STATE GROUP INSURANCE PROGRAM

2015 ANNUAL REPORT

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
1900 William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue
Nashville, TN 37243

Larry B. Martin
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

December 15, 2016

Ladies and Gentlemen:

We are pleased to submit the 2015 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 more than 137,000 employees and 35,815 Medicare eligible retirees and their families from public sector organizations in Tennessee. At the end of 2015, the state-sponsored plans provided health insurance coverage to more than 308,000 individuals.

The data presented here demonstrate program, statistical and financial trends for the plans. The financial statements reflect the fiscal year ended June 30, 2015.

While the state group insurance program sponsors the coverages and programs reviewed in this report, we work in partnership with 14 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 Lee, Executive Director

Larry B. Martin, Commissioner

Tennessee Department of Finance and Administration.
Authorization Number 317238, 100 copies, June 2015. This
public document was promulgated at a cost of $1.88 per copy.

Overview

Benefits Administration operates within the State of Tennessee's Department of Finance and Administration. The division administers health, dental, vision, life and long-term care insurance coverages for more than 308,000 public sector employees, retirees and their eligible dependents.

In addition to insurance coverages, the division also administers an employee assistance program and integrated disease management and wellness programs. These related programs complement insurance programs by educating employees and their families about prevention and behaviors that can affect their mental and physical health.

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 and nonprofit agencies receiving state support may also elect to participate in the local government plan.

In 2015, the state offered all members two health insurance options — the Partnership PPO and Standard PPO. Both PPOs are available statewide and members have the choice of two medical insurance carriers — BlueCross BlueShield of Tennessee or Cigna.

Enrollment Highlights	
Total Group Health Lives	272,642
Employees:	
State Partnership PPO	49,096
State Standard PPO	19,897
Local Education Partnership PPO	32,304
Local Education Standard PPO	12,983
Local Education Limited PPO	10,060
Local Government Partnership PPO	4,882
Local Government Standard PPO	3,537
Local Government Limited PPO	4,439
Total Employee Group Health	137,198
Optional Dental Coverage	83,521
Optional Life Insurance Products	78,672
Optional Long-Term Care Coverage	2,938
Optional Vision Coverage	71,666
Retiree Medicare Supplement	35,815

Source: State of Tennessee and Partner Vendors

A third option is available to participants in the local education and local government plans. The Limited PPO is a high-deductible plan. It is also available statewide with claims and networks administered by either BlueCross BlueShield of Tennessee or Cigna.

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

The PPOs cover the same services, treatments and products with one important difference — members who choose the Partnership PPO must agree to a partnership promise. The promise requires members to take certain steps to maintain or improve their health. In return, these members pay lower premiums, copays, coinsurance, deductibles and have lower out-of pocket maximums than those choosing the Standard PPO.

In addition to health insurance, participants in all three plans may enroll in optional dental coverage choosing either the preferred dental plan administered by Delta Dental of Tennessee or the prepaid plan administered by Assurant Employee Benefits.

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 EyeMed.

Medicare supplement coverage is available to Medicare eligible retirees who participate in the TN Consolidated Retirement System and certain state and local education plan members who participate in an optional retirement plan. Coverage is administered by the POMCO Group.

State employees are provided with basic term life and accidental death and dismemberment coverage, in addition to optional term life and accidental death, underwritten by Minnesota Life.

Long-term care insurance is available to all state plan employees, retirees and eligible family members through MedAmerica Insurance Company. This coverage is also available to local education and local government plan members, if offered by the employing agency.

GOVERNANCE

The authorization for providing group insurance benefits for public officers, 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. 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.

Committee Members

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

Brenda Cowan — S
Employee Representative

Jeff Hughes — S
Employee Representative

April Preston — S
Higher Education Representative

Gayle Robb — S
Tennessee State Employee Association

Senator Randy McNally — 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

Rebecca Jackman — E
Middle Tennessee Teacher Representative

Janie Holland — E
East Tennessee Teacher Representative

Dane Weaver — E
West Tennessee Teacher Representative

Leigh Mills — E
Tennessee School Boards Association

Kevin Krushenski — G
Tennessee Municipal League

Shawn Francisco — 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:

BlueCross BlueShield of Tennessee
Providing administration of healthcare coverage for plan members in the Partnership, Standard and Limited Preferred Provider Organizations (PPOs).

Cigna
Providing administration of healthcare coverage for plan members in the Partnership, Standard and Limited Preferred Provider Organizations (PPOs).

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

Magellan Health
Providing employee assistance program (EAP) services and administration of behavioral health and substance abuse coverage for plan members.

Assurant Employee Benefits
Providing optional prepaid dental insurance to participating plan members statewide.

Delta Dental of Tennessee
Providing optional preferred dental organization insurance to participating plan members statewide.

POMCO Group
Providing administration of retiree Medicare supplement coverage.

Minnesota Life
Providing basic term, accidental death and dismemberment and optional term life insurance to state plan members who choose to enroll in this coverage.

MedAmerica Insurance Company
Providing long-term care coverage to plan members and their eligible family members who choose to enroll in this coverage.

EyeMed Vision Care
Providing vision insurance to plan members and their eligible family members who choose to enroll in this coverage.

Healthways
Providing disease management, lifestyle management and wellness program services for all plan members enrolled in health coverage.

Truven Health Analytics
Providing data warehousing and analytical services to assess healthcare utilization and claims-based costs for our population.

Aon Hewitt
Providing benefits and actuarial consultant services to the division.

Jellyvision Lab
Providing online benefits decision support for members.

Looking Back

MISSION AND VISION

Benefits Administration provides health insurance benefits to State of Tennessee employees, retirees and dependents as well as certain employees, retirees and dependents from local education agencies, local governments and grantees of the state.

Our Mission: Deliver comprehensive, affordable, dependable and sustainable benefits

Our Vision: Healthy members; peace of mind

OVERVIEW

Benefits Administration delivers value to members by implementing conservative and accountable plan design and fiscal policy to sustain a market competitive benefit. Specifically, the division has a consistent focus on four key levers to deliver value:

- Purchasing — Obtain best pricing through competitive procurements that leverage the state's purchasing power and vendor core competencies
- Plan design — Balance plan target actuarial value with incentives for management of chronic disease
- Population health — Build data-driven health management and wellness supports into the plan design to raise member accountability for health behaviors and improve health outcomes
- Pay for value — Increase the accountability of contractors and providers so that we pay for improved quality and competitive cost, not volume

For the period July 1, 2014, to June 2015, all four plans continued to perform better than projected and have an estimated total available solvency reserve above the target solvency reserve set for calendar year 2015. The year over year premium increases for the State, Local Education and Local Government Plans from 2011–2015 have averaged 2.5 percent, 2.4 percent and 3.8 percent, respectively, well below the industry average.

