>
<td>43,794</td>
</tr>
<tr>
<td>Cash, June 30</td>
<td>$54,259</td>
<td>$44,498</td>
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**Reconciliation of operating income to net cash from operating activities**

<table>
<thead>
<tr>
<th>Operating income (loss)</th>
<th>$9,097</th>
<th>$(4,142)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments to reconcile operating income to net cash from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
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<tr>
<td>(Increase) decrease in accounts receivable</td>
<td>773</td>
<td>83</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>(651)</td>
<td>4,614</td>
</tr>
<tr>
<td>Increase (decrease) in unearned revenue</td>
<td>4</td>
<td>(2)</td>
</tr>
<tr>
<td>Net cash provided by (used for) operating activities</td>
<td>$9,223</td>
<td>$553</td>
</tr>
</tbody>
</table>
**Supplementary Information — Active Employees**

The table below illustrates how the Local Government Group Insurance Fund’s earned revenues and investment income compare to related costs of loss and other expenses assumed by the fund for each of the last ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year’s other operating costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the fund’s incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year); some of these amounts are unavailable. (4) This section shows the cumulative amounts paid as of the end of successive years for each policy year; some of these amounts are unavailable. (5) This section shows how each policy year’s incurred claims increased or decreased as of the end of successive years; some of these amounts are unavailable. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature fiscal years. The columns of the table show data for successive fiscal and policy years.

**Ten-Year Claims Development Information**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Required contribution and investment revenue earned (fiscal year)</td>
<td>103,157</td>
<td>104,810</td>
<td>102,710</td>
<td>103,278</td>
<td>105,973</td>
<td>108,834</td>
<td>108,860</td>
<td>114,373</td>
<td>127,183</td>
<td>136,992</td>
</tr>
<tr>
<td>(2) Unallocated expenses (fiscal year)</td>
<td>4,348</td>
<td>5,921</td>
<td>5,473</td>
<td>6,010</td>
<td>6,135</td>
<td>6,645</td>
<td>7,535</td>
<td>8,012</td>
<td>8,418</td>
<td>7,979</td>
</tr>
<tr>
<td>(3) Estimated incurred claims and expenses, end of policy year</td>
<td>100,350</td>
<td>107,083</td>
<td>91,699</td>
<td>94,738</td>
<td>96,152</td>
<td>99,097</td>
<td>103,694</td>
<td>118,900</td>
<td>126,741</td>
<td>*</td>
</tr>
<tr>
<td>(4) Paid (cumulative) as of:</td>
<td>93,456</td>
<td>98,709</td>
<td>89,231</td>
<td>88,026</td>
<td>86,634</td>
<td>92,792</td>
<td>97,837</td>
<td>111,866</td>
<td>119,188</td>
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<tr>
<td>End of policy year</td>
<td>100,492</td>
<td>107,101</td>
<td>91,669</td>
<td>94,182</td>
<td>95,892</td>
<td>98,628</td>
<td>104,054</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>One year later</td>
<td>100,803</td>
<td>106,870</td>
<td>91,640</td>
<td>94,248</td>
<td>96,022</td>
<td>98,635</td>
<td>104,054</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Two years later</td>
<td>101,895</td>
<td>107,170</td>
<td>91,618</td>
<td>94,205</td>
<td>95,919</td>
<td>98,627</td>
<td>103,981</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Three years later</td>
<td>100,533</td>
<td>107,101</td>
<td>91,578</td>
<td>94,183</td>
<td>95,883</td>
<td>98,627</td>
<td>103,981</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Four years later</td>
<td>100,494</td>
<td>107,101</td>
<td>91,669</td>
<td>94,182</td>
<td>95,892</td>
<td>98,628</td>
<td>104,016</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Five years later</td>
<td>100,494</td>
<td>107,101</td>
<td>91,669</td>
<td>94,182</td>
<td>95,893</td>
<td>98,635</td>
<td>104,016</td>
<td>118,777</td>
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</tr>
<tr>
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<td>107,101</td>
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<td>94,182</td>
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<td>94,182</td>
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<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Eight years later</td>
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<td>107,101</td>
<td>91,669</td>
<td>94,182</td>
<td>95,893</td>
<td>98,635</td>
<td>104,016</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Nine years later</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>(5) Reestimated incurred claims and expenses:</td>
<td>100,350</td>
<td>107,083</td>
<td>91,699</td>
<td>94,738</td>
<td>96,152</td>
<td>99,097</td>
<td>103,694</td>
<td>118,900</td>
<td>126,741</td>
<td>*</td>
</tr>
<tr>
<td>End of policy year</td>
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<td>106,870</td>
<td>91,640</td>
<td>94,248</td>
<td>96,022</td>
<td>98,635</td>
<td>104,054</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>One year later</td>
<td>101,895</td>
<td>107,170</td>
<td>91,618</td>
<td>94,205</td>
<td>95,919</td>
<td>98,627</td>
<td>103,981</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Two years later</td>
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<td>107,101</td>
<td>91,669</td>
<td>94,182</td>
<td>95,892</td>
<td>98,628</td>
<td>104,016</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Three years later</td>
<td>100,492</td>
<td>106,697</td>
<td>91,669</td>
<td>94,182</td>
<td>95,893</td>
<td>98,635</td>
<td>104,016</td>
<td>118,777</td>
<td>*</td>
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</tr>
<tr>
<td>Four years later</td>
<td>100,492</td>
<td>106,697</td>
<td>91,669</td>
<td>94,182</td>
<td>95,893</td>
<td>98,635</td>
<td>104,016</td>
<td>118,777</td>
<td>*</td>
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<tr>
<td>Five years later</td>
<td>100,492</td>
<td>106,697</td>
<td>91,669</td>
<td>94,182</td>
<td>95,893</td>
<td>98,635</td>
<td>104,016</td>
<td>118,777</td>
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<tr>
<td>Six years later</td>
<td>100,492</td>
<td>106,697</td>
<td>91,669</td>
<td>94,182</td>
<td>95,893</td>
<td>98,635</td>
<td>104,016</td>
<td>118,777</td>
<td>*</td>
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</tr>
<tr>
<td>Seven years later</td>
<td>100,492</td>
<td>106,697</td>
<td>91,669</td>
<td>94,182</td>
<td>95,893</td>
<td>98,635</td>
<td>104,016</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Eight years later</td>
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<td>106,697</td>
<td>91,669</td>
<td>94,182</td>
<td>95,893</td>
<td>98,635</td>
<td>104,016</td>
<td>118,777</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Nine years later</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>(6) Increase (decrease) in estimated incurred claims and expenses from end of policy year</td>
<td>142</td>
<td>(386)</td>
<td>(556)</td>
<td>(259)</td>
<td>(462)</td>
<td>322</td>
<td>(123)</td>
<td>0</td>
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</tbody>
</table>

