



2024 ANNUAL REPORT

Tennessee State Group Insurance Program



PARTNERS
FOR HEALTH

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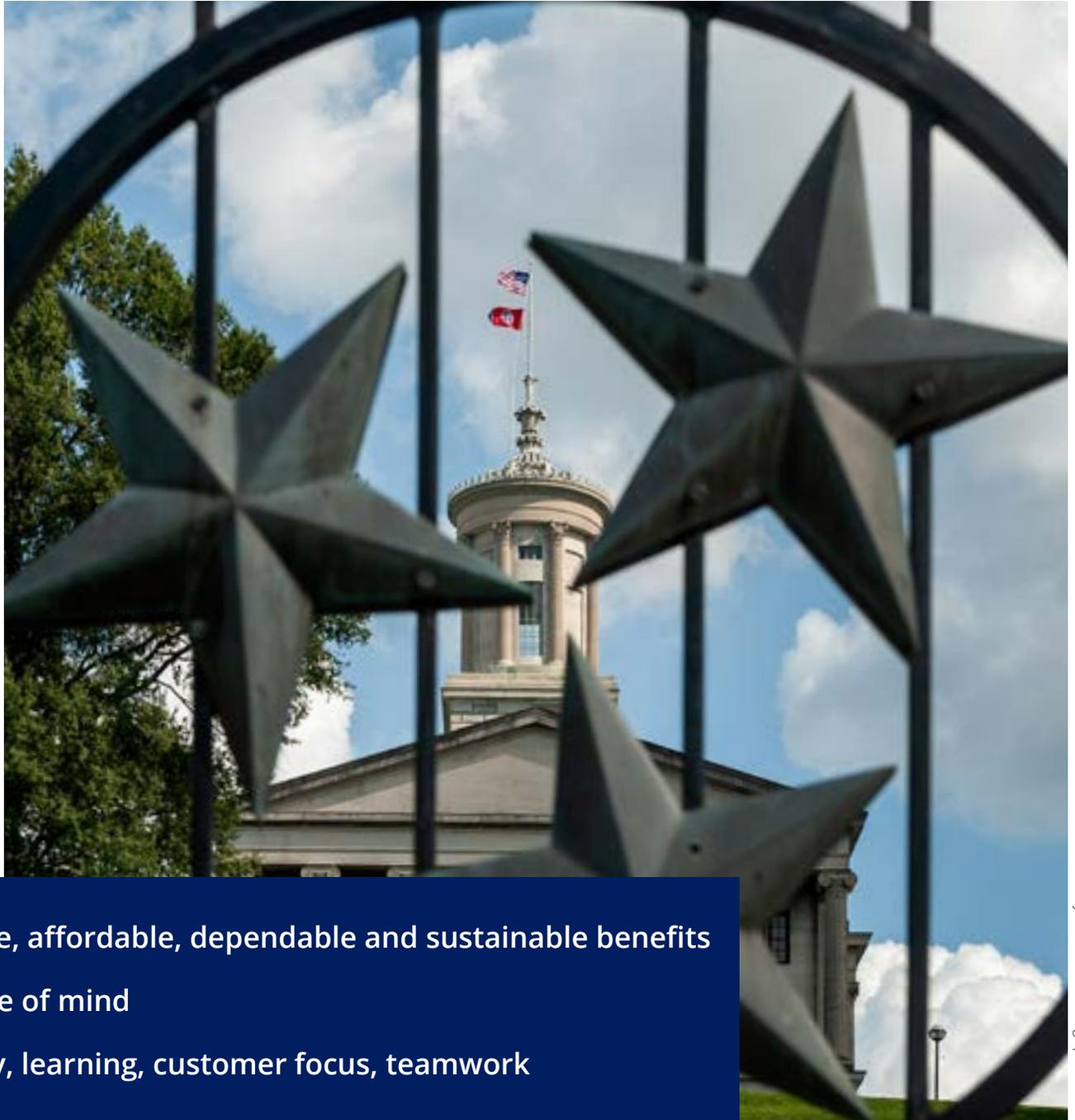


Benefits Administration, a division of Tennessee's Department of Finance and Administration, provides group insurance benefits for public officials and employees and retirees of state government, local government and local education agencies in Tennessee.

Benefits Administration manages state-sponsored health, dental, vision, life and disability insurance coverage, flexible benefits and supplemental medical insurance for retirees with Medicare coverage for approximately **383,106** Tennessee public sector employees, retirees and their eligible dependents. The division also administers workplace wellness, employee assistance and population health programs. Benefits Administration delivers value by implementing accountable plan design and conservative fiscal policy to sustain market-competitive benefits.

Benefits Administration is organized into four key areas: Vendor Services, Financial Management and Program Integrity, Operations and Communications and Marketing.

This *2024 Annual Program and Financial Report for the State Group Insurance Program* describes the financial position of the plans for the fiscal year ended June 30, 2024 and program trends for the 2024 calendar year.



OUR MISSION: Deliver comprehensive, affordable, dependable and sustainable benefits

OUR VISION: Healthy members; peace of mind

OUR VALUES: Integrity, accountability, learning, customer focus, teamwork

In 2024, Benefits Administration advanced our mission through strategic initiatives that strengthened compliance, enhanced operational efficiency, and improved member experience and stakeholder engagement. These efforts demonstrate our ongoing commitment to providing high-quality, responsive services to our members and partners across the state of Tennessee.

A key area of focus this year was enhancing compliance and financial stewardship. Benefits Administration successfully managed **20** audits, reinforcing our dedication to transparency and adherence to federal regulations and the State Group Insurance Program's policies. We automated the enrollment process for Health Insurance Portability and Accountability Act training, improving compliance and reducing the administrative burden for the benefit coordinators at our participating agencies. In collaboration with the Department of Treasury and our actuarial consultants, we conducted an asset/liability study and revised the investment policy for the Other Post-Employment Benefits Trust. This revision reduced investment risk and aligned the policy with the trust's funding status, strengthening the long-term sustainability of the program.

Improving member access and service delivery remained a top priority. We launched a new online payment system that allows members who pay premiums directly to do so using a credit card or electronic check. This enhancement not only improves convenience but also reduces delays in accessing care. Additionally, we introduced a streamlined document upload process for members adding dependents to their insurance coverage. This change significantly reduced processing times and improved the overall member experience.

Our efforts to modernize benefits and vendor management also yielded important results.

We implemented updates to employer-paid voluntary benefits, including dental, disability and life insurance, ensuring these offerings remain competitive and responsive to our members' needs. A new pharmacy benefits manager contract was awarded, incorporating a pricing strategy that complies with updated state laws. We also re-engaged with the Department of Correction to promote emotional wellbeing and wellness resources to new correctional trainees and probation and parole officers, supporting their health from the start of their careers.

Finally, we strengthened communication and stakeholder engagement through a series of targeted initiatives. After gathering feedback from agency benefits coordinators, we implemented changes to monthly conference calls and weekly updates that improved efficiency and reduced the time required of Benefits Administration staff, while maintaining strong lines of communication with these customers. In response to Hurricane Helene, we delivered timely and targeted messaging to members and benefits coordinators in affected counties, ensuring they had access to critical benefits information during the response to and recovery from the disaster. We also expanded our outreach through new partnerships with the Municipal Technical Advisory Service and County Technical Assistance Service. These collaborations

included social media campaigns and a feature article in the CTAS newsletter, reaching more than **3,500** county officials across Tennessee.

Together, these accomplishments reflect a year of meaningful progress and innovation. As we look ahead, we remain committed to building on this momentum to better serve our members, strengthen our partnerships, and uphold the integrity of the programs we administer.

Premiums

The year-over-year aggregate premium increases for the state active, state retiree, local education and local government plans from 2020 – 2024 have averaged **3.4%**, **3.7%**, **3.1%**, and **4.2%**, respectively, well below the industry average. The plans' financial performance reflects the success of this strategy.

Customer Satisfaction

Benefits Administration measures customer satisfaction as a key performance indicator and consistently receives exceptional reviews from our customers. In 2024, **97%** of our agency benefits coordinators rated their overall satisfaction with our service center as meets or exceeds expectations, and our Zendesk customer service satisfaction rate was **97.8%**.

Governance

The State Group Insurance Program plans, authorized by Chapter 27 of Title 8, Tennessee Code Annotated, are governed separately by the State, Local Education and Local Government Insurance Committees. Each committee represents the interests of the employer(s) and their employees and retirees in financially separate plans. Information about the insurance committees and their meetings is available online at <https://www.tn.gov/partnersforhealth/insurance-committees.html>.



47,842
supplemental
Medicare
members

Health Plan Members

297,404



\$2.4
BILLION



total health plan expenses

40%

of total pharmacy
spend is for
speciality drugs



42%

of health plan spend
is pharmacy (pre-rebates)

\$89
MILLION

supplemental
Medicare claims paid



2024 INSURANCE COMMITTEES



Jim Bryson (ST, LE, LG)
Chairman, Commissioner,
Department of Finance and Administration

David Lillard (ST, LE, LG)
Treasurer

Jason Mumpower (ST, LE, LG)
Comptroller of the Treasury

Carter Lawrence (ST, LE)
Commissioner,
Department of Commerce and Insurance

Juan Williams (ST)
Commissioner,
Department of Human Resources

Michelle Consiglio-Young (ST)
State Employee Representative

Judi Knecht (ST)
State Employee Representative

Keisha Pittman (ST)
Tennessee State Employees Association (TSEA)
Representative

Rob Chance (ST)
Higher Education Representative

Bo Watson (ST)
Senator, Chair,
Senate Finance, Ways and Means Committee

Gary Hicks (ST)
Representative, Chair,
House Finance, Ways and Means Committee

Maryanne Durski (LE)
Department of Education Representative

Erin Johnson (LE)
East TN Teacher Representative

Jennifer White (LE)
Tennessee School Boards Association (TSBA)
Representative

VACANT (LE)
Middle TN Teacher Representative

VACANT (LE)
West TN Teacher Representative

Jennifer Moody (LG)
Tennessee Municipal League (TML) Representative

Shanna Boyette (LG)
Tennessee County Services Association (TCSA)
Representative

ST=State / LE=Local Education /
LG=Local Government



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 members enrolled in one of the medical plan options.

Cigna Providing medical third-party administration services for State Group Insurance Program 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 State Group Insurance Program health coverage.

Delta Dental Providing voluntary dental preferred provider organization insurance to participating plan members.

EyeMed Providing voluntary vision insurance to participating plan members.

HDMS Providing data warehousing and analytical services to assess health care utilization and claims-based costs for our population.

MetLife Providing voluntary short-term disability insurance to state and higher education employees and voluntary long-term disability insurance to state employees.

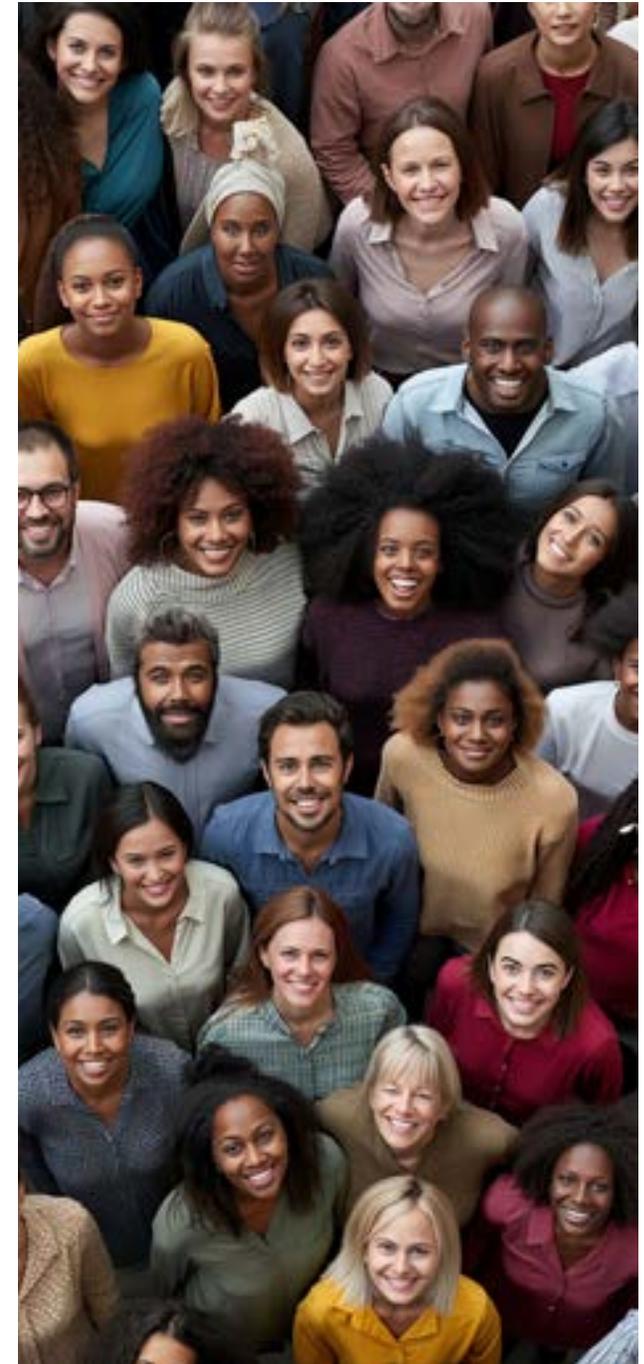
Optum Financial Providing health savings accounts to members enrolled in the consumer-driven health plan. Also providing flexible spending accounts to state and higher education employees.

Optum Health Providing Emotional Wellbeing Solutions services to eligible employees and administration of behavioral health and substance use coverage for State Group Insurance Program members enrolled in health coverage.

Securian (Minnesota Life) Providing basic term life and basic accidental death and dismemberment insurance 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.

Sharecare Management Providing a variety of population health programs, including disease management, lifestyle counseling, wellness challenges, biometric screenings and online resources. Also provides a weight management program for state plan members.

UMR Providing administration of The Tennessee Plan, supplemental medical insurance for retirees with Medicare.



Benefits Administration administers state-sponsored health, dental, vision, life and disability insurance coverage as well as supplemental medical insurance for retirees with Medicare coverage for approximately **383,106** public sector employees, retirees and their eligible dependents.

In addition to insurance coverages, the division also administers an employee assistance program and population health and weight management programs.

State Group Insurance Program participants include state government and higher education employees and retirees who make up the state plan, employees and retirees of participating local school systems who make up the local education plan and employees and retirees of local government agencies and various eligible quasi-governmental agencies who make up the local government plan.

In 2024, the SGIP offered all members three health insurance options – the Premier Preferred Provider

Organization, Standard PPO, and Consumer Driven Health Plan or Local Consumer Driven Health Plan. A fourth option, 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 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.

Participants in all plans may enroll in voluntary dental coverage if coverage is offered by the employing agency. Participants may choose either the dental preferred provider organization administered by Delta Dental or the dental health maintenance organization (prepaid) administered by Cigna.

Voluntary vision coverage, administered by EyeMed, 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.

Supplemental medical insurance for retirees with Medicare is available through The Tennessee Plan to Medicare-eligible retirees who participate in the Tennessee Consolidated Retirement System and to higher education retirees who participate in a higher education optional retirement plan. Coverage is administered by UMR.

State and higher education employees are provided with basic term life and accidental death and dismemberment coverage and may purchase additional voluntary term life and accidental death insurance, 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

The health plan average member enrollment increased 1.7% in 2024.

	Employee/Retiree		Spouse		Child/Dependent		Total	
Local Education	62,612	50%	20,392	16%	42,951	34%	125,954	42%
Local Government	17,253	65%	3,152	12%	6,249	23%	26,653	9%
State Government	68,318	47%	29,810	21%	46,668	32%	144,797	49%
			Total				297,404	

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



OVERVIEW OF PLAN OPTIONS

Plan options were unchanged in 2024 and included several preferred provider organizations and high deductible plans:

1. Premier PPO
2. Standard PPO
3. Consumer-driven Health Plan/Health Savings Account (state plan only)
4. Local CDHP/HSA (local government and local education only)
5. Limited PPO (local education and local government only)

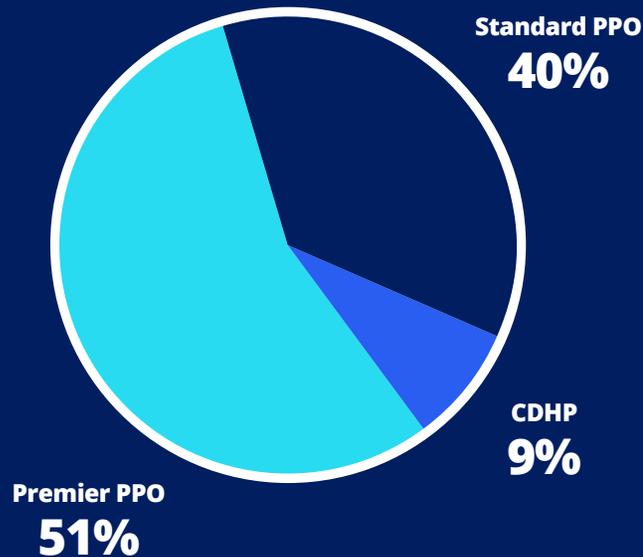
Networks

- All members had a choice of BlueCross BlueShield Network S, BlueCross BlueShield Network P, Cigna Local Plus, or Cigna Open Access Plus. Employees enrolling in networks P or OAP paid an additional monthly premium charge of **\$75** or **\$150** (depending on tier) to partially account for the higher costs of organizations associated with these broader networks.
- For 2024, 18,627 members enrolled in the OAP network and 17,233 members enrolled in Network P.