The plans reap the benefits of the integrated population health strategy introduced with the Partnership PPO through consolidated disease management, lifestyle management and wellness services. Evidence of improvements includes reduced inpatient, outpatient and emergency department utilization and increased preventive screening rates. We evaluate the impact of the Partnership PPO incentives and population health contract to determine the overall value of this investment to our plans and members.

KEY ACTIONS IN 2015

Purchasing — In 2015, the Insurance Committees approved the following contract awards and procurement activity. The Health Savings Account/Flexible Spending Account vendor and communications vendor are new services for Benefits Administration. All other procurements replaced current contracts that were at the completion of their five-year contract terms. With the exception of the member decision support tool, all were the result of competitive procurements.

- Health Savings Account (HSA)/Flexible Spending Account (FSA). With the approved addition for 2016 of a HSA-qualified consumer driven health plan (CDHP), the Division procured PayFlex to manage the HSA component. The Division will work closely with the Tennessee Department of Treasury for oversight of the HSA investment portfolio. The procurement also included services and rates for the FSA program, currently managed by Treasury, with the plan to move this function to Benefits Administration in the future.
- Preferred Dental. This procurement resulted in a contract with a new vendor, MetLife, for the dental preferred provider organization (DPPO) product. The DPPO provides services with group member coinsurance rates. Any dentist may be used to receive benefits, but member cost is less if an in-network provider is used.
- Prepaid Dental. This procurement resulted in a contract with a new vendor, Cigna, for the prepaid dental product. The Prepaid Plan provides services at predetermined copay amounts from a limited network of participating dentists and specialists.
- Regional Third Party Administrators. As a self-funded plan, the state group insurance program procures the services of third party administrators (TPAs) for network development, claims processing and the associated member and plan services. The procurement secured two providers for each of the state's three grand divisions. This approach recognizes the geographic price variation across the state and also promotes choice and competition. BlueCross BlueShield of Tennessee and Cigna prevailed in this procurement.
- Communications. In 2014 the Insurance Committees approved a 2015 procurement for a contractor to develop a comprehensive approach to inform and educate members and eligible employees about benefits choices, with a particular focus on the new CDHP and HSA. This would include the creation of decision tools to help members understand health plan options and make informed decisions. The Committee voted not to approve the result of the procurement due to cost concerns but approved a limited scope contract to assist members with understanding and selecting their benefits options. This resulted in a sole-source contract with Jellyvision Lab to license ALEX® software for purposes of providing an online benefits decision support tool for members.

Looking Back

PLAN DESIGN

Benefit Changes — The Insurance Committees approved minimal benefit changes for the Partnership, Standard and Limited Plans for 2015. The changes largely reflected requirements of the Patient Protection and Affordable Care Act (PPACA) for member cost sharing for in-network out-of-pocket maximum costs. The changes in the out-of-pocket maximum amounts were benefit neutral—that is, it neither increased nor decreased the value of the benefit.

Parnership Promise — The overall goal of the Partnership Promise is for healthy members to stay healthy and to slow or stop progression of chronic disease in our population. In 2015, members receiving the wellness incentive agreed to:

- Complete the Well-being Assessment (WBA)
- Complete physician screening form and participate in coaching, if identified for coaching
- Keep contract information updated
- Complete the WBA and biometric screening within 120 days of insurance coverage effective, if a new employee

The Partnership Promise is a work in progress, with promising results in many areas, as reported elsewhere in the report.

PLAN FUNDING

Each year staff recommends to the Insurance Committees what the division believes are appropriate insurance premiums to sufficiently fund the plans. Sufficient funding is required to pay claims expenses, pay administrative and program fees to various contractors and establish sufficient reserves to account for claims incurred but not yet reported and claims fluctuation. The premium rate increases implemented in 2015 were recommended by the consulting actuary, Aon Hewitt, and are based on historical costs per contract, assumptions about expected future cost increases, regulatory requirements and salary increases.

For 2015, the Insurance Committee approved no increase in premiums for all three plans. All plans performed better than the expected and forecasted trend in 2013 and for the first quarter 2014. The medical trend was forecast at 6.5% for the projections, reflecting the continued cost pressures for health plans. However, the plans' solvency reserves supported foregoing a premium increase for 2015, which will result in a spend-down of the plans' surplus reserves over the next three years.

Benefits Administration seeks benefit design options that improve value to members while offering affordable and sustainable benefits. In 2011 we introduced the concept of premium incentives to engage members in both personal health choices and health purchasing decisions. The surcharge for the Standard PPO incents selection of the Partnership PPO, which is designed to improve member health status. The network surcharges reflect the wide price variation among provider networks and encourage members to consider less costly providers. For 2015, there were no changes to the existing premium surcharges.

OPERATIONS

In 2015, our operations team worked closely with member agencies to ensure they had necessary information for the significant reporting requirements under the PPACA. We continue to identify and manage the PPACA-related changes to ensure compliance.

Our service center and communications team achieved high scores on our agency customer satisfaction survey. In 2015, we implemented "recalibration" training to ensure accurate and consistent service delivery, requiring 100% accuracy in our service center staff training results, resulting in fewer errors and faster problem resolution.

Our communications team created a new, extensive campaign to support the launch of our new CDHP product. This was a significant effort to help our members understand this new product and its potential fit with their health spending.

ONGOING CHALLENGES

A new challenge to the state group insurance program management emerged in 2015 through the offering of unauthorized, additional plans by many of our participating local education agencies and, to a lesser degree, some local government agencies. These unapproved plans were often sponsored and subsidized by the participating agency and paired with the state's low cost, Limited PPO. The provision and funding of these plans altered the local education plan's performance from the plan's underwriting assumptions and the premium rates adopted by the insurance committees. As a result, the local education plan performed significantly under its forecast for the last half of the year, which will affect the plan's financial outlook going forward.

General medical inflation, coupled with the costs associated with high rates of chronic disease in the public sector plans challenge our mission to provide comprehensive and affordable health coverage. This mission is advanced by our goal to keep all stakeholders accountable in this complex equation, which drives the strategies we are implementing. Specifically, the introduction of the CDHP, our participation in the Governor's payment reform initiative and the continued focus on population health address key cost and quality levers on which we continue to focus our efforts.

PARTNERSHIP PPO

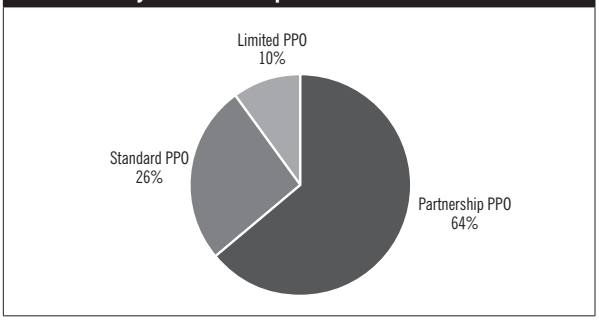
The state group insurance program has been facing unparalleled financial challenges, even as we worked to provide comprehensive, affordable, dependable and sustainable health benefits for all of our plan members. The three insurance plans paid out more than $1.42 billion in healthcare claims in 2015.