* Data not available
# Retiree Plans

**Statements of Fiduciary Assets and Liabilities — June 30, 2018, and June 30, 2017**

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<th>30-JUN-18</th>
<th>30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 23,236</td>
<td>$ 20,048</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,974</td>
<td>3,456</td>
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<td><strong>Total assets</strong></td>
<td>$ 25,210</td>
<td>$ 23,504</td>
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<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>$ 9,437</td>
<td>$ 12,771</td>
</tr>
<tr>
<td>Amounts held in custody for others</td>
<td>15,773</td>
<td>10,733</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 25,210</td>
<td>$ 23,504</td>
</tr>
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</table>

**Retiree Plans**

**Statements of Changes in Fiduciary Assets and Liabilities for the year ended June 30, 2018**

<table>
<thead>
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<th></th>
<th>BALANCE 01-JUL-17</th>
<th>ADDITIONS</th>
<th>DEDUCTIONS</th>
<th>BALANCE 30-JUN-18</th>
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</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 20,048</td>
<td>$ 116,864</td>
<td>$ 113,676</td>
<td>$ 23,236</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,456</td>
<td>11,139</td>
<td>12,621</td>
<td>1,974</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 23,504</td>
<td>$ 128,003</td>
<td>$ 126,297</td>
<td>$ 25,210</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>$ 12,771</td>
<td>$ 25,032</td>
<td>$ 28,366</td>
<td>$ 9,437</td>
</tr>
<tr>
<td>Amounts held in custody for others</td>
<td>10,733</td>
<td>121,645</td>
<td>116,605</td>
<td>15,773</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 23,504</td>
<td>$ 146,677</td>
<td>$ 144,971</td>
<td>$ 25,210</td>
</tr>
</tbody>
</table>

**Statements of Changes in Fiduciary Assets and Liabilities for the year ended June 30, 2017**

<table>
<thead>
<tr>
<th></th>
<th>BALANCE 01-JUL-16</th>
<th>ADDITIONS</th>
<th>DEDUCTIONS</th>
<th>BALANCE 30-JUN-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 18,229</td>
<td>$ 116,181</td>
<td>$ 114,362</td>
<td>$ 20,048</td>
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<tr>
<td>Accounts receivable</td>
<td>3,292</td>
<td>13,499</td>
<td>13,335</td>
<td>3,456</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 21,521</td>
<td>$ 129,680</td>
<td>$ 127,697</td>
<td>$ 23,504</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>$ 12,613</td>
<td>$ 27,603</td>
<td>$ 27,445</td>
<td>$ 12,771</td>
</tr>
<tr>
<td>Amounts held in custody for others</td>
<td>8,909</td>
<td>119,574</td>
<td>117,750</td>
<td>10,733</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 21,522</td>
<td>$ 147,177</td>
<td>$ 145,195</td>
<td>$ 23,504</td>
</tr>
</tbody>
</table>