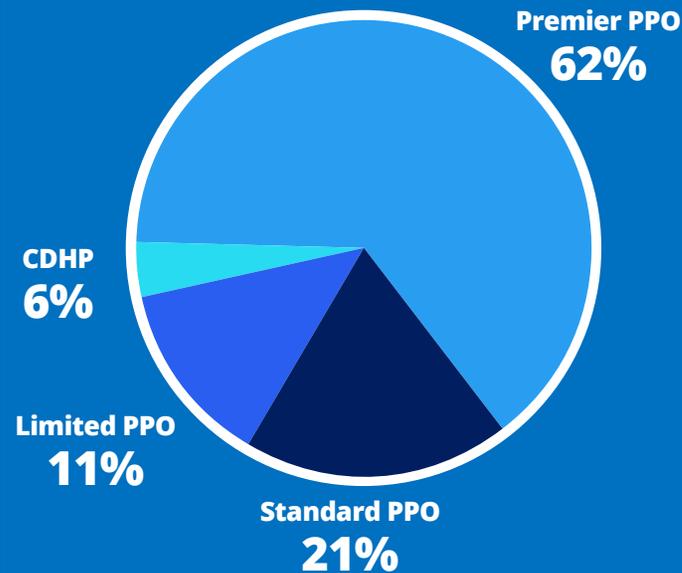
Coverage by Plan

- The Premier PPO remained the most popular plan option among all groups.
- Standard PPO and CDHP enrollment each had a slight increase while Premier PPO and Limited PPO were relatively flat.
- Employees contributed approximately \$16.2 million to their health savings accounts which is an average of \$1,535 per account.
- Employers (state, higher education and some local education and local government agencies) contributed approximately \$9.04 million to employee HSAs.

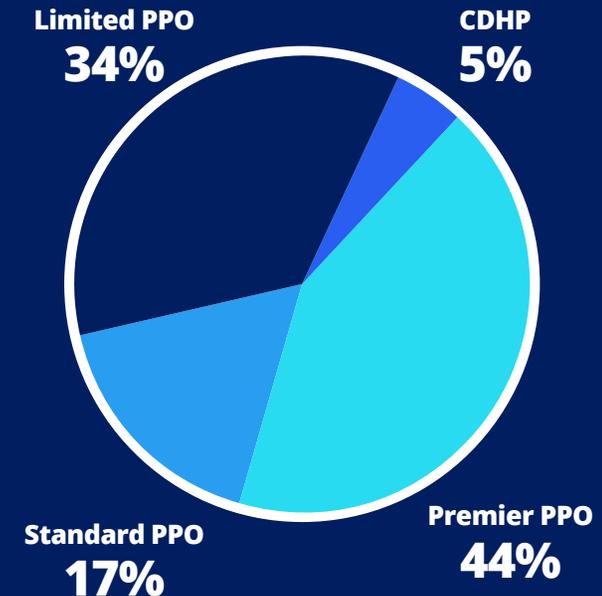
STATE



LOCAL EDUCATION



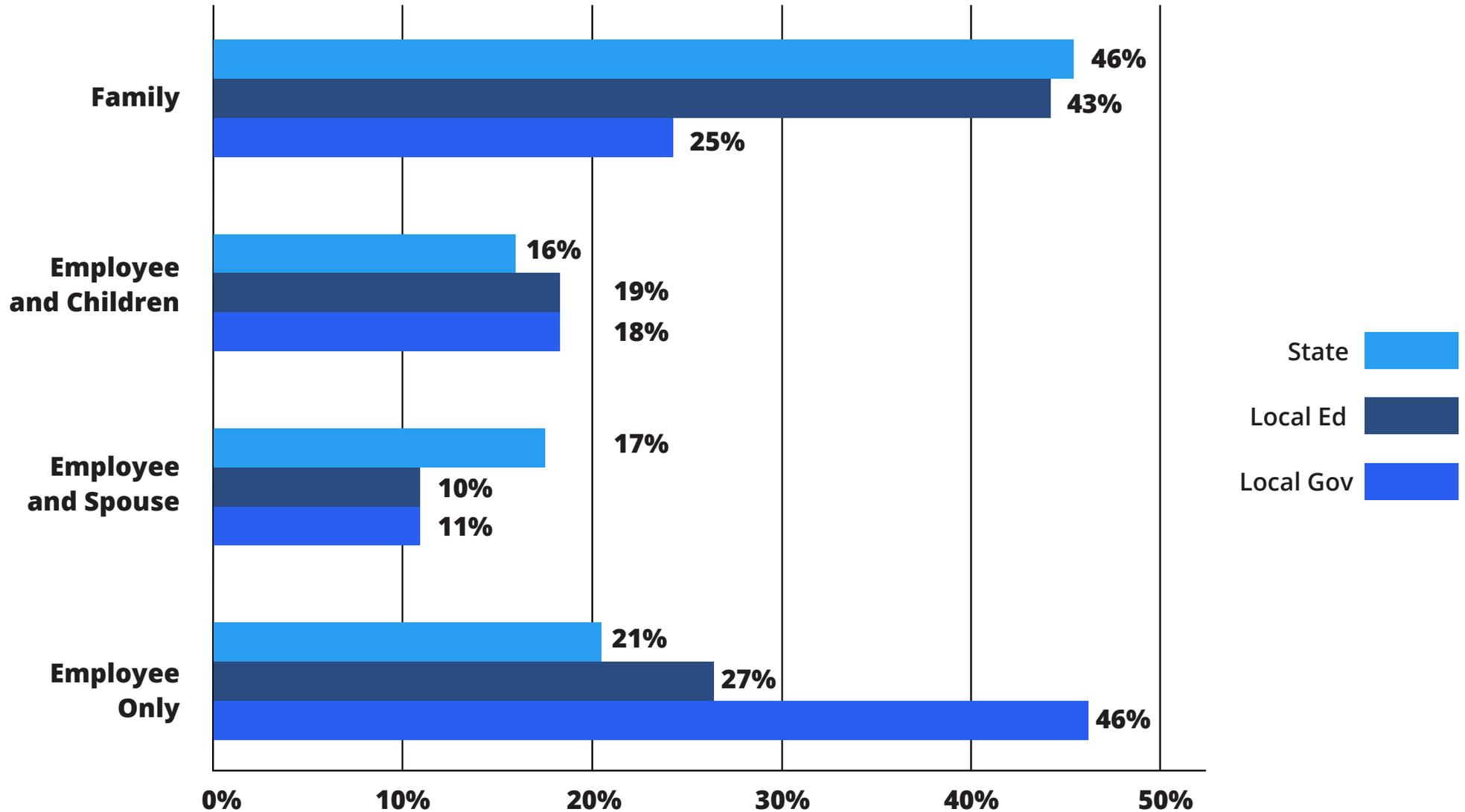
LOCAL GOVERNMENT





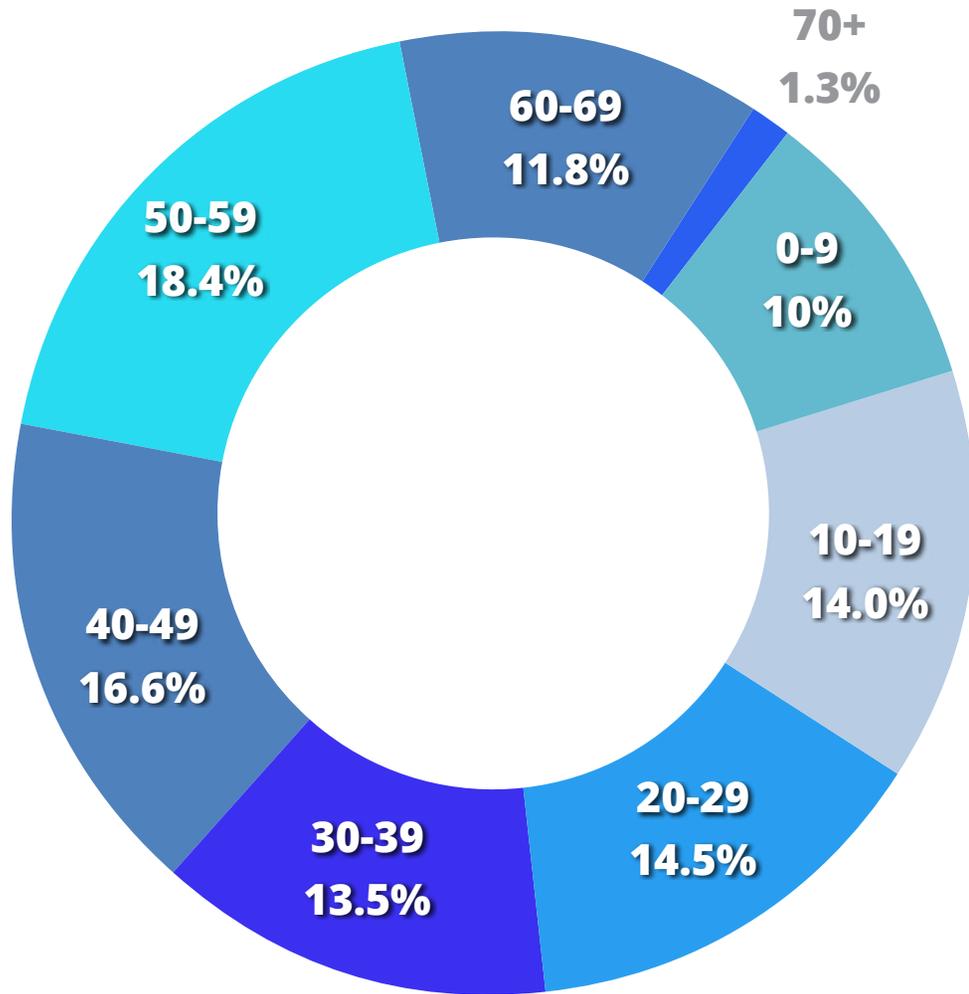
MEDICAL

In 2024, total expenses for the State Group Insurance Program increased to \$2.4 billion, with pharmacy claims, before rebates, accounting for more than 42% of total health plan spending. A small portion of the population drove a disproportionate share of costs: 4% of members in crisis accounted for 34% of net plan payments, while 30% of healthy members accounted for only 3%. The top 10 medical procedures, clinical condition and prescription drugs collectively accounted for 59% of total plan expenses. Despite overall cost increases, member out-of-pocket spending declined slightly in 2024.



Enrollment Coverage by Tier

- The percentage 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.
- 2024 Enrollment by tier has remained similar since 2022.

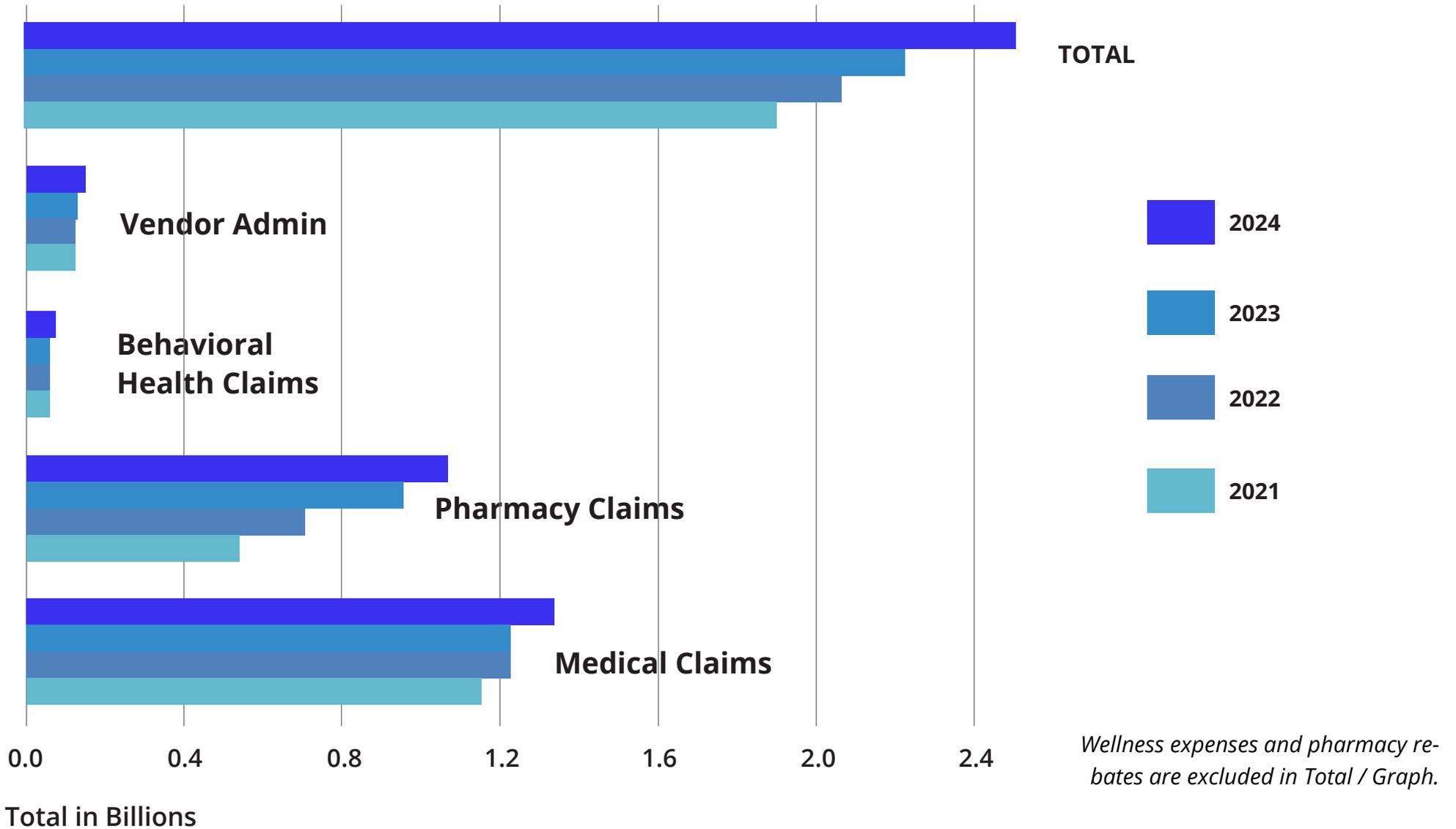


Coverage by Age

- The average age among all members is 37.3.
- The average age increased slightly from the average of 36.8 in 2023.
- State 38.1 (37.3 in 2021)
- Local education 35.6 (35.8 in 2021)
- Local government 38.5 (38.8 in 2021)

The overall gender split is 55% female, 45% male, with the local education plan having the highest percentage of females. This has remained constant for the past few years.