Excess disease burden is one of the principal drivers of the growth in costs in the public sector plans. Plan members' prevalence of chronic conditions such as coronary artery disease, congestive heart failure, chronic obstructive pulmonary disease, diabetes, hypertension, osteoarthritis and rheumatoid arthritis is higher than the national and state averages for individuals with insurance. Members also have a higher utilization than other comparable populations such as the insured residents of the nation's southeastern region as a whole.

To address this issue, we developed the Partnership PPO in 2011, which rewards members who agree to take responsibility to engage in maintaining or improving their health with lower costs.

During 2015, all Partnership PPO members were required to complete the Healthways Well-Being Assessment™ (online health questionnaire) and keep their contact information current with their employer. Tobacco users were asked to enroll in a tobacco cessation program and the plan required members to participate in coaching and/or case management, if an opportunity to improve their health was identified by the wellness vendor. Because health costs and premium increases are linked to overall plan member health, the Partnership PPO provides a financial incentive for members to exercise responsibility for their own health and well-being.

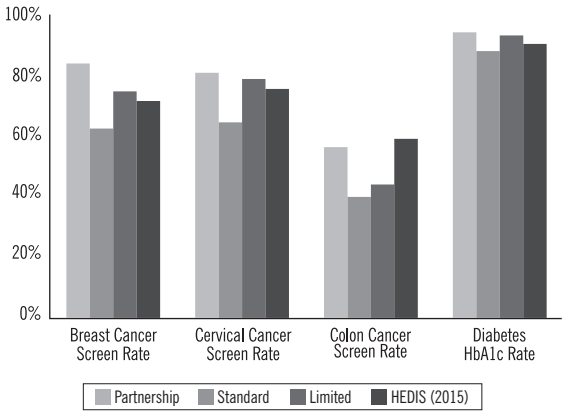
Enrollment by Healthcare Option



Source: Truven

A total of 179,922 or 64 percent of members enrolled in the Partnership PPO, 72,916 or 26 percent enrolled in the Standard PPO and 27,430 or 10 percent in the Limited PPO.

Preventive Screenings



Source: Truven

Partnership PPO members engaged in preventive health activities such as cancer screening more often than members in the Standard and Limited PPOs. Partnership PPO members have been proactive about receiving regular screenings to detect and prevent chronic disease. For plan year 2015, Partnership members' screening rates met or exceeded rates observed in the Healthcare Effectiveness Data and Information Set (HEDIS) for breast cancer, cervical cancer and diabetes HbA1c. The screening rate for colon cancer was slightly below the HEDIS rate but has improved since 2011. HEDIS results are gathered from health plans nationally and are widely accepted benchmarks.

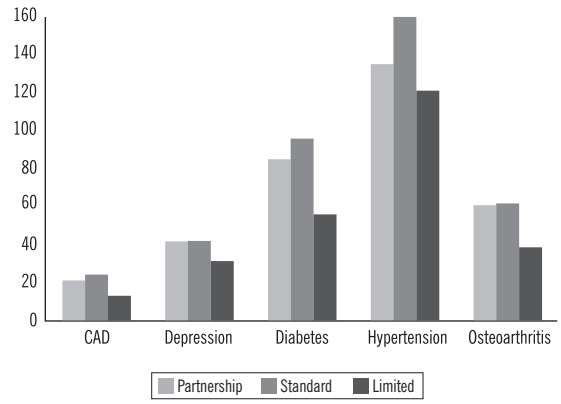
HEDIS Performance Measures

Time Period: Incurred Year	2011	2015	HEDIS (2015)
Breast Cancer Screen Rate {QM}	73%	82%	70%
Cervical Cancer Screen Rate {QM}	74%	79%	74%
Colon Cancer Screen Rate {QM}	48%	55%	64%
Diabetes HbA1c Test Rate {QM}	91%	92%	88%
MMR Vaccine Rate {QM}	88%	93%	89%
CAD Beta Blk 6 Mo Post MI {QM}	66%	73%	82%
Depression Continu Tx Rate {QM}	52%	40%	51%
URI Tx w/o Antibiotics Rate {QM}	65%	75%	85%
Acute Bronchitis Tx Rate {QM}	15%	21%	26%

Source: Truven. Measures are for Partnership PPO

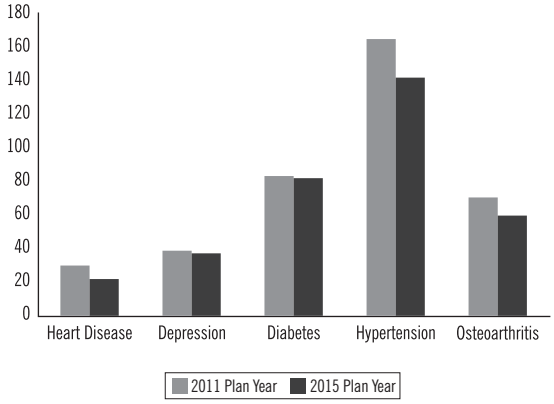
PARTNERSHIP PPO

Patients Per 1000 Select Chronic Disease Categories



Source: Truven

Decline in Rates Per 1000 Select Chronic Disease Categories



Source: Truven

In addition to the Partnership PPO's higher screening rates, there are fewer Partnership PPO patients per 1000 with diagnoses of coronary artery disease, depression, diabetes, hypertension or osteoarthritis than in the Standard PPO.

When combined, members in all healthcare options experienced a drop in the rates of chronic disease from 2011 to 2015. From 2011 to 2015, diagnosis rates of heart disease, hypertension and osteoarthritis declined across all three healthcare options.

Members in the Partnership PPO experienced healthcare utilization rates lower than those experienced by the public sector plans in 2015 across all indicators, with the exception of physician office visits and a negligible increase in pharmacy. The office visit increase, however, signals a more appropriate use of primary and preventive care, which helps with early disease detection.

As the Partnership PPO is in its fifth year, these early indicators are encouraging signs that the integrated wellness program is having a positive impact on healthcare utilization.