	Female	Male
State	54%	46%
Local Education	59%	41%
Local Government	51%	49%
Average	55%	45%

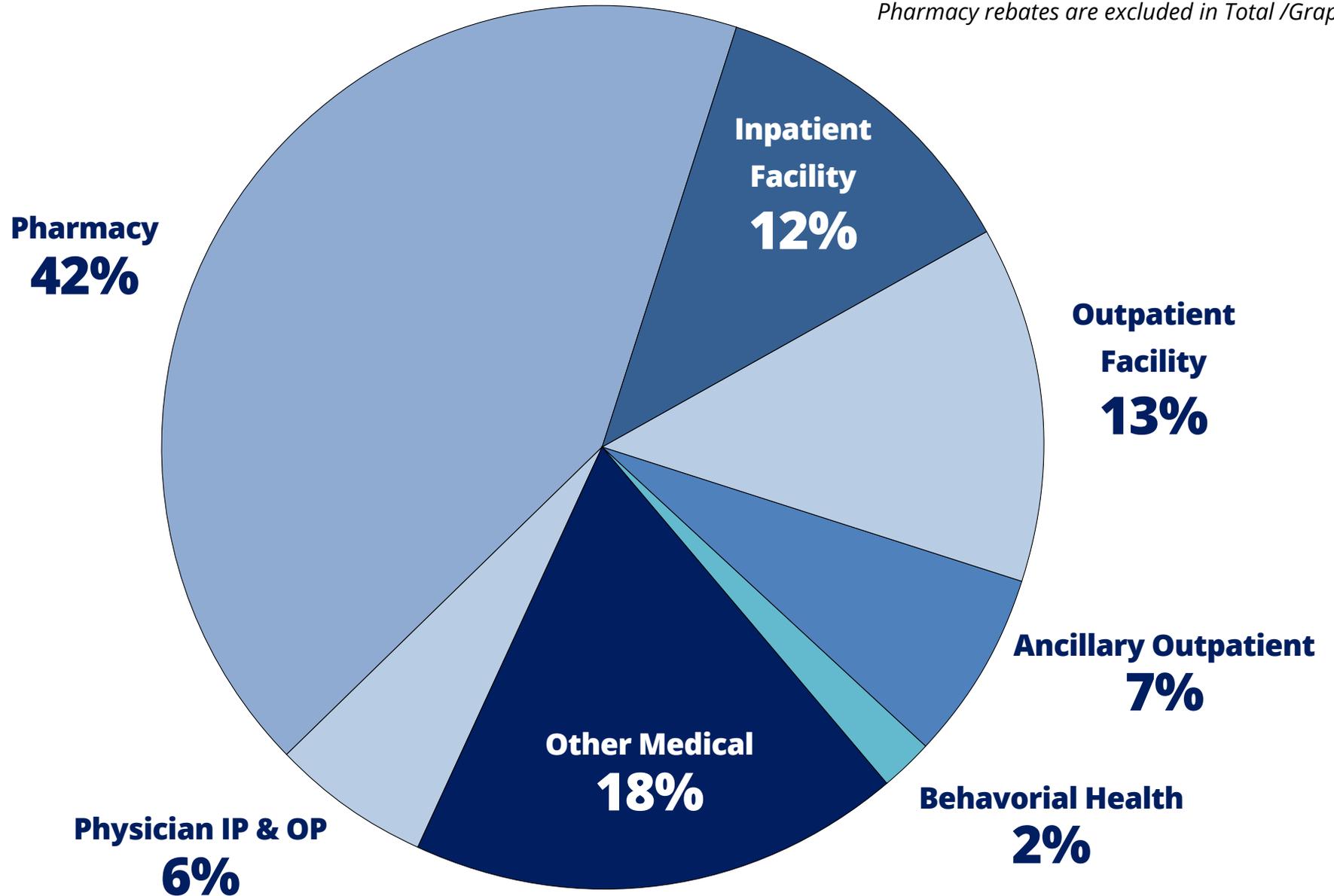


Medical Expenses 2021-2024

Total plan expenses were \$2.4 billion in 2024. This was an increase of 9.7% since 2023 and 27.5% since 2021.

When accounting for manufacturer rebates received by the plans, pharmacy expenses increased by 28.2% from 2023 to 2024 and 55.9% from 2021 to 2024.

Pharmacy rebates are excluded in Total /Graph.



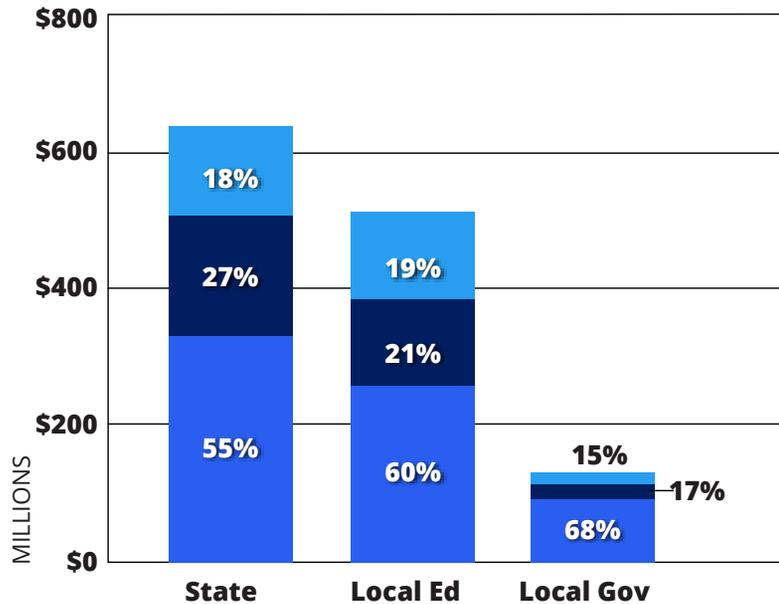
2024 Plan Expenses

Both prior to and after rebates, pharmacy claims accounted for the largest single category of health plan spend.

Spend by Relationship

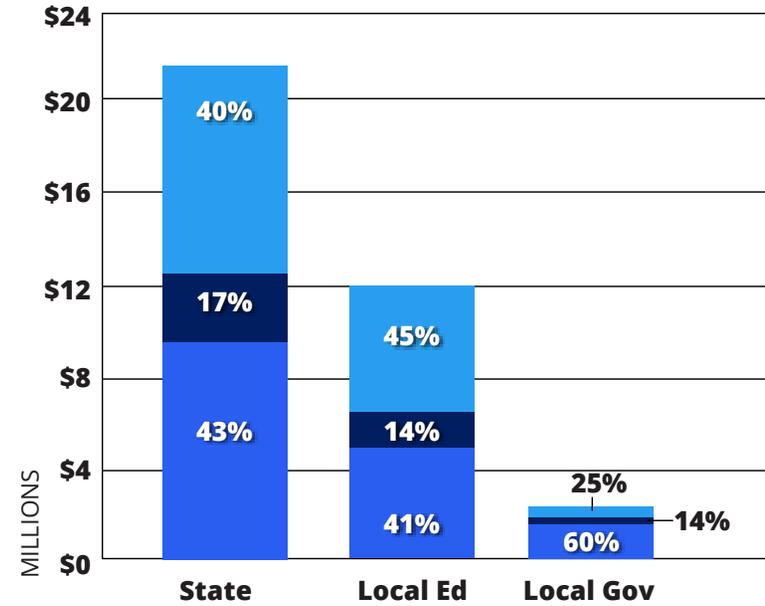
Dependents account for a much larger portion of behavioral health spend as compared to medical and pharmacy.

Medical

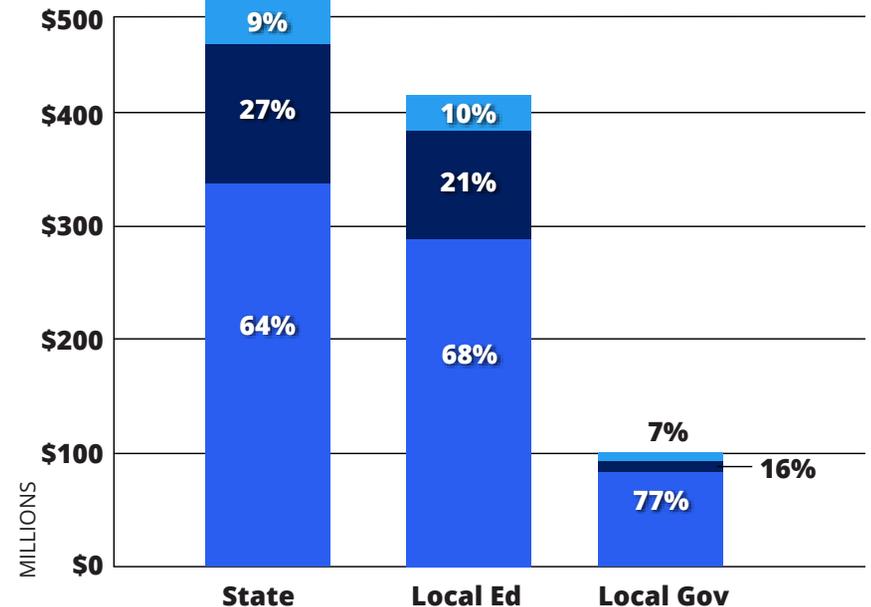


Spend is shown in **MILLIONS**

Behavioral Health



Pharmaceutical



In Crisis

Highest severity of illness, significant use of health care services
 Highest costs, poor health negatively impacts quality of life

Struggling

Higher disease severity, heavy use of health care 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

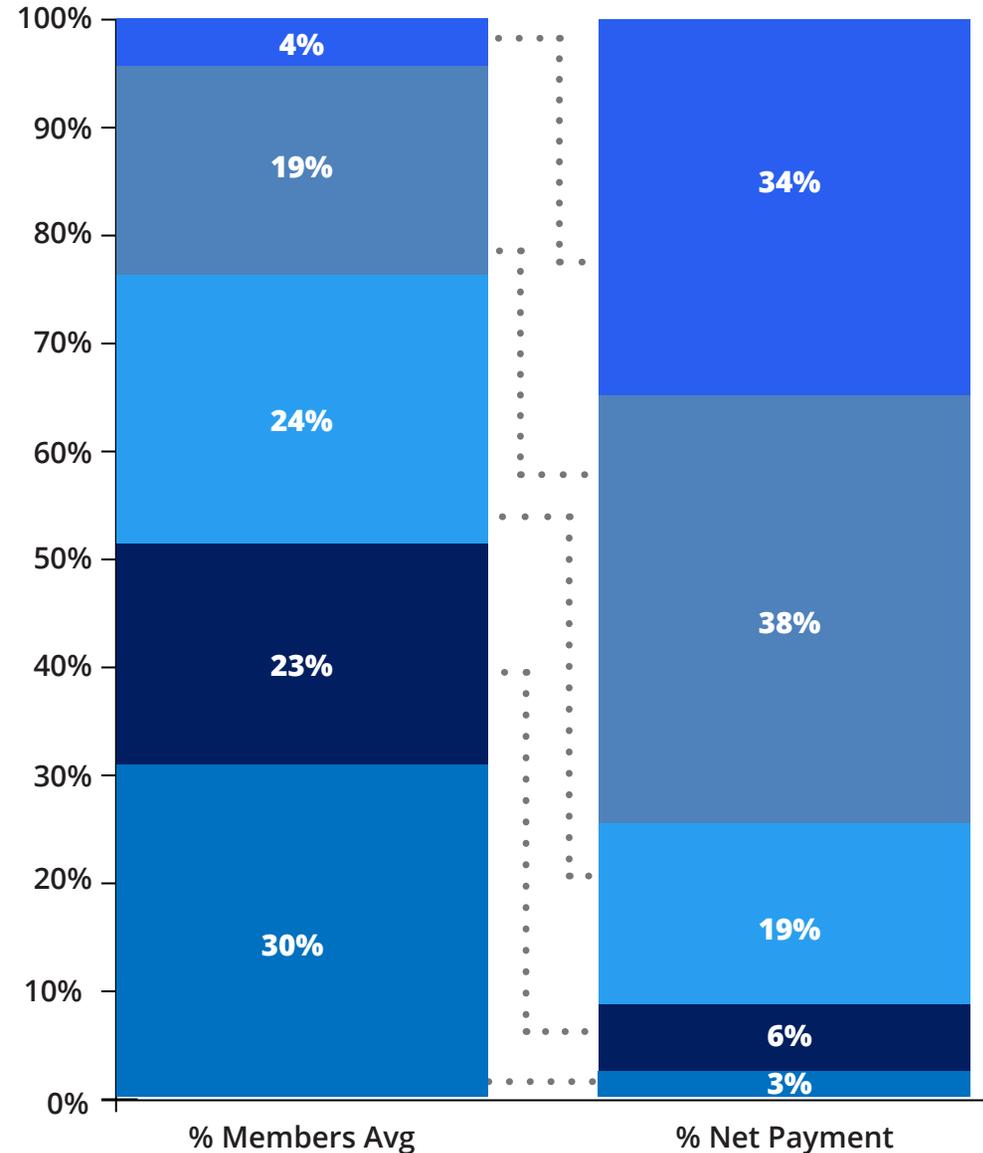
At Risk

Primarily acute conditions, moderate use of health care services
 Health influences day to day life but is still manageable
 Lack of management may result in high cost care and increased severity

Stable

Fairly healthy, low use of health care services
 Monitor health to mitigate risk

Healthy

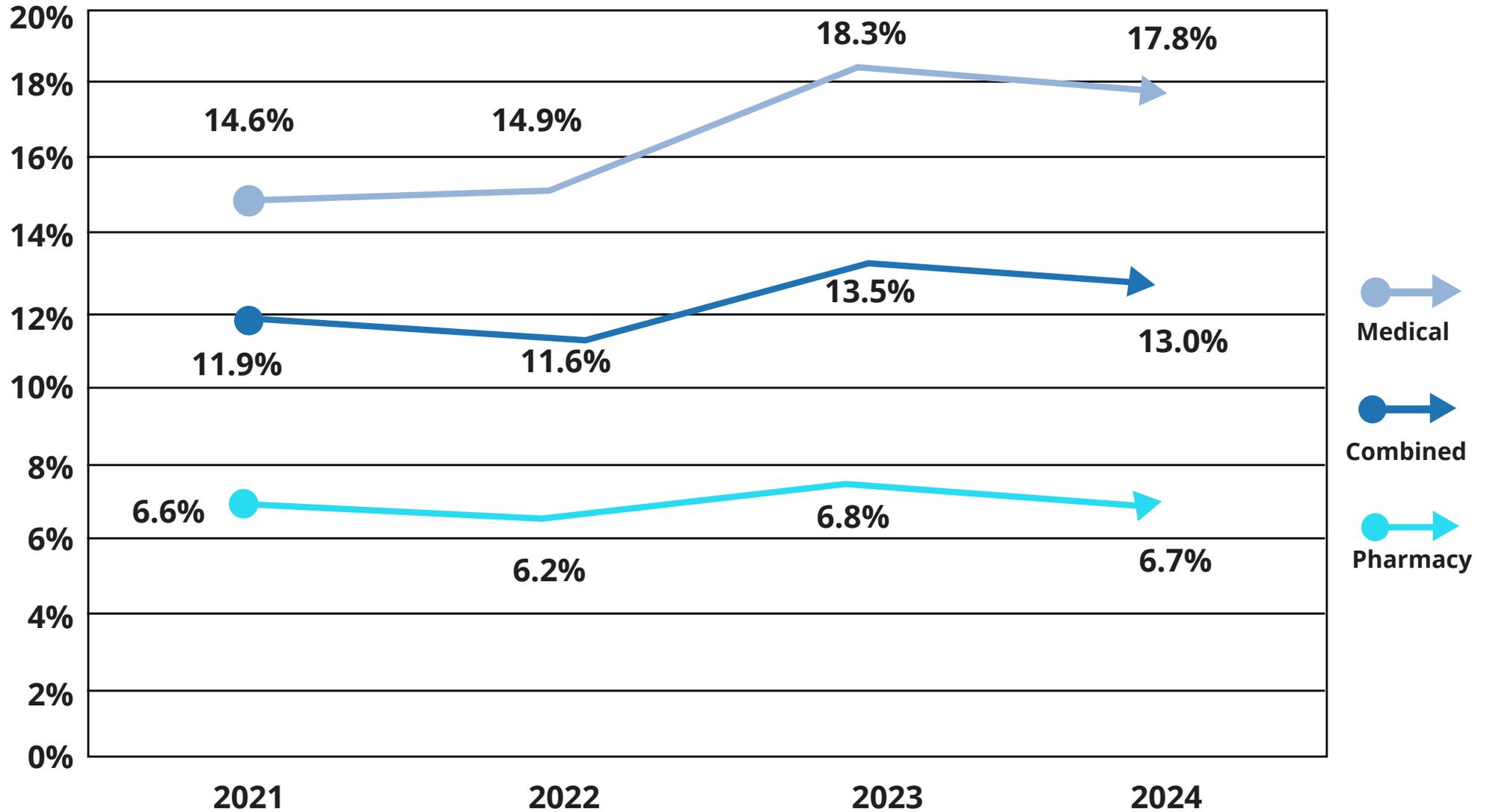


Plan Payments by Member Risk

A very small percentage of members account for more than one-third of all plan payments. The percentage of net payment increased for the struggling and at risk members but declined for in crisis members from 2023..

Medical Procedure Groups	Clinical Conditions	Prescription Drugs
1. Office Visits & Outpatient Evaluation and Management	1. Gastrointestinal: other	1. WEGOVY - weight management
2. Musculoskeletal-Surgical	2. Cancers: excl. Breast/ Gyn/ Blood	2. OZEMPIC - diabetes
3. Cardiovascular-Surgical	3. MSK: Osteoarthritis (non-spine)	3. MOUNJARO - diabetes
4. Emergency Room	4. Routine and Preventive Care	4. STELARA - plaque psoriasis and psoriatic arthritis
5. Laboratory	5. MSK: Spinal Conditions	5. ZEPBOUND - weight management
6. Physical Therapy	6. Maternity & Perinatal Care	6. SKYRIZI - plaque psoriasis and psoriatic arthritis
7. Anesthesia	7. Coronary Artery Disease	7. JARDIANCE - diabetes
8. Gastrointestinal All Other-Surgical	8. Benign Tumors	8. ENBREL - rheumatoid arthritis
9. Non-Chemotherapy Drugs	9. Ear, Nose, and Throat Infections and Inflammations	9. RINVOQ- plaque psoriasis and psoriatic arthritis
10. Preventive Care-Evaluation and Management	10. Mental Health: Anxiety, Depression, Bipolar Disorder	10. Dupixent - eczema, eosinophilic or oral-corticosteroid-dependent asthma

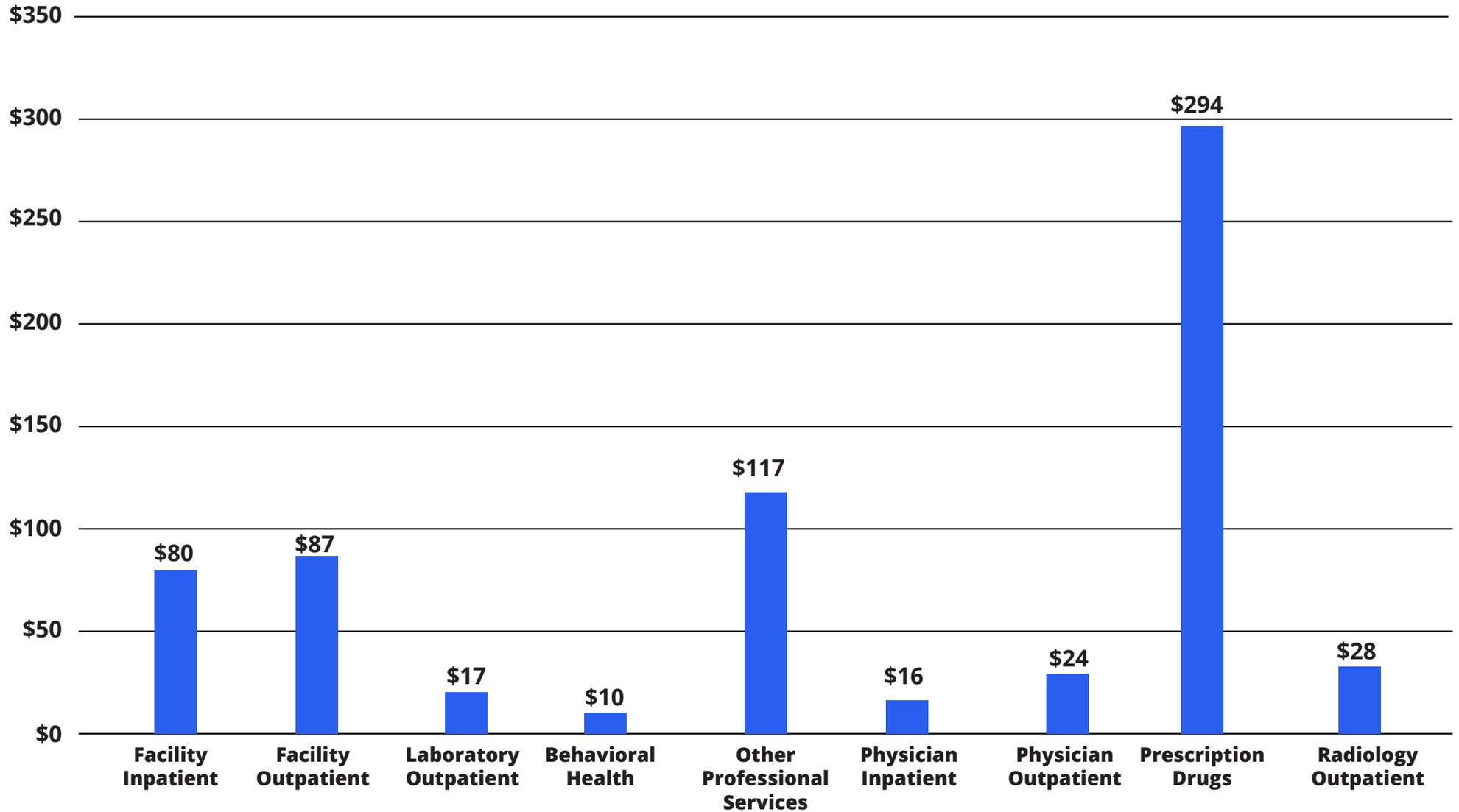
The top 10 medical procedures, clinical conditions, and prescription drugs collectively accounted for 59% of total plan expenses.



Cost Share per Member 2021 - 2024

The cost share per member decreased slightly in 2024 as costs continued to rise without any significant benefit changes, such as increases in copays or deductibles.

Pharmacy does not include rebates.



Cost per Member per Month by Service Category

Pharmacy continues to have the highest cost per member per month among all service categories. 2024 pharmacy costs were largely driven by the utilization of GLP-1 drugs for weight loss.

	Average		
	2023	2024	% Chg
Admissions Per 1,000	45	42	-6.7%
OP Facility Visits Per 1,000	1,189	1,297	9.1%
Office Visits Per 1,000	8,948	8,986	0.4%
ER Visits Per 1,000	178	182	2.2%
Scripts Per 1,000	16,036	15,747	-1.8%
Patients Per 1,000 Complications	30	23	-23.3%
Readmissions Per 1,000	2	2	0.0%

Utilization Trends

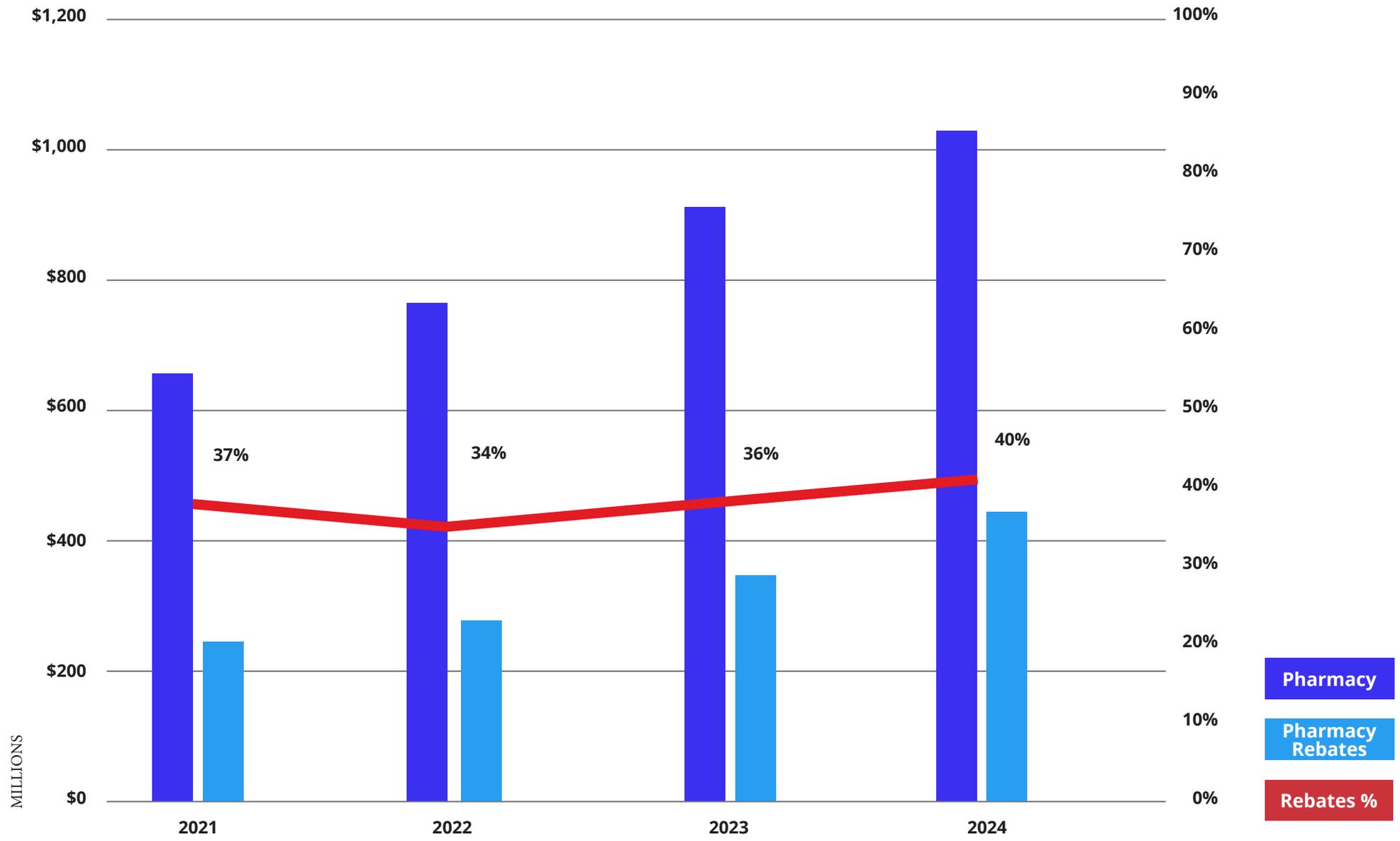
- While admissions per 1,000 decreased overall, the Local Government group experienced a 4% increase.
- Outpatient facility visits increased at the same time that admissions declined.



PHARMACY

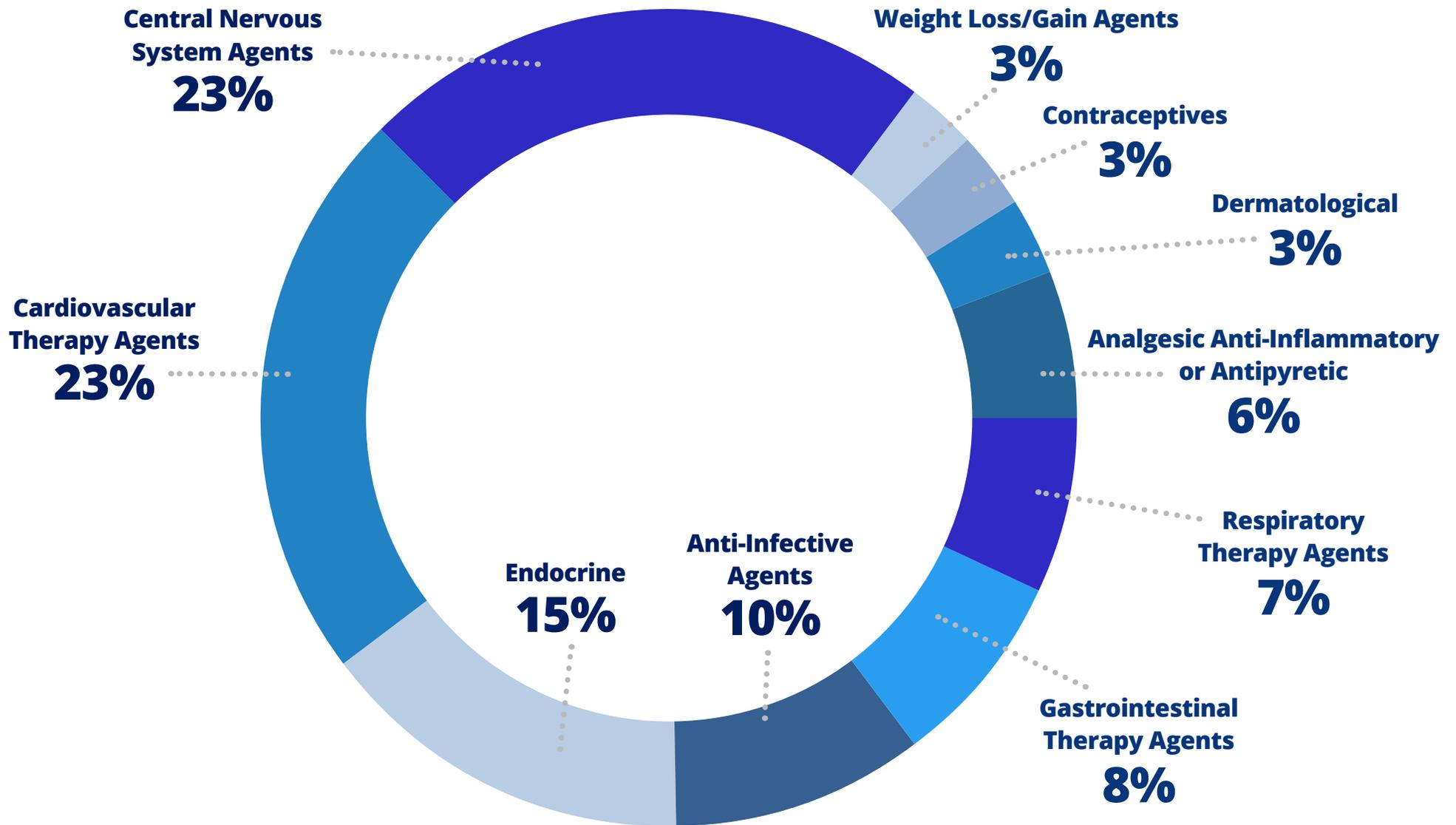
In 2024, the State Group Insurance Program experienced continued cost growth driven by increased utilization of glucagon-like peptide 1, or GLP-1 medications, which are FDA-approved for diabetes and weight loss. Four of the plan's most costly drugs fall into this category. Although weight loss medications represented just 3% of total prescriptions, they accounted for 16% of total pharmacy spending, highlighting the financial impact of high-cost therapies.

Central nervous system and cardiovascular agents were the most frequently prescribed drug classes, each comprising 23% of total prescriptions. Specialty drugs, used to treat complex or chronic conditions, remained a major cost driver, with net costs rising 45% since 2021. In 2024, specialty drugs made up 40% of total net drug costs, a slight decrease from prior years, likely due to the removal of a high-cost drug from the formulary in April. Despite this decline, specialty medications continue to represent a significant portion of pharmacy spending.



Pharmacy Rebates

100% of all rebates are passed back to the plan.