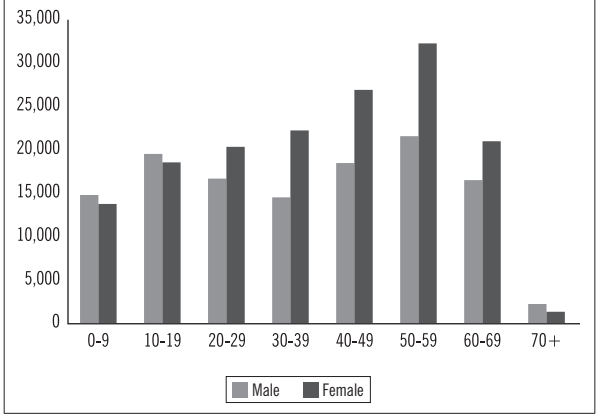
Utilization Trends

	All Options	Partnership		Standard		Limited	
Active and Retiree <65 including Dependents	2011	2015	% Chg	2015	% Chg	2015	% Chg
Admissions per 1000	70	59	-15.1%	67	-3.9%	48	-31.0%
Outpatient Facility Visits Per 1000	1,761	1,358	-22.9%	1,378	-21.7%	1,008	-43.0%
Office Visits per 1000	8,176	8,831	8.0%	6,956	-14.9%	6,156	-25.0%
Days Supply PMPY Rx	552	571	3.5%	552	0.0%	368	-33.0%
ER Visits per 1000	243	209	-13.9%	282	16.1%	205	-16.0%
Patients per 1000 Complications	13	14	7.6%	14	11.2%	10	-26.0%
Readmissions per 1000	5	3	-36.3%	3	-25.3%	2	-62.0%

Source: Truven

Combined Plans

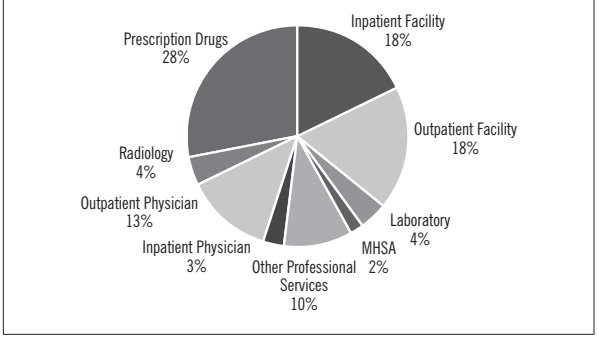
Enrollment Demographics



Source: Truven

The largest age group was persons between the ages of 50 and 59 — 53,782 persons or 19 percent. Females outnumbered males in all age categories between 20 and 69 with males having the larger populations in 0 through 19 and age 70 up.

Payments by Service Category

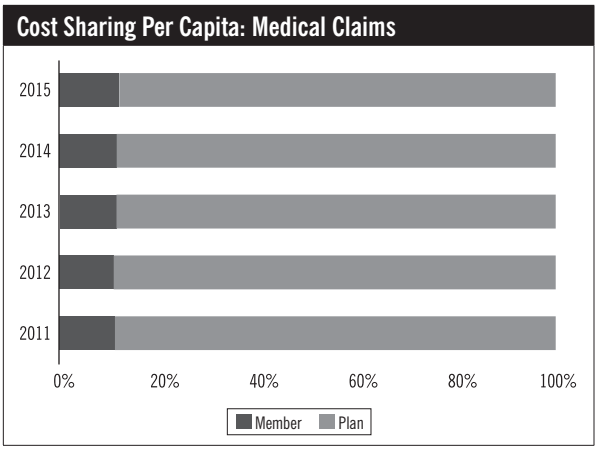


Source: Truven

Total payments were more than $1.42 billion. When broken into service category groups, prescription drugs accounted for the largest amount followed by outpatient facility, inpatient facility and outpatient physician. Prescription drugs' share of total payments has increased from 22 percent in 2011 to 28 percent in 2015.

Service category groups making up the remaining 23 percent of total payments included radiology, laboratory, inpatient physician, mental health services and other professional services.

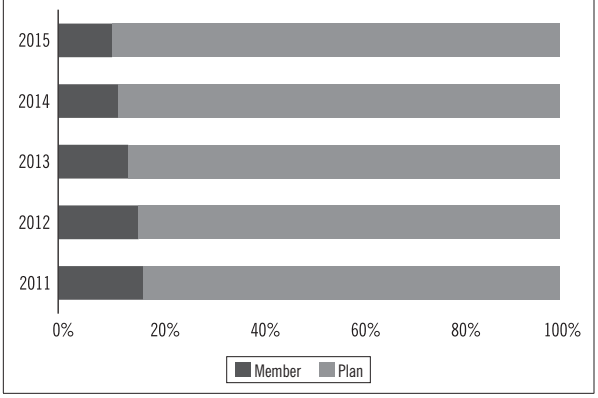
Cost Sharing Per Capita: Medical Claims



Source: Truven

Member out-of-pocket share for medical care shifted slightly to 12 percent, with the plan paying the remaining 88 percent.

Cost Sharing Per Capita: Drug Claims



Source: Truven

Member out-of-pocket costs for drugs decreased to 11 percent in 2015 compared to 17 percent in 2011. The plan paid the remaining 89 percent. Fewer drugs became available in generic form in 2015 as opposed to previous years, which increased plan spending.

State Plan

State employees, University of Tennessee and Board of Regents employees comprise the state plan. As measured by contracts, this plan provided coverage for 68,993 active employees, COBRA participants and qualified retirees — 50.2 percent of total plan membership.

Health Contracts

Partnership PPO — East Region		
BlueCross BlueShield	12,845	18.6%
Cigna	4,957	7.2%
Partnership PPO — Middle Region		
BlueCross BlueShield	14,198	20.6%
Cigna	6,846	9.9%
Partnership PPO — West Region		
BlueCross BlueShield	1,682	2.4%
Cigna	8,568	12.4%
Standard PPO — East Region		
BlueCross BlueShield	4,979	7.2%
Cigna	2,068	3.0%
Standard PPO — Middle Region		
BlueCross BlueShield	5,423	7.9%
Cigna	2,942	4.3%
Standard PPO — West Region		
BlueCross BlueShield	1,053	1.5%
Cigna	3,432	5.0%

Source: State of Tennessee

Members may choose to participate in optional dental insurance. One prepaid dental plan and one preferred dental plan are available. State employees electing dental coverage totaled 57,111 at year end, an increase of 1 percent over 2014.

Optional vision coverage is also available to all state plan members — one basic plan and one expanded plan. A total of 33,858 members enrolled in coverage.

During 2015, Minnesota Life received more than $7.2 million in premiums for the basic term life and the accidental death and dismemberment coverages. Expenses reported for 2015 included more than $7 million in basic term and accidental death and dismemberment claims. Administrative fees were $110,294, incurred but not reported reserve increases were $1 million, conversion expenses were $127,823 and premium taxes were $127,585.

Employee basic term life benefits exceeded $5.3 million and were paid on behalf of 144 employees who died during 2015. An additional $772,928 in employee accidental death and dismemberment benefits were provided by the plan.

At 2015 year end, 20,030 employees were covered under the optional term life insurance plan, in addition to 8,809 spouses. There were also 14,064 child term riders in effect. The coverage for employees exceeded $2.4 billion, spouse coverage was more than $211 million and the child term rider amount was $105 million. Premiums for 2015 were $9.3 million, while claims totaled $8.5 million.

The optional universal life covered 8,927 current and former employees and 1,713 spouses who maintained $448 million in coverage. Premiums were $3.3 million, gross claims payments were $4.3 million and net claims payments were $2.3 million. At the end of December, the employee cash value had grown to more than $76 million and spouse cash value to $3.4 million. Enrollment closed to new members at the end of 2012.