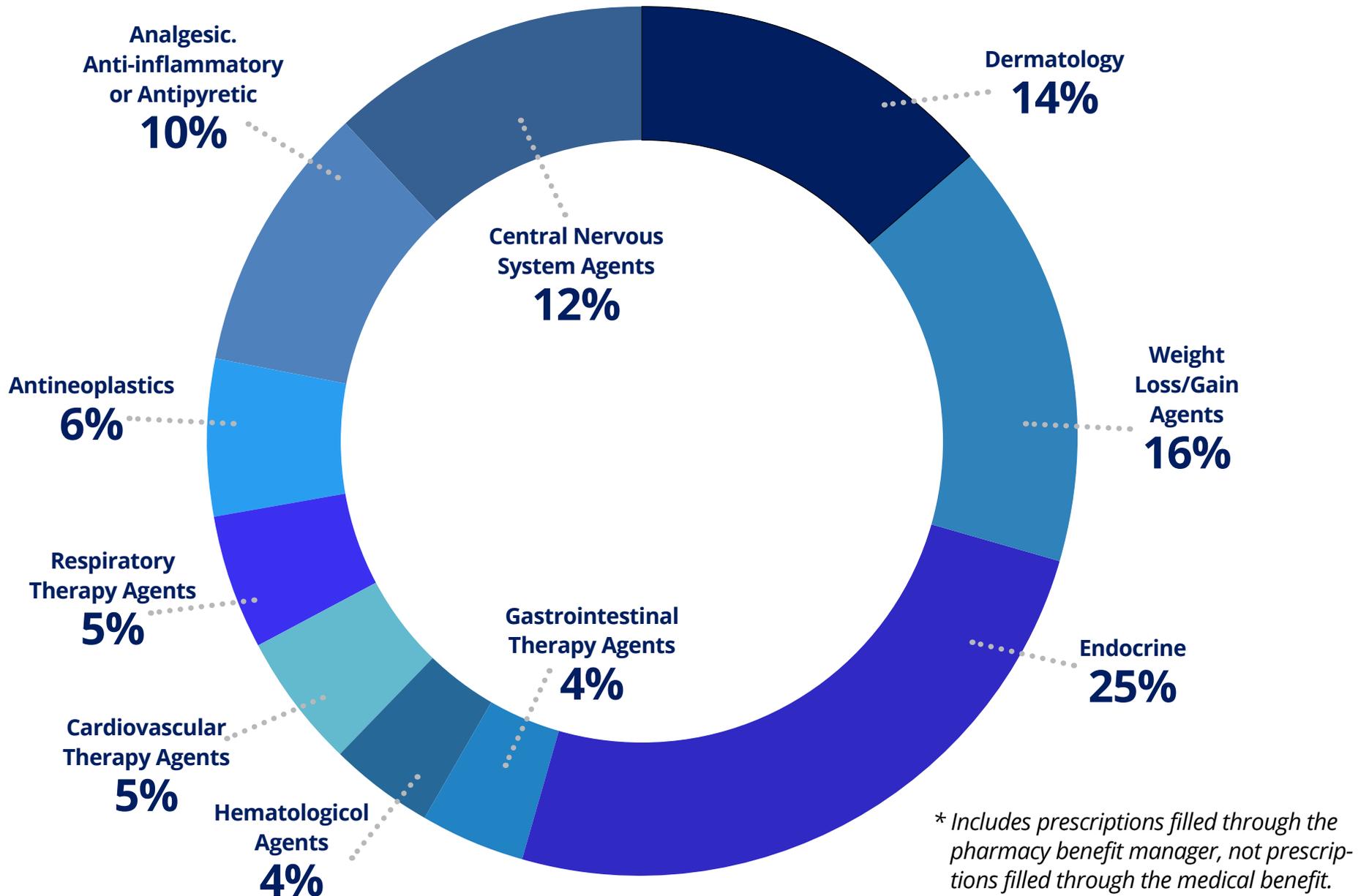


Top 10 Therapeutic Class by Scripts, 2024

Cardiovascular and Central Nervous System agents were the top drugs by number of prescriptions.

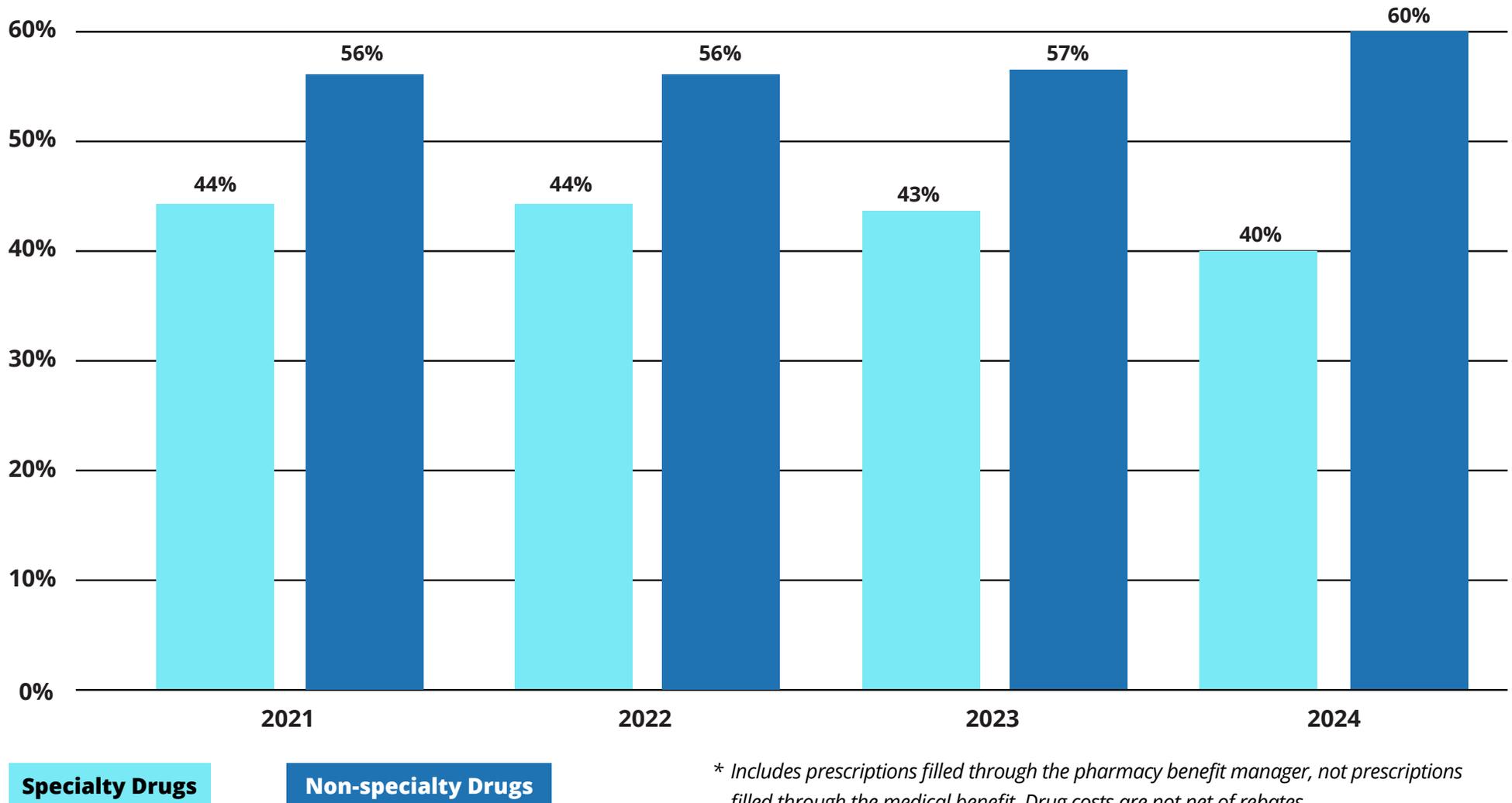
Drugs used to treat conditions like depression are the top central nervous system agent drugs by number of prescriptions.

Medications in the endocrine class are used to treat conditions such as diabetes.



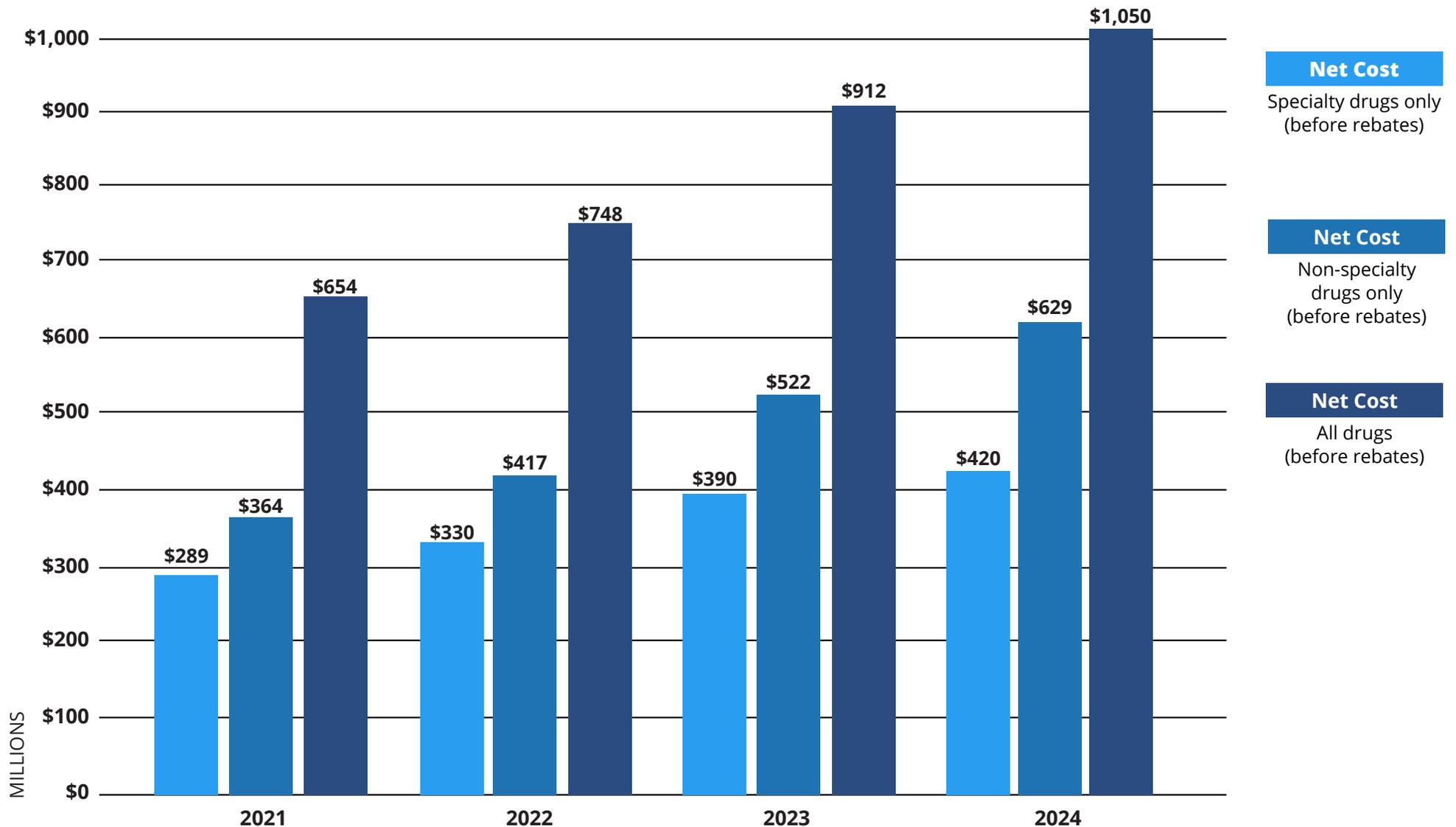
Top 10 Therapeutic Class by Net pay, 2024

Weight loss medications made up only 3% of total scripts but accounted for 16% of pharmacy payments.



Percent of Total Net (Plan) Cost of Drugs

- Specialty drugs, as a percentage of total net drug costs, decreased for the first time since 2021. This is likely due to a popular high cost specialty drug coming off formulary in April 2024.
- Specialty scripts accounted for only 1.3% of total scripts in 2024 but made up 40% of net pharmacy costs.
- Specialty drugs are high cost drugs used to treat complex, chronic or rare conditions. The number of drugs in the specialty pipeline has increased and has been a driver of pharmacy trend the past few years.



Net (Plan) Cost of Drugs Over Time

Pharmacy costs have been a trend driver the past several years with net costs increasing 60% between 2021 and 2024.



BEHAVIORAL HEALTH

The Optum behavioral health and substance use provider network continued to grow in 2024, increasing member access to care. In 2024, 9.3% of members utilized behavioral health services, representing an 8.1% increase from 2023. Anxiety, depression and trauma/stress remained the top diagnostic categories by claimant count. Outpatient care remained the most common level of service, with claimants per 1,000 increasing by 26% since 2021. BH claimants were predominantly female (66.2%), aged 20–49, and 34.6% were dependents.

Substance use disorder spending was highest for alcohol-related treatment across all member groups. Residential care was the most frequently used level of care for SUD, regardless of relationship or substance type.

Utilization

- Member utilization of Behavioral Health services was **9.3%**. This is an **8.1%** increase over 2023 utilization.
- In-network utilization (as a percentage of claims) was **91.2%**. This was unchanged from 2023.
- In-network utilization (as a percent of claimants) decreased by **.4%** to **91.1%** in 2024.

Network Summary

- 656** new clinicians at **954** locations were added in 2024:
 - 63** MDs
 - 39** PhDs
 - 195** Advanced practice registered nurses
 - 359** Master's level clinicians
- 457** providers left the network

Key Diagnoses

- Anxiety, depression and trauma/stress continue to be the top three diagnostic categories by claimant count.
- Claimants per **1,000**: Anxiety = **30.8**, Depression = **27.6**, Trauma/Stress = **25.2**, Substance Use = **3.0**

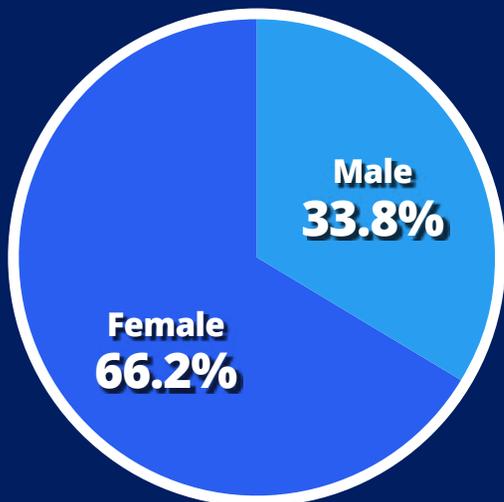
Level of Care - Claimants per 1,000

- Outpatient care remains the most common level of behavioral health care and claimants per 1,000 have increased by **26%** since 2021.
- Claimants per **1,000**: Outpatient = **80.9**, Medication Services = **15.2**, Other = **7.4**, Acute Inpatient = **2.0**, Structured Outpatient = **1.5**, Residential = **1.1**, Day Treatment = **.9**

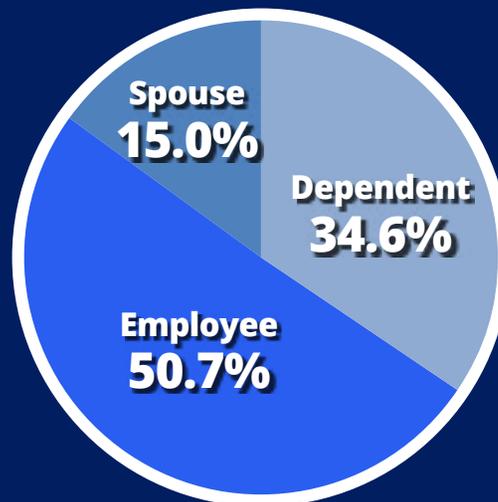
BH Utilizer Demographics

- The gender and relationship of behavioral health utilizers has remained relatively unchanged from 2021 with females seeking care at higher rates than males.
- The age band range groups have shifted since 2021. Both age groups 20-34 and 35-49 have increased while under 20 decreased.

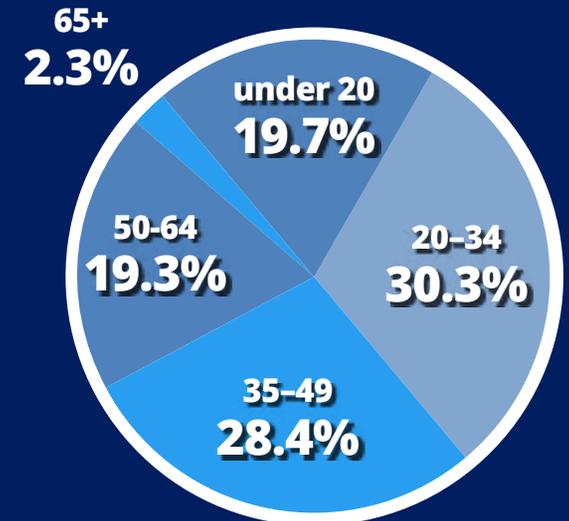
GENDER

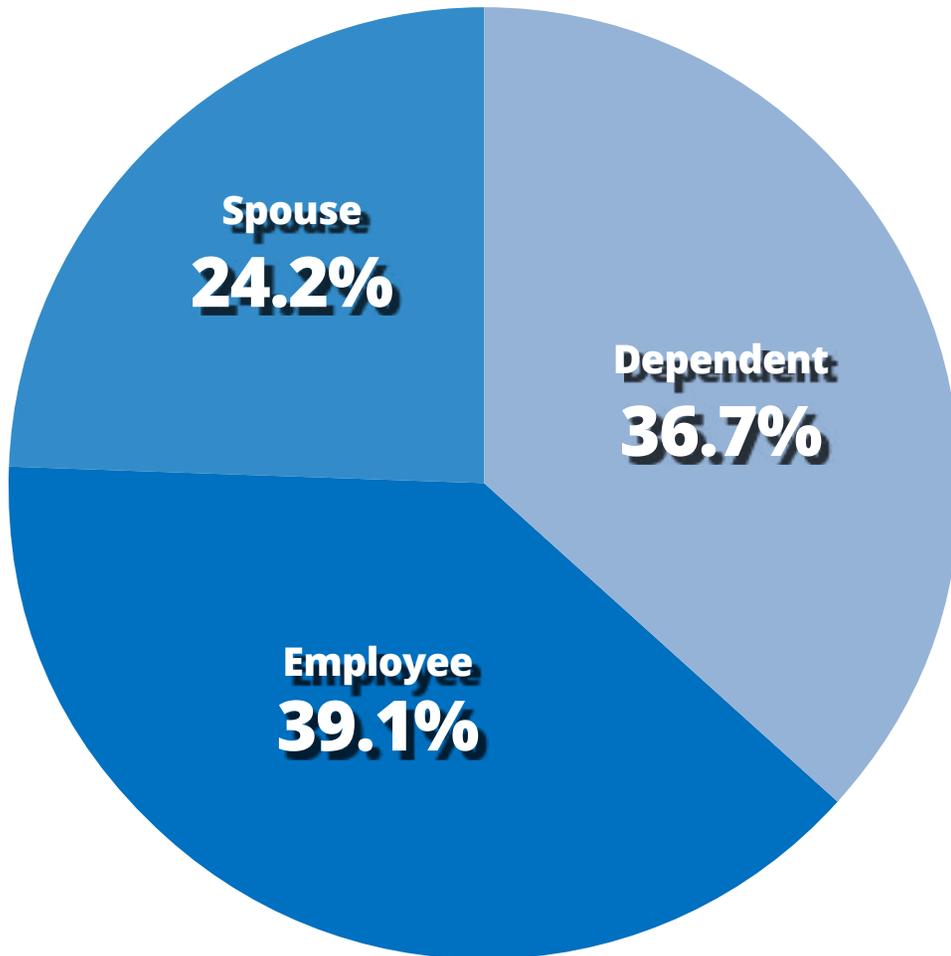


RELATIONSHIP

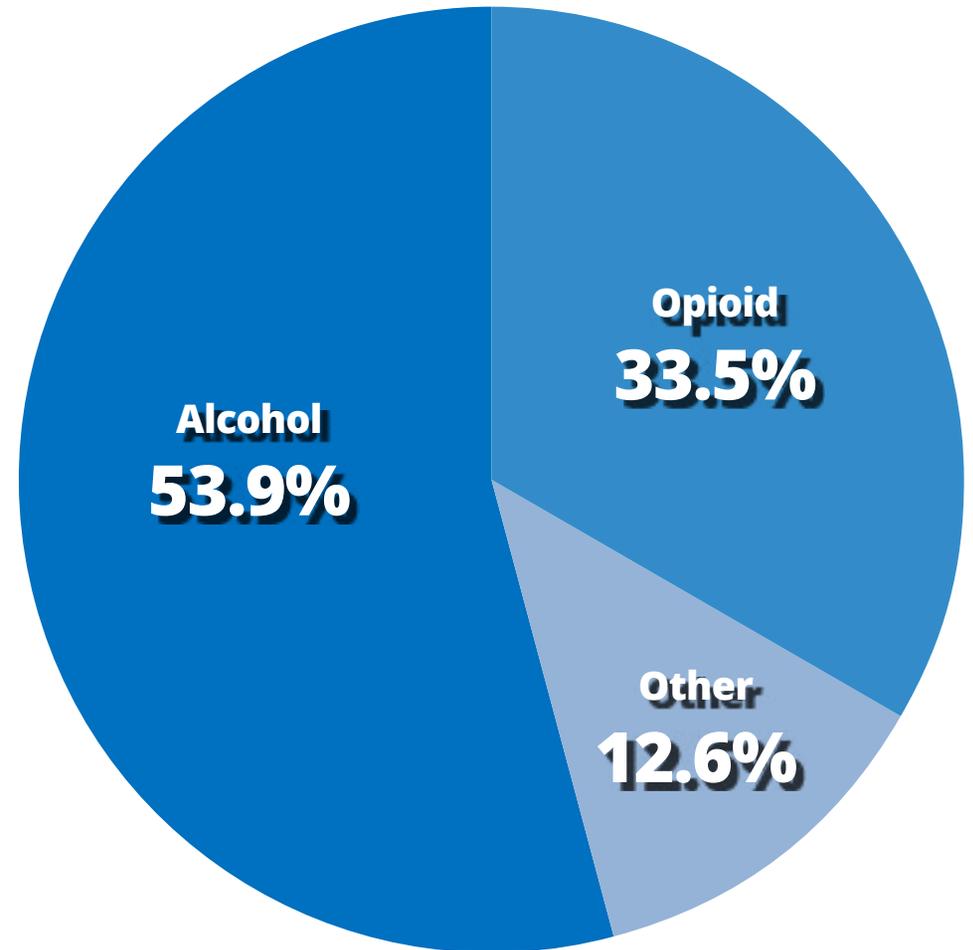


AGE BAND





SUBSTANCE USE DEMOGRAPHICS



SUBSTANCE USE DISORDER SPEND

Substance Use

- In 2024, 883 members sought care for substance use, which is a 1.7% decrease from 2023.
- Opioid and alcohol-related disorders remained the top drivers of substance use disorder spend and increased from 2023 levels.

	Employee			Spouse			Dependent		
	Alcohol	Opioid	Other	Alcohol	Opioid	Other	Alcohol	Opioid	Other
	59%	36%	5%	55%	38%	7%	48%	29%	23%
Acute Inpatient	15%	3%	24%	13%	5%	16%	4%	4%	14%
Residential	58%	9%	32%	61%	18%	60%	65%	60%	59%
Day Treatment	9%	4%	4%	7%	3%	9%	17%	15%	13%
Structured Outpatient	12%	0%	23%	14%	8%	11%	12%	15%	12%
Other	6%	84%	17%	5%	66%	4%	2%	6%	2%

Alcohol use remains the primary reason that all groups (employees, spouses, dependents) sought treatment in 2024 and most care was delivered in a residential setting.



EMOTIONAL WELLBEING SOLUTIONS

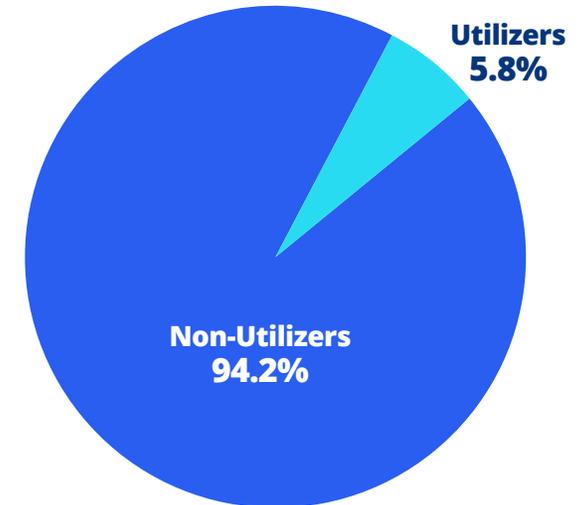
In 2024, 5.8% of members used Emotional Wellbeing Solutions. The program offers up to five free counseling visits per issue, per year, and includes 24/7 access to Master's-level specialists for support with stress, legal, financial and work/life concerns. It is available to all state and higher education benefits-eligible employees and their eligible dependents, as well as to local education and local government employees enrolled in the health plan, along with their benefits-eligible dependents.

Anxiety and depression remained the most common presenting issues, and more than 90% of users reported positive experiences with the program, citing satisfaction with staff, feeling more effective at work, and improved confidence in the ability to manage issues, highlighting EWS's effectiveness in supporting member well-being.

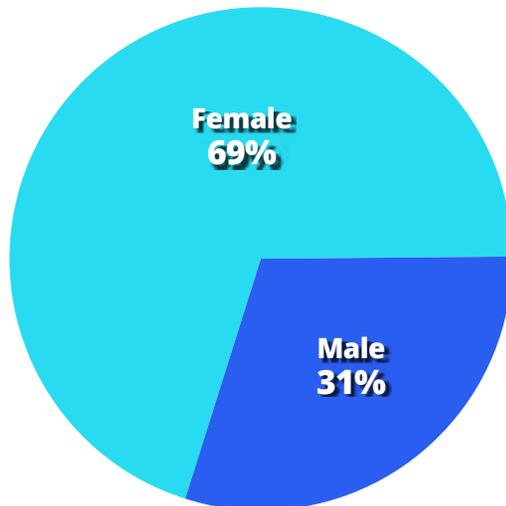
Satisfaction and Outcome Scores

- 93% have seen improvement in self (or family).
- 93% feel more effective at work.
- 92% feel more confident about being able to manage issues.
- 92% feel less stress or worry.
- 91% think the staff was helpful.

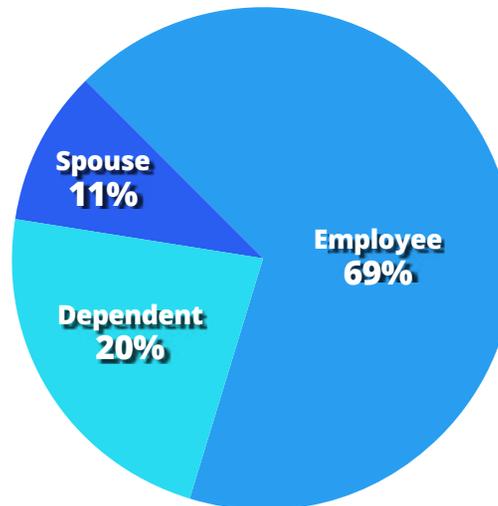
Utilization



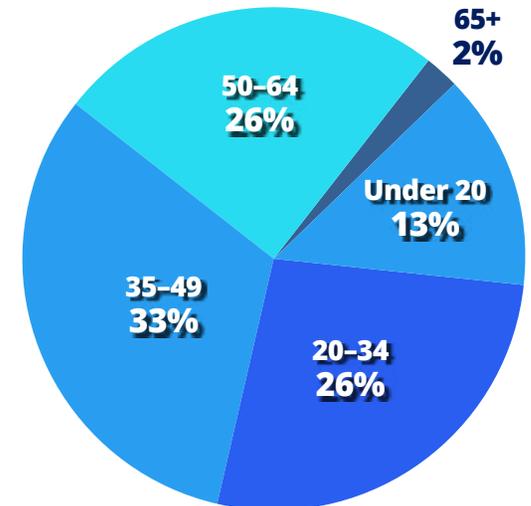
Gender



Relationship

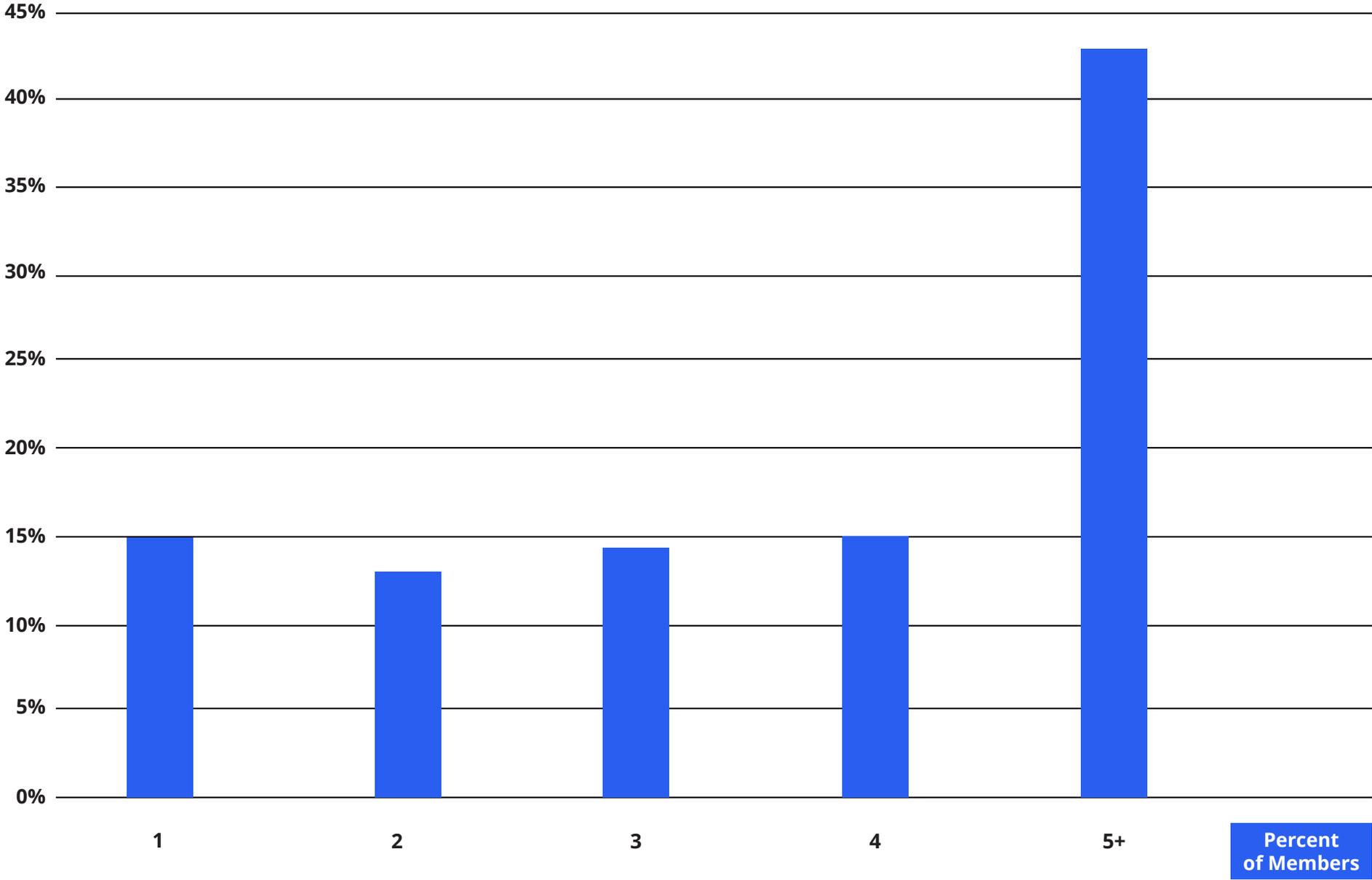


Age



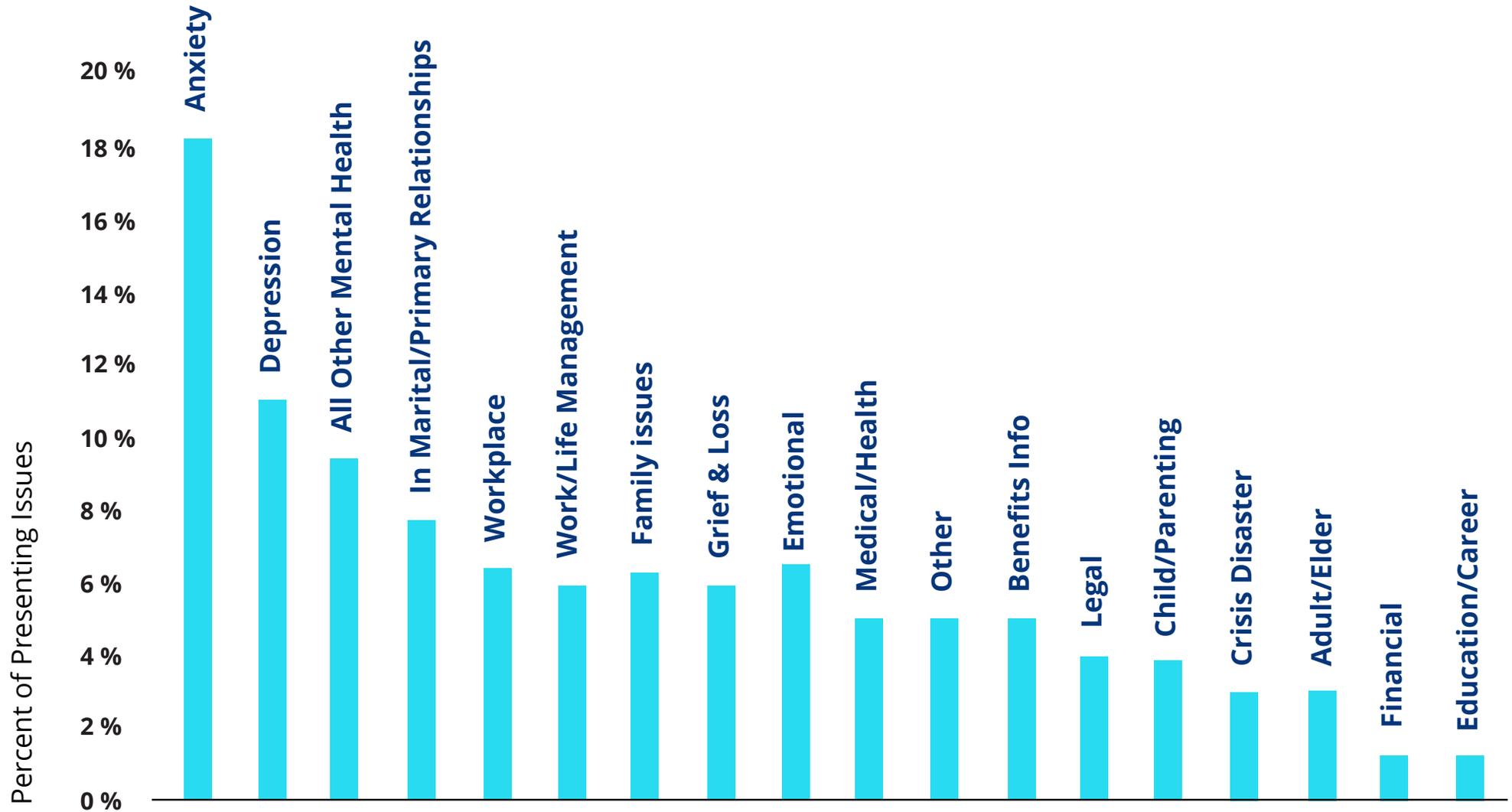
Utilization

In 2024, 5.8% of members used EWS services, which is a slight decrease from last year. The majority of utilizers are female employees.