Optional long-term care insurance covered 2,311 individuals at year end. Total premium payments exceeded $2.7 million while claims payments totaled almost $1.1 million.

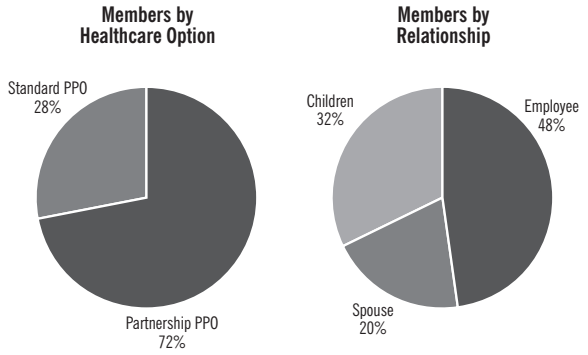
Optional Insurance Contracts

	DEC. 31, 2015	DEC. 31, 2014
Dental Insurance		
Prepaid Plan	19,081	18,867
Preferred Dental Plan	38,030	37,617
Total Dental	57,111	56,484
Vision Insurance		
Basic Plan	8,575	7,768
Expanded Plan	25,283	24,975
Total Vision	33,858	32,743
Life Insurance		
Term Life	42,903	45,521
Universal Life	10,640	11,225
Accidental Death	25,067	26,372
Perma Plan	62	76
Total Life	78,672	83,194
Long-Term Care		
Employees	1,726	1,704
Retirees	80	80
Eligible Family Members	505	493
Total Long-Term Care	2,311	2,277

Source: State of Tennessee and Partner Vendors

State Plan

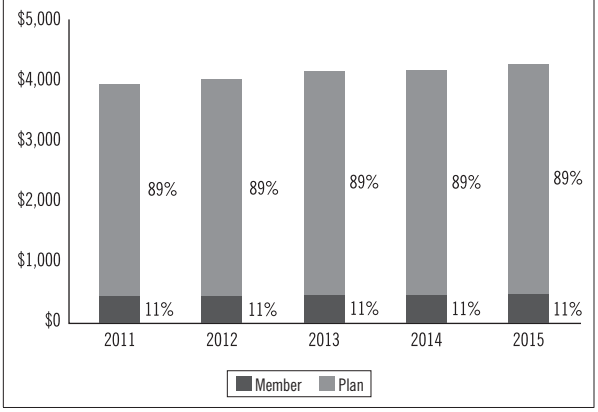
Enrollment Demographics



Source: Truven

The majority of state plan members enrolled in the Partnership PPO. To participate, members must agree to take responsibility to engage in maintaining or improving their health. In return, they pay lower premiums and enjoy lower deductibles, copays and coinsurance.

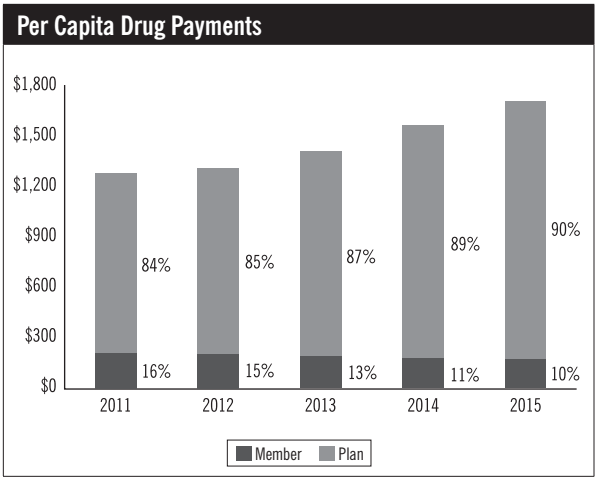
Per Capita Medical Payments



Source: Truven

Total per capita payments for medical claims were $4,284 per member — an increase of 2.2 percent from 2014 and an increase of 8.4 percent from 2011. The plan has been able to keep the annual medical cost increase low due to aggressive purchasing and care management strategies. During the last five years, the plan paid 89 percent of eligible expenses and the member paid 11 percent.

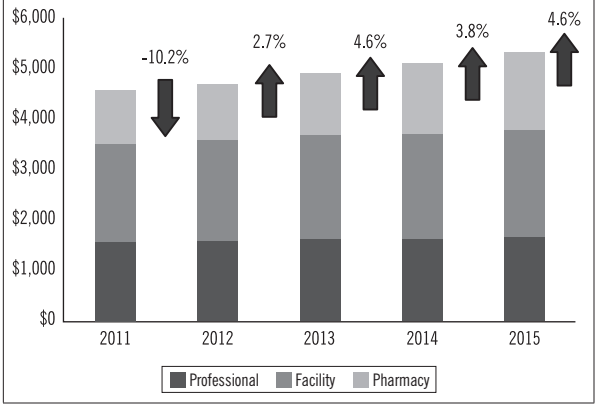
Per Capita Drug Payments



Source: Truven

Per capita payments for drug claims were $1,716 per member — an increase of 9.4 percent from 2014 and an increase of 34 percent from 2011. The plan paid 90 percent of eligible expenses with the remaining 10 percent paid by the member. This is a decrease from the percentage that members paid in 2011 (16 percent paid by the member).

Total Plan Payments Per Capita by Service Type



Source: Truven

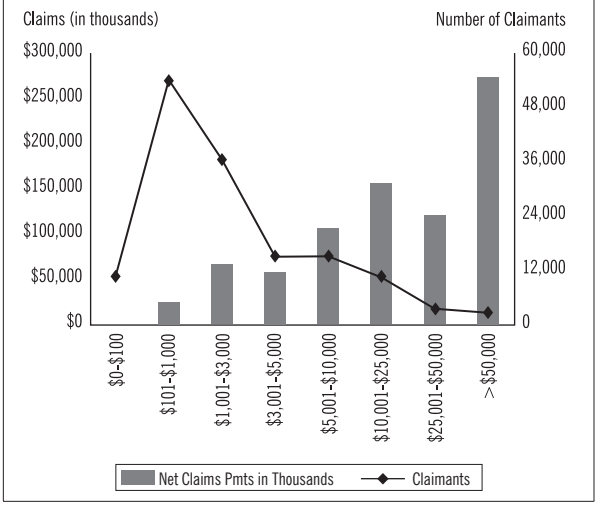
Plan payments for facility services represented 39.8 percent of total claims while payments for professional services made up 31.4 percent. Pharmacy payments accounted for the remaining 28.9 percent.

There was an increase of 4.6 percent in total benefit payments — from $5,118 in 2014 to $5,351 in 2015. Plan payments for facility services increased by 1.2 percent and payments for professional services and pharmacy increased by 3.2 percent and 11.2 percent, respectively.

STATE PLAN

The five year change in plan payments between 2011 and 2015 showed significant change (16.6 percent), with payments for facility services increasing by 9 percent, pharmacy increasing by 44.2 percent and professional services increasing by 7 percent.