EWS Visits per Member

Of those who used EWS in 2024, 43% used all five visits included in their benefits compared to 45% in 2023.



Presenting Issues

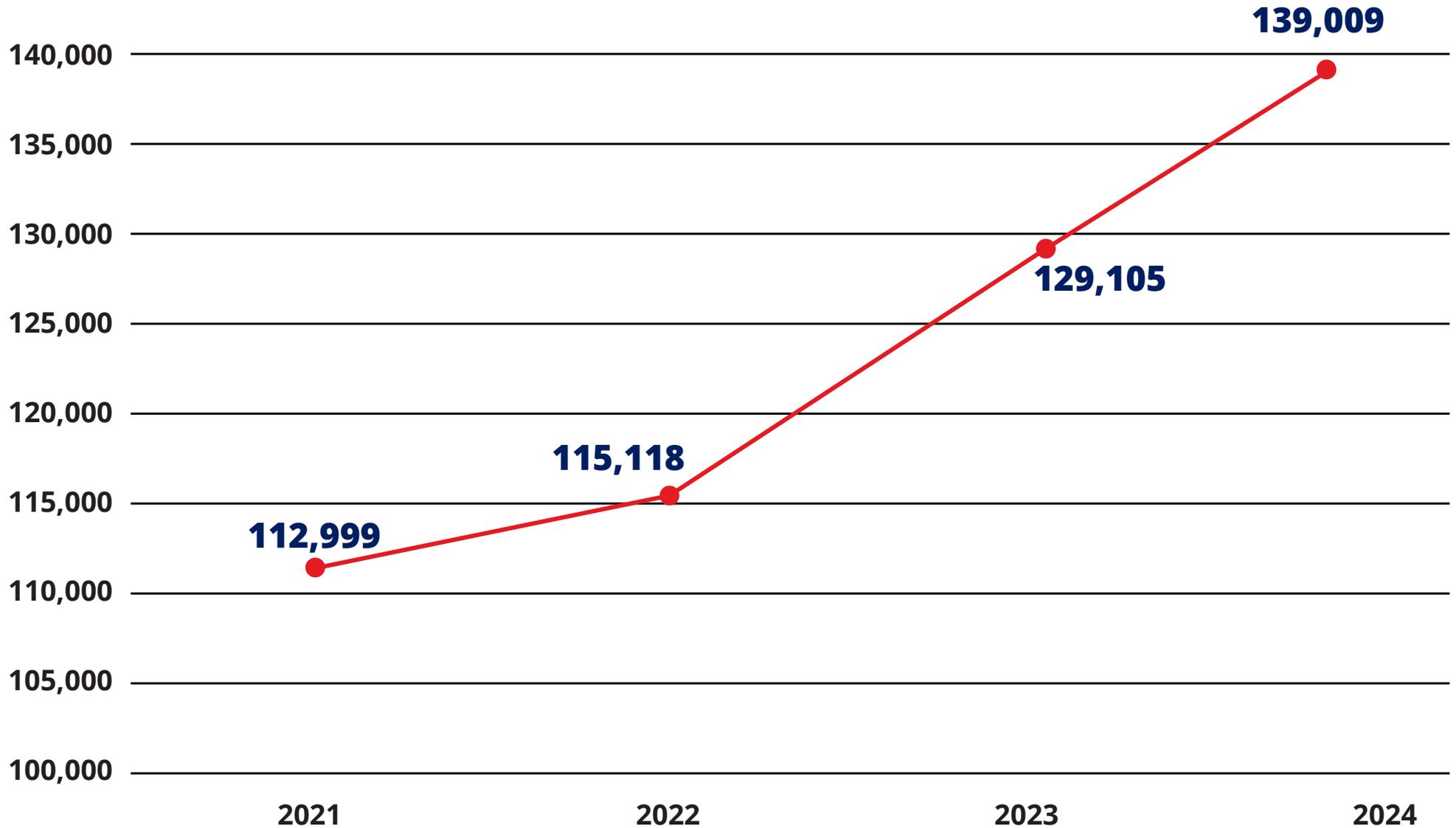
EWS presenting issues for 2024 were again led by anxiety and depression.

A person wearing a light-colored long-sleeved shirt and shorts is crouching on a paved path, tying their black athletic shoes. The scene is illuminated by warm, golden light, suggesting a sunrise or sunset. The background is a soft-focus landscape with greenery and a bright sky.

POPULATION HEALTH

2024 marked the first year Sharecare provided voluntary health improvement and wellness with disease management services to the State Group Insurance Program. Coaching programs saw strong participation, with 6,250 members enrolled in lifestyle management and 2,309 in chronic condition coaching. Digital wellness programs also showed positive outcomes: 2,419 members participated in a weight management program, with 559 achieving at least 5% weight loss, and 36% of the 1,679 members in a mindfulness program reported a 50% or greater reduction in anxiety scores.

Preventive Visits Adult



Preventive Visits 2021-2024

Preventive visits continue to increase. Medical Nutrition visits increased more than 42%.



Chronic Conditions	High Risk	Medium Risk	Low Risk
Chronic Kidney Disease	62.8%	26.0%	11.2%
Diabetes	63.5%	25.4%	11.1%
Coronary Artery Disease	62.6%	26.2%	11.2%
Congestive Heart Failure	61.5%	25.3%	13.2%
Chronic Obstructive Pulmonary Disease	58.9%	27.8%	13.3%
Asthma	69.0%	22.2%	8.8%
Hypertension	60.7%	26.9%	12.4%

Chronic Conditions

In 2024, 27.9% of adult plan members had at least one of the above chronic conditions for which the wellness program offers Chronic Condition Management Coaching.

Engagement in Lifestyle Management Coaching by benefit group

	Enrolled in Program	% with 3+ Coaching Sessions
All Enrolled	6,250	39.7%
State / Higher Ed	4,795	45.5%
Local Ed / Local Gov	1,150	16.0%
Retirees	305	37.7%

Engagement in Chronic Condition Management Coaching by benefit group

	Enrolled in Program	% with 3+ Coaching Sessions
All Enrolled	2,309	48.7%
State / Higher Ed	1,711	54.1%
Local Ed / Local Gov	434	27.4%
Retirees	164	48.7%

Coaching & Guided Programs

The wellness program design allows for live coaching and digital guided program options.

Weight Management Program

One of the most popular programs in 2024 was the digital weight management program that combines neuroscience and mindfulness and helps members change their relationship with eating to make lifestyle changes that last.

	Enrolled in Program	Lesson Module Completions	Achieved Loss of 5% Body Weight or Greater
Members	2,419	12,754	559

Stress & Anxiety Management Program

New in 2024, the wellness program offered an evidence-based digital mindfulness program that helps members uncover what triggers anxiety and identify “anxiety habits” to break the cycle of worry and panic.

	Enrolled in Program	Lesson Module Completions	Achieved 50% or Greater Reduction in GAD-7 Score
Members	1,679	5,297	36%

1. GAD-7 also known as Generalized Anxiety Disorder; seven question questionnaire to assess Anxiety Disorder. Percentage of members with GAD-7 score improvement of 50% or greater of all members with at least two assessment results that occur at least 30 days apart.

Incentives

Eligible Members	Distinct Incentive Earners	Distinct Incentive Earners with Max Payout %	Incentive Dollars Paid
123,145	10,948	23.3%	\$1,663,195

The top three incentive earning categories:

1. Preventive Exams – Annual Physical or Well Woman Exam
2. Biometric Screenings
3. Preventive Screenings – Breast, Colon, Cervical or Lung Cancer Screenings

Obesity and Diabetes Heat Maps

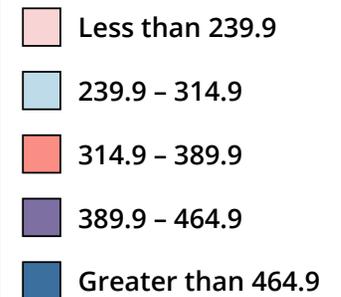
The below heat maps show the prevalence of obesity and diabetes by county.

Obesity Patients per 1,000 by County, 2024

- Hancock, Hickman, Lewis, Macon and Giles counties had the largest decrease from 2023.
- Jackson, Loudon, Moore, Maury, and Henry counties had the largest increase from 2023.



Obesity Patients per 1000

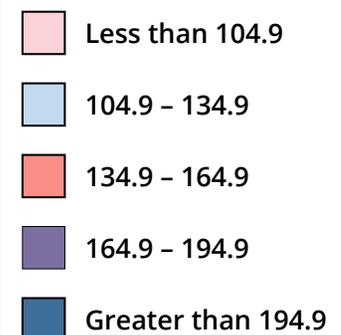


Diabetes Patients per 1,000 by County, 2024

- Trousdale, Hardin, Pickett, Clay and Fayette counties had the largest decrease from 2023.
- Moore, Meigs, Bledsoe, Jefferson and Haywood counties had the largest increase from 2023.

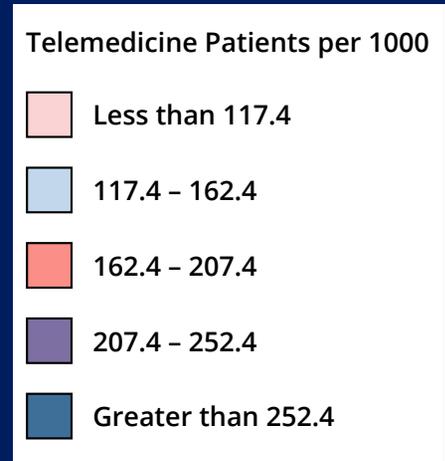


Diabetes Patients per 1000



Telemedicine per 1,000 by County, 2024

- Lake, Pickett, Benton, Washington and Carter counties had the largest decrease from 2023.
- Smith, Chester, Stewart, Lewis and Clay counties had the largest increase from 2023.





Telehealth

- In 2024, 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 had a contract with Teledoc and Cigna had a contract with MDLive.
- By the end of 2024, there were a total of **31,523** telehealth registrations.
- In 2024, there were a total of **15,291** encounters, a **4.6%** increase from 2023.
- Top diagnoses included acute sinusitis, upper respiratory infections, urinary tract infections and acute pharyngitis.

Flexible Spending Accounts

- Approximately **5,594** state employees contributed **\$6.5** million to flexible spending accounts.

Annual Election

Healthcare FSA - **\$5,212,246**

Dependent care FSA - **\$1,242,673**

Limited Purpose FSA - **\$116,717**

- This resulted in an estimated **\$502,000** of FICA savings for the state.



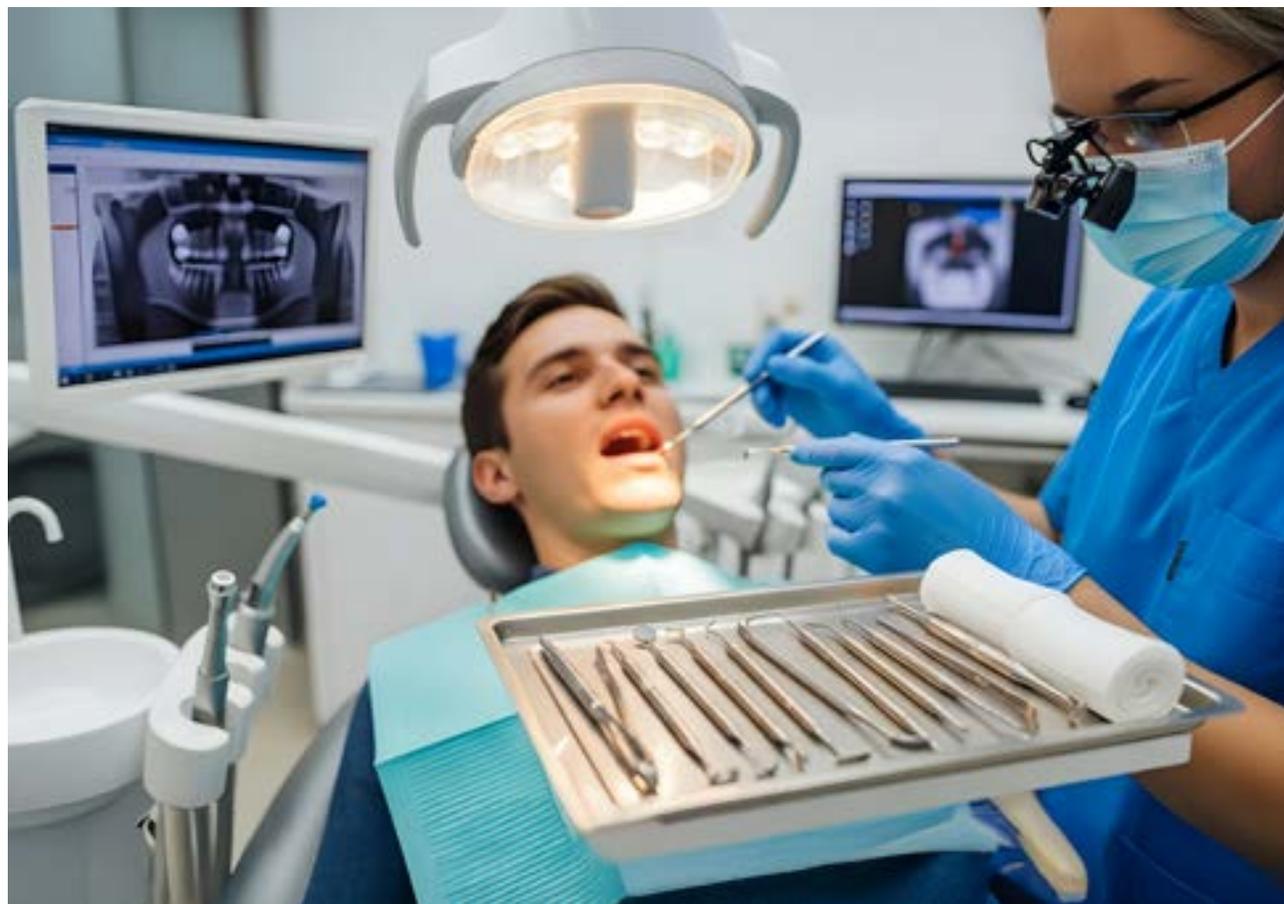


VOLUNTARY PRODUCTS



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 is administered by Delta Dental of Tennessee.
- As of Jan. 1, 2024, the state of Tennessee pays for 50% of monthly dental premiums for active central state government and state higher education employees.
- 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.



Dental Enrollment

	State	Local Education	Local Government	2024 Total
DHMO	26,636	5,298	1,950	33,884
DPPO	124,369	47,183	13,004	184,556
Total	151,005	52,481	14,954	218,440

Vision Insurance

- Vision coverage is available to all central state government and state higher education employees. The state provides no funding for this product; all employees pay the full cost of coverage.
- Employees of participating local education and local government agencies are eligible if their agency chooses to offer coverage.
- Retirees are eligible if enrolled in the medical plan.
- The coverage is administered by EyeMed. Members have two plan choices - a basic plan and an expanded plan.



Vision Enrollment

	State	Local Education	Local Government	2024 Total
Basic Plan	35,802	12,779	3,857	52,438
Expanded Plan	83,206	28,569	12,012	123,787
Total	119,008	41,348	15,869	176,225

Life Insurance

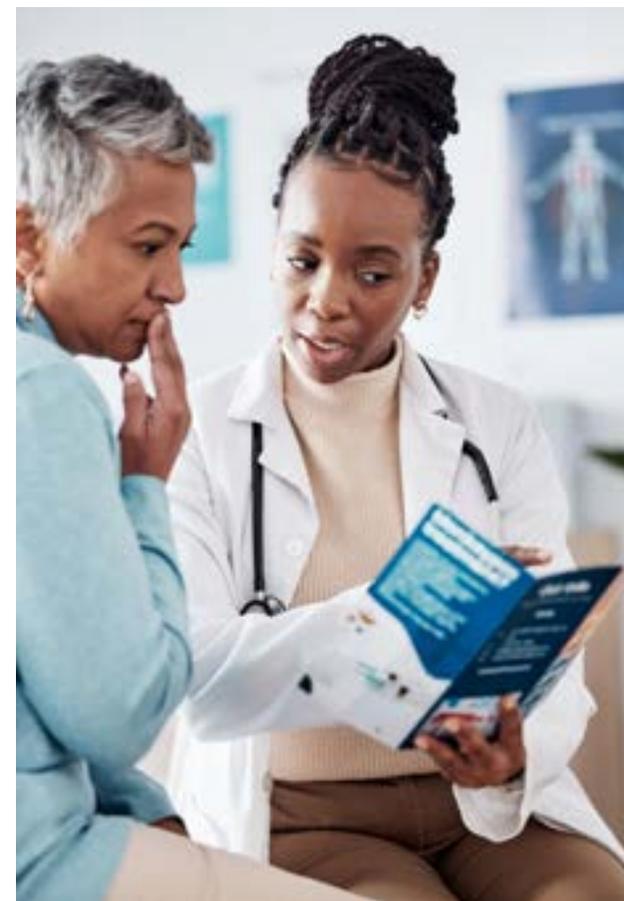
Central state government and state higher education employees are provided with basic term life and accidental death and dismemberment insurance coverage at no cost. Central state government and state higher education employees may also purchase voluntary term life and voluntary AD&D insurance. All of this coverage is underwritten by Minnesota Life Insurance Company, a Securian Financial company.

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

Notable Changes from 2023 to 2024:

- Dependent coverage in basic term life & basic AD&D ended on Dec. 31, 2023. There is no longer enrollment in that plan.
- Starting Jan. 1, 2024, Basic Term Life is equal to 1x an employee's base annual salary, up to **\$250K**. An employee can choose to opt down to **\$50,000** to avoid imputed income.
- Starting Jan. 1, 2024, Basic AD&D is equal to 1x the Basic Term Life amount.
- Claims, however, were still paid in 2024 from prior basic term life/basic AD&D enrollment, which included spouse and child coverage.

	Covered Volume
Basic Term Life	\$5.154 billion
Basic AD&D	\$5.154 billion



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

	Premiums	Paid Benefit Amount	# Enrollees Receiving Benefits	Administration Fees	IBNR Reserves	Conversion Charges
Basic Term Life	\$8,053,761	\$7,434,575	133	\$89,096	\$520,268	\$215,423
Basic AD&D	\$854,473	\$876,262	14			N/A

Voluntary AD&D (State Only)

Employee enrollment in voluntary AD&D increased **10.8%** from 2023 to 2024.

Coverage Type	State Enrollees	Coverage Volume	Paid Benefit Amount
Employee	34,177	\$5,058,710,000	\$370,489
Spouse & Child	8,355	\$582,616,000	\$0
Spouse	6,362	\$569,878,000	\$136,245
Child	12,886	\$410,782,000	\$6,010
Totals	61,780	\$6,621,986,000	\$512,745

Voluntary Universal Life (State Only)

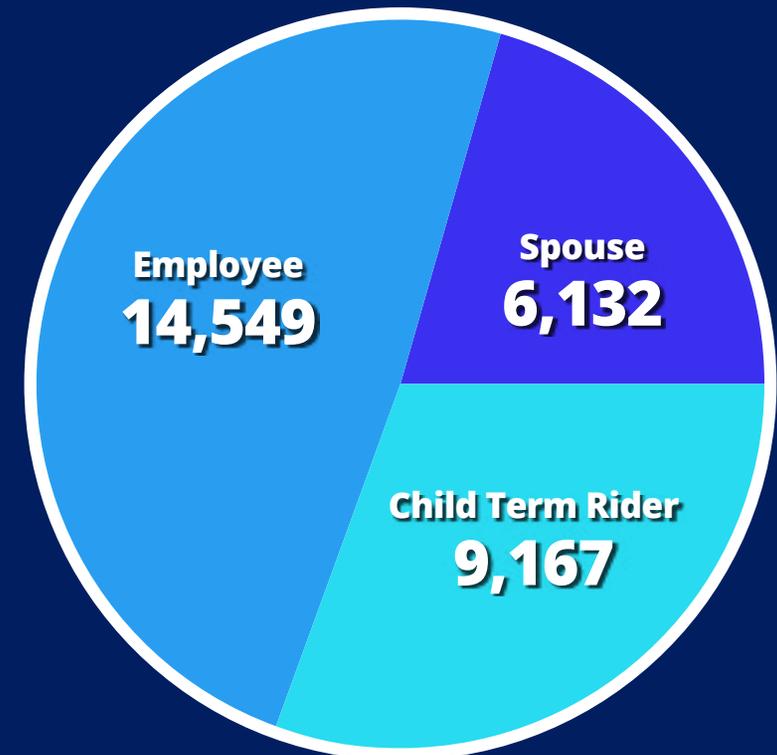
- The voluntary universal life covered **5,299** current and former state employees and **967** spouses.
- Enrollment closed to new members at the end of 2012.

Voluntary Universal Life Financials

Employee Coverage	\$251.769 million
Spouse Coverage	\$16.856 million
Total Coverage	\$268.63 million
Employee Cash Value	\$49.312 million
Spouse Cash Value	\$2.833 million
Total Cash Value	\$52.145 million
Gross Claims Payments	\$4.193 million
Net Claims Payments	\$2.131 million

Voluntary Term Life (State Only)

Coverage Level	Coverage Volume	Combined Paid Benefit Amount
Employee	\$2,198,913,750	\$4,909,008
Spouse	\$133,855,000	
Child Term Rider	\$82,024,200	



Disability Insurance

- The state of Tennessee disability programs are administered by Metropolitan Life Insurance Company.
- Starting Jan. 1, 2024, the state of Tennessee began covering **100%** of monthly premiums for one of the LTD plan options for state and higher education employees, which led to a significant increase in enrollment in the LTD program when compared to prior years.
- Benefits Paid, shown below, combines closed and open claims (as of Dec. 31, 2024).

2024	STD Enrollment	STD Benefits Paid
State Employees	7,383	\$521,371
Higher Education Employees	5,623	\$160,249
Total	13,006	\$681,620

2024	LTD Enrollment	LTD Benefits Paid
State Employees	41,614	\$1,937,087
Higher Education Employees	32,102	\$89,194
Total	73,716	\$2,026,281



The Tennessee Plan

- The state maintains a Supplemental Medical Insurance program for retirees with Medicare (The Tennessee Plan). It includes retired teachers, state and local government employees who are drawing a pension from the Tennessee Consolidated Retirement System or participate in 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 financial support for eligible retirees.
- The Tennessee Plan is similar to a National Association of Insurance Commissioners Model D Medigap Plan.
- The Tennessee Plan is self-insured. Claims are administered by UMR.
- The state’s financial support is based on a retiree’s length of service. Retired teachers and state employees received **\$50** per month for 30 or more years of service; **\$37.50** for 20 to 29 years of service and **\$25** per month for 15 to 19 years of service. This support is for retired state employees and retired teachers participating in The Tennessee Plan. Local education support staff retirees and local government retirees participating in The Tennessee Plan receive support if their employer passed a resolution authorizing such support.



Enrollment increased 3.1% between 2021 and 2024.

	Enrollment	Total Paid Claims	Total # of Claims
Totals	47,842	\$89,046,125	1,479,246

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, 2024 and 2023. 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 Annual Comprehensive Financial Report for the State of Tennessee. The ACFR 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.

Statement of Net Position

Rounded to nearest thousandth to match ACFR

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Assets		
Cash and cash equivalents	331,390	294,543
Accounts receivable, net	4,352	7,551
Total assets	335,742	302,094
Liabilities		
Accounts payable and accruals	85,768	74,514
Due to other funds	3	-
Due to component units	73	-
Unearned revenue	49,760	45,385
Total liabilities	135,604	119,899
Net Position		
Unrestricted	200,138	182,195
Total net position	200,138	182,195

Statement of Revenues, Expenses and Changes in Fund Net Position

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating Revenues		
Premiums	967,049	892,018
Other	1,000	1,000
Total operating revenues	968,049	893,018
Operating Expenses		
Medical, pharmacy, and mental health claims	917,307	848,654
Administrative services	6,313	5,853
Contractual services	41,736	39,693
Total operating expenses	965,356	894,200
Operating income (loss)	2,693	(1,182)
Non-operating Revenues		
Transfers in	2,125	284
Transfers out	-	-
Interest income	13,125	8,908
Total non-operating revenues	15,250	9,192
Change in Net Position	17,943	8,010
Net position - July 1	182,195	174,185
Net position - June 30	200,138	182,195

Rounded to nearest thousandth to match ACFR

Statement of Cash Flows

Rounded to nearest thousandth to match ACFR

	Year Ended June 30, 2024	Year Ended June 30, 2023
Cash flows from operating activities		
Receipts from interfund services provided	573,793	516,331
Receipts from customers and users	451,410	423,095
Payments to suppliers	(1,000,727)	(933,967)
Payments to employees	(1,654)	(2,051)
Payments for interfund services used	(1,225)	(1,404)
Net cash provided by (used for) operating activities	21,597	2,004
Cash flows from noncapital financing activities		
Transfers in	2,125	284
Transfers out	-	-
Net cash provided by noncapital financing activities	2,125	284
Cash flows from investing activities		
Interest received	13,125	8,908
Net cash from investing activities	13,125	8,908
Net increase (decrease) in cash	36,847	11,196
Cash - July 1	294,543	283,347
Cash - June 30	331,390	294,543

Reconciliation of operating income to net cash from operating activities

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating income (loss)	2,693	(1,182)
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	3,199	(2,151)
Increase (decrease) in accounts payable and accruals	11,403	2,003
Increase (decrease) in due to other funds	(3)	
Increase (decrease) in due to component units	(70)	
Increase (decrease) in unearned revenue	4,375	3,334
<u>Net cash provided by (used for) operating activities</u>	<u>21,597</u>	<u>2,004</u>

Rounded to nearest thousandth to match ACFR

Statement of Net Position

Rounded to nearest thousandth to match ACFR

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Assets		
Cash and cash equivalents	322,075	288,867
Accounts receivable, net	3,682	1,393
Total assets	325,757	290,260
Liabilities		
Accounts payable and accruals	68,295	56,474
Unearned revenue	113	106
Total liabilities	68,408	56,580
Net Position		
Unrestricted	257,349	233,680
Total net position	257,349	233,680

Statement of Revenues, Expenses and Changes in Fund Net Position

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating Revenues		
Premiums	740,115	659,417
Total operating revenues	740,115	659,417
Operating Expenses		
Medical, pharmacy and mental health claims	691,696	617,113
Administrative services	5,872	5,013
Contractual services	34,378	31,034
Total operating expenses	731,946	653,160
Operating income (loss)	8,169	6,257
Non-operating revenues		
Transfers in	2,287	90
Interest income	13,213	8,706
Total non-operating revenues	15,500	8,796
Change in Net Position	23,669	15,053
Net position - July 1	233,680	218,627
Net position - June 30	257,349	233,680

Rounded to nearest thousandth to match ACFR

Statement of Cash Flows

Rounded to nearest thousandth to match ACFR

	Year Ended June 30, 2024	Year Ended June 30, 2023
Cash flows from operating activities		
Receipts from customers and users	750,428	667,642
Payments to insurance companies and health care providers	(732,047)	(654,817)
Payments for state services	(674)	(575)
Net cash provided by (used for) operating activities	17,707	12,250
Cash flows from noncapital financing activities		
Transfers in	2,288	90
Transfers out	-	-
Net cash provided by noncapital financing activities	2,288	90
Cash flows from investing activities		
Interest received	13,213	8,706
Net cash from investing activities	13,213	8,706
Net increase (decrease) in cash	33,208	21,046
Cash - July 1	288,867	267,821
Cash - June 30	322,075	288,867

Reconciliation of operating income to net cash from operating activities

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating income (loss)	8,169	6,257
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,288)	2,803
Increase (decrease) in accounts payable	11,819	3,189
Increase (decrease) in unearned revenue	7	1
Net cash provided by (used for) operating activities	17,707	12,250



Statement of Net Position

Rounded to nearest thousandth to match ACFR

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Assets		
Cash and cash equivalents	89,280	73,167
Accounts receivable, net	833	386
Total assets	90,113	73,553
Liabilities		
Accounts payable and accruals	15,286	14,827
Unearned revenue	37	46
Total liabilities	15,323	14,873
Net Position		
Unrestricted	74,790	58,680
Total net position	74,790	58,680

Statement of Revenues, Expenses and Changes in Fund Net Position

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating Revenues		
Premiums	195,075	185,905
Total operating revenues	195,075	185,905
Operating Expenses		
Medical, pharmacy and mental health claims	170,970	169,700
Administrative services	1,772	1,627
Contractual services	9,779	9,394
Total operating expenses	182,521	180,721
Operating income (loss)	12,554	5,184
Non-operating revenues		
Grants	-	13,674
Interest income	3,556	1,730
Total non-operating revenues	3,556	15,404
Change in Net Position	16,110	20,588
Net position - July 1	58,680	38,092
Net position - June 30	74,790	58,680

Rounded to nearest thousandth to match ACFR

Statement of Cash Flows

Rounded to nearest thousandth to match ACFR

	Year Ended June 30, 2024	Year Ended June 30, 2023
Cash flows from operating activities		
Receipts from customers and users	199,085	189,547
Payments to insurance companies and health care providers	(186,380)	(185,677)
Payments for state services	(148)	(126)
Net cash provided by (used for) operating activities	12,557	3,744
Cash flows from noncapital financing activities		
Transfers in	-	13,674
Transfers out	-	-
Net cash provided by noncapital financing activities	-	13,674
Cash flows from investing activities		
Interest received	3,556	1,730
Net cash from investing activities	3,556	1,730
Net increase (decrease) in cash	16,113	19,148
Cash - July 1	73,167	54,019
Cash - June 30	89,280	73,167

Reconciliation of operating income to net cash from operating activities

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating income (loss)	12,554	5,184
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(447)	824
Increase (decrease) in accounts payable	459	(2,262)
Increase (decrease) in unearned revenue	(9)	(2)
Net cash provided by (used for) operating activities	12,557	3,744

Statement of Fiduciary Net Position

Rounded to nearest thousandth to match ACFR

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Assets		
Cash and cash equivalents	24,100	25,403
Receivables	649	573
Total assets	24,749	25,976
Liabilities		
Accounts payable and accruals	6,443	5,602
Total liabilities	6,443	5,602
Net Position		
Restricted for individuals, organizations, and other governments	18,306	20,374
Total net position	18,306	20,374

Statement of Changes in Fiduciary Net Position

Rounded to nearest thousandth to match ACFR

	Year Ended June 30, 2024	Year Ended June 30, 2023
ADDITIONS		
Contributions		
Members	103,702	97,040
Federal	-	197
Total contributions	103,702	97,237
Investment income		
Interest	2,490	1,864
Total investment income	2,490	1,864
Member resources	10,225	13,835
Total additions	116,417	112,936
DEDUCTIONS		
Medical payments	106,872	100,117
Member/claimant distributions	4,052	3,819
Administrative expenses	7,561	7,351
Total deductions	118,485	111,287
Change in Net Position	(2,068)	1,649
Net position - July 1	20,374	18,725
Net position - June 30	18,306	20,374



Dept. of Finance and Administration,
Authorization # N46GU9-1, electronic only,
December, 2025. This public document was
promulgated at a cost of \$0 per copy.