Paid Claims Distribution by Individual



Source: Truven

In 2015, 16,382 or 11 percent of plan members had claims exceeding $10,000. The average net payment for this group was $33,611.

There were 2,561 members or 1.7 percent with claims exceeding $50,000. These members used 35.5 percent of plan benefits at an average net payment of $106,929 with the other 145,792 members using the remaining 64.5 percent of plan benefits with an average net payment of $3,669.

Most Frequently Occurring Diagnoses

	TOTAL PATIENTS	TOTAL COSTS
Routine General Medical Exam	45,156	$ 8,402,474
Well-Woman Exam	19,498	$ 3,075,047
Mammogram	15,460	$ 3,395,038
Well-Child Exam	15,231	$ 5,111,477
Encounter for Immunization	12,135	$ 870,447
Acute Sinusitis	11,044	$ 1,079,684
Benign Essential Hypertension	10,898	$ 1,488,936
Essential Hypertension	10,677	$ 2,102,613
Acute Upper Respiratory Infection	9,827	$ 1,078,091
Acute Pharyngitis	8,899	$ 947,621

Source: Truven

The most frequently occurring diagnosis was for a routine medical exam, accounting for more than 45,000 patients. Approximately 35,000 patients had either well-woman or pediatric exams. More than 27,000 patients had other preventative care, such as mammograms and flu vaccines.

Highest Claims Cost by Condition

	TOTAL PATIENTS	TOTAL COSTS
Osteoarthritis	10,649	$ 25,216,795
Coronary Artery Disease	3,915	$ 19,323,749
Gastrointestinal Disorder	19,150	$ 17,307,878
Respiratory Disorders	15,272	$ 17,026,206
Joint Disorders	29,232	$ 15,443,223

Source: Truven

In 2015 osteoarthritis was the condition that consumed the most plan resources, followed by coronary artery disease.

Local Education Plan

In 1985, the Tennessee General Assembly authorized creation of an insurance plan for local education employees. Funds were appropriated to pay part of the premiums for participating employees beginning January 1, 1986. School systems within the state may join the local education plan or must provide alternative coverage that is equal or superior to the state-sponsored program. At 2015 year end, 132 school systems and educational co-ops were participating in the local education plan. Plan enrollment was 55,347 — a slight decrease from 55,398 in 2014.

Health Contracts

Partnership PPO — East Region		
BlueCross BlueShield	9,015	16.3%
Cigna	9,153	16.5%
Partnership PPO — Middle Region		
BlueCross BlueShield	6,080	11.0%
Cigna	3,565	6.4%
Partnership PPO — West Region		
BlueCross BlueShield	1,259	2.3%
Cigna	3,232	5.8%
Standard PPO — East Region		
BlueCross BlueShield	2,809	5.1%
Cigna	3,001	5.4%
Standard PPO — Middle Region		
BlueCross BlueShield	2,929	5.3%
Cigna	1,812	3.3%
Standard PPO — West Region		
BlueCross BlueShield	750	1.4%
Cigna	1,682	3.0%
Limited PPO — East Region		
BlueCross BlueShield	2,489	4.5%
Cigna	538	1.0%
Limited PPO — Middle Region		
BlueCross BlueShield	3,082	5.6%
Cigna	999	1.8%
Limited PPO — West Region		
BlueCross BlueShield	534	1.0%
Cigna	2,418	4.4%

Source: State of Tennessee

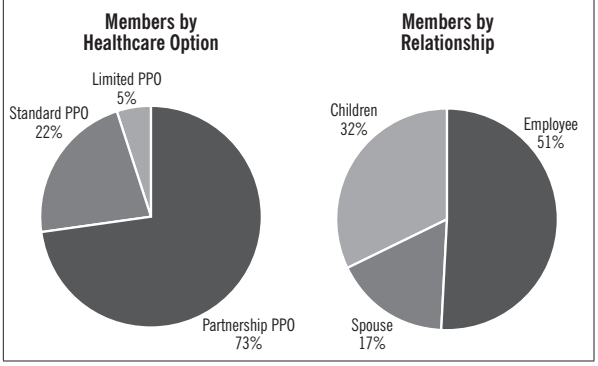
Dental insurance is available as an option to participants in the local education plan, if offered by their agency. Participation in dental coverage increased by almost 1.3 percent. Vision insurance is also available to local education plan members, if their agency chose to participate. A total of 10,166 individuals enrolled in coverage. There were 540 individuals enrolled in optional long-term care coverage. Total premium payments were $683,516 and paid claims were $58,412. Life insurance through the state is not an available option to members in the local education plan.

Optional Insurance Contracts

	DEC. 31, 2015	DEC. 31, 2014
Dental Insurance		
Prepaid Plan	3,220	3,161
Preferred Dental Plan	17,490	17,285
Total Dental	20,710	20,446
Vision Insurance		
Basic Plan	2,383	2,096
Expanded Plan	7,783	7,458
Total Vision	10,166	9,554
Long-Term Care		
Employees	452	298
Retirees	26	23
Eligible Family Members	62	48
Total Long-Term Care	540	369

Source: State of Tennessee and Partner Vendors

Enrollment Demographics

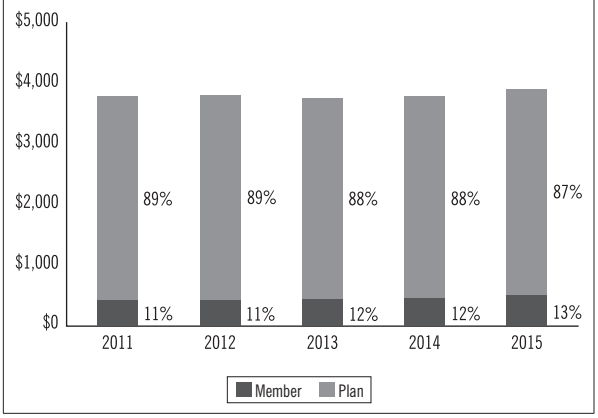


Source: Truven

The majority of members enrolled in the Partnership PPO. To participate, members must agree to take responsibility to engage in maintaining or improving their health. In return, they pay lower premiums and enjoy lower deductibles, copays and coinsurance.

Local Education Plan

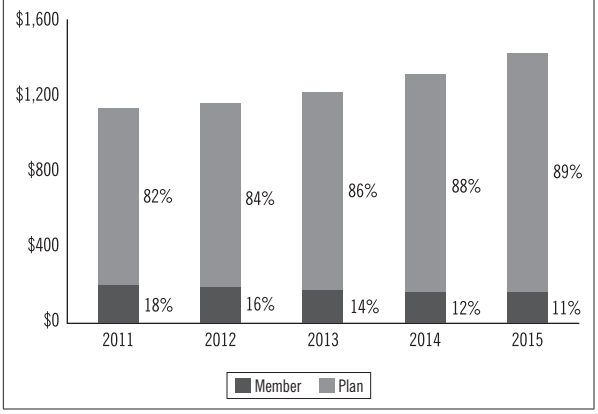
Per Capita Medical Payments



Source: Truven

Total per capita payments for medical claims were $3,887 per member — an increase of 2.9 percent from 2014 and an increase of 2.6 percent from 2011. During this period, the members' share of eligible expenses increased from 12 percent to 13 percent.

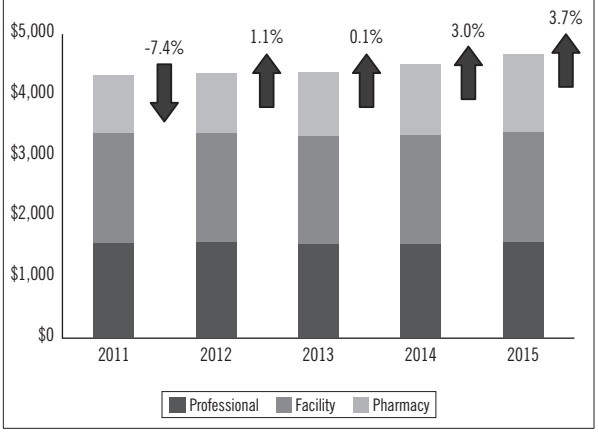
Per Capita Drug Payments



Source: Truven

Total per capita payments for drug claims were $1,431 per member — an increase of 8.4 percent from 2014, and an increase of 25.4 percent from 2011. The plan paid 89 percent of eligible expenses with the remaining 11 percent paid by the member. This compares with 12 percent paid by the member in 2014 and 18 percent paid by the member in 2011.

Total Plan Payments Per Capita by Service Type



Source: Truven

Plan payments for facility services represented 39.1 percent of total claims while payments for professional services made up 33.7 percent. Pharmacy payments accounted for the remaining 27.2 percent.

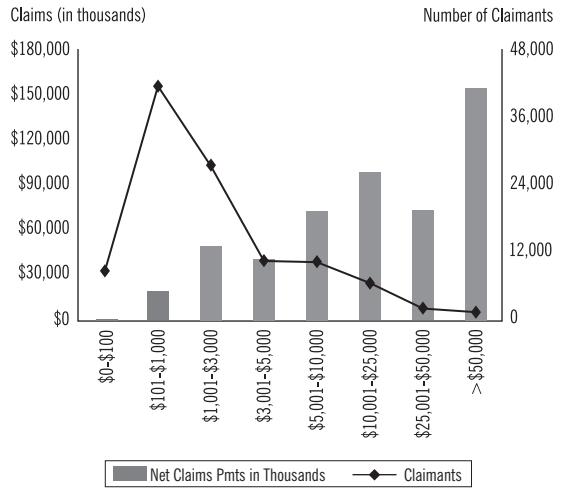
There was an increase of 3.7 percent, from $4,470 to $4,636, in total benefit payments between 2014 and 2015. Plan payments for facility services increased 18 percent and payments for professional services did not change significantly (1.6 percent). Payments for pharmacy increased by 9.6 percent.

The five year change in plan payments between 2011 and 2015 showed a total increase of 8.1 percent, with payments for facility services increasing by 1 percent, professional services increasing by 0.5 percent and pharmacy services increasing by 34.7 percent.

The plan has been able to keep the annual medical cost increase low due to aggressive purchasing and care management strategies.

Local Education Plan

Paid Claims Distribution by Individual



Source: Truven

In 2015, 10,207 or 9.3 percent of plan members had claims exceeding $10,000. The average net payment for this group was $32,212.

There were 1,451 or 1.3 percent of total plan members with claims exceeding $50,000. These members used 30.4 percent of plan benefits at an average net payment of $107,435 with the other 108,119 members using the remaining 69.6 percent of plan benefits at an average net payment of $3,302.

Most Frequently Occurring Diagnoses

	TOTAL PATIENTS	TOTAL COSTS
Routine General Medical Exam	27,587	$ 4,747,157
Well-Woman Exam	18,092	$ 2,850,906
Mammogram	13,322	$ 3,151,178
Encounter for Immunization	12,518	$ 676,757
Well-Child Exam	11,751	$ 4,174,335
Acute Sinusitis	11,345	$ 1,084,933
Acute Pharyngitis	9,050	$ 852,508
Acute Upper Respiratory Infection	8,671	$ 881,802
Cervix Neoplasm Screening	8,070	$ 542,496
Essential Hypertension	7,118	$ 1,199,684

Source: Truven

The most frequently occurring diagnosis was for a routine general medical exam, accounting for more than 27,000 patients. Approximately 30,000 patients had well-woman or pediatric medical exams and nearly 26,000 patients had other preventative care such as mammograms and flu vaccines.

Highest Claims Cost by Condition

	TOTAL PATIENTS	TOTAL COSTS
Osteoarthritis	6,575	$ 15,962,361
Gastrointestinal Disorders	13,657	$ 12,105,844
Joint Disorders	20,328	$ 10,337,280
Coronary Artery Disease	2,040	$ 9,901,296
Respiratory Disorders	9,962	$ 9,423,926

Source: Truven

In 2015, osteoarthritis was the condition that consumed the most plan resources, followed by gastrointestinal disorders.

Local Education Plan

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
Chester County Schools
Clay County Schools
Cleveland City Schools
Clinton City Schools
Cocke County Schools
Coffee County Schools
Crockett County Schools
Cumberland County Schools
Dayton City Schools
Decatur County Schools
Dekalb County Schools
Dickson County Board of Education
Dyer County Schools
Dyersburg City 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
Freedom Preparatory Academy
Gestalt Community School
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 – Bruceton 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
KIPP Memphis Collegiate Schools
Knox County Schools
Lake County Schools
Lauderdale County Schools
Lawrence County Schools
LEAD Public Schools
Lebanon – Special School District
Lenoir City Schools
Lewis County Schools
Lexington City Schools
Libertas School of Memphis
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
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
Promise Academy Spring Hill
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 County Special District
Stewart County Schools
Sullivan County Board of Education
Sweetwater City Schools
Tipton County Schools
Trenton Special School District
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

Local Government Plan

In 1989, the Tennessee General Assembly authorized creation of an insurance plan for local government agency and quasi-governmental agency employees. At 2015 year end, 350 counties, cities and quasi-governmental agencies were participating in the local government plan. Plan enrollment as measured by contracts was 12,858 at year end — an increase from 12,455 in 2014.

Health Contracts

Partnership PPO — East Region		
BlueCross BlueShield	661	5.1%
Cigna	788	6.1%
Partnership PPO — Middle Region		
BlueCross BlueShield	1,315	10.2%
Cigna	918	7.1%
Partnership PPO — West Region		
BlueCross BlueShield	277	2.2%
Cigna	923	7.2%
Standard PPO — East Region		
BlueCross BlueShield	530	4.1%
Cigna	627	4.9%
Standard PPO — Middle Region		
BlueCross BlueShield	930	7.2%
Cigna	483	3.8%
Standard PPO — West Region		
BlueCross BlueShield	325	2.5%
Cigna	642	5.0%
Limited PPO — East Region		
BlueCross BlueShield	1,182	9.2%
Cigna	397	3.1%
Limited PPO — Middle Region		
BlueCross BlueShield	1,398	10.9%
Cigna	277	2.2%
Limited PPO — West Region		
BlueCross BlueShield	459	3.6%
Cigna	726	5.6%

Source: State of Tennessee

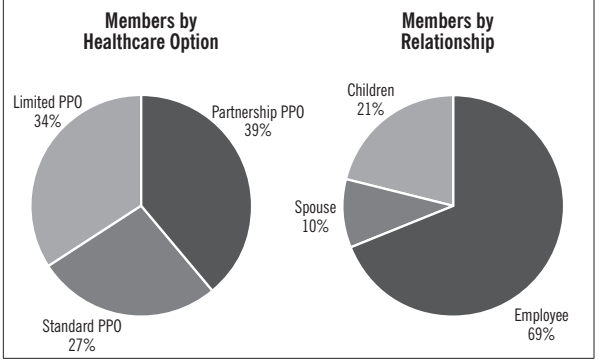
Dental insurance is available as an option to participants in the local government plan, if offered by their agency. Participation in dental coverage decreased 0.2 percent. Vision insurance is also available to local government plan members, if their agency chose to participate. A total of 4,389 individuals enrolled in coverage. There were 87 individuals enrolled in optional long-term care coverage. Total premium payments were $110,553 and paid claims were $54,750. Life insurance is not an available option through the state to members in the local government plan.

Optional Insurance Contracts

	DEC. 31, 2015	DEC. 31, 2014
Dental Insurance		
Prepaid Plan	1,226	1,276
Preferred Dental Plan	4,474	4,436
Total Dental	5,700	5,712
Vision Insurance		
Basic Plan	852	746
Expanded Plan	3,537	3,392
Total Vision	4,389	4,138
Long-Term Care		
Employees	75	86
Retirees	0	0
Eligible Family Members	12	14
Total Long-Term Care	87	100

Source: State of Tennessee and Partner Vendors

Enrollment Demographics

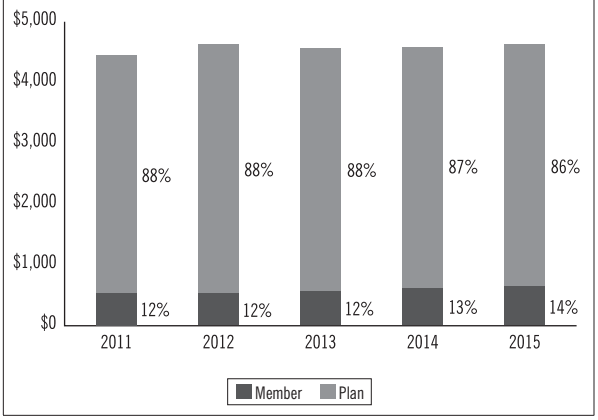


Source: Truven

The majority of members enrolled in the Partnership PPO. To participate, members must agree to engage in maintaining or improving their health. In return, they pay lower premiums and enjoy lower deductibles, copays and coinsurance. The percent of members enrolled in the Limited PPO increased from 28 percent in 2014 to 34 percent in 2015.

Local Government Plan

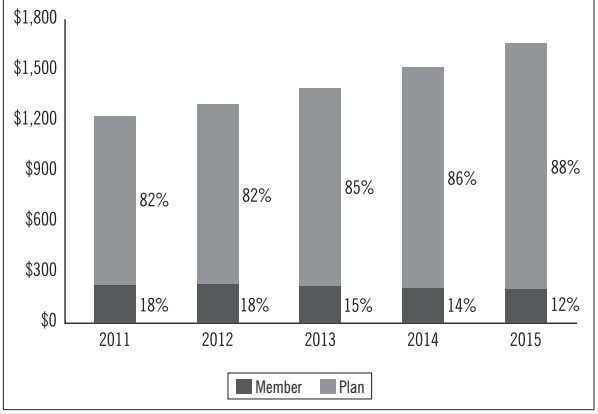
Per Capita Medical Payments



Source: Truven

Total per capita payments for medical claims were $4,613 per member — an increase of 1 percent from 2014 and an increase of 4 percent from 2011. During this period, the plan paid 86 percent of eligible expenses and the member paid 14 percent.

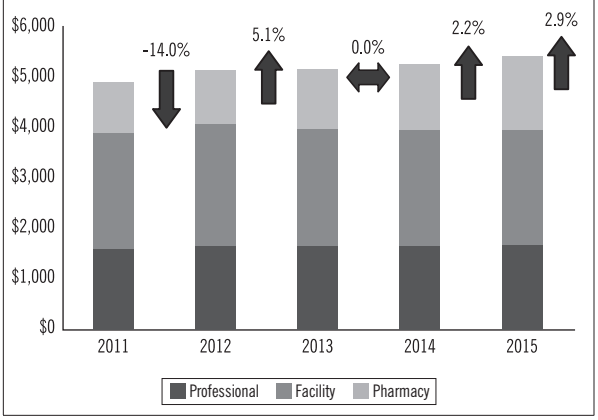
Per Capita Drug Payments



Source: Truven

Per capita payments for drug claims were $1,661 per member — an increase of 9.7 percent from 2014 and an increase of 35.3 percent from 2011. The plan paid 88 percent of eligible expenses with the remaining 12 percent paid by the member as compared with 82 percent paid by the plan and 18 percent paid by the member in 2011.

Total Plan Payments Per Capita by Service Type



Source: Truven

Plan payments for facility services represented 42.1 percent of total claims while payments for professional services made up 31 percent. Pharmacy payments accounted for the remaining 26.9 percent.

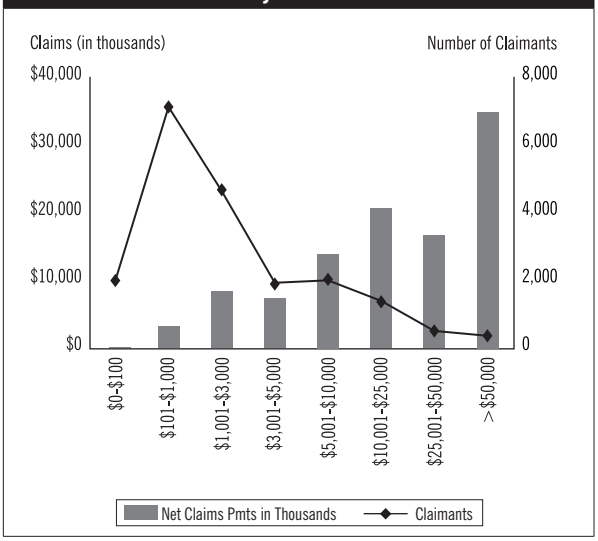
There was an increase of 2.9 percent in total benefit payments — from $5,274 in 2014 to $5,429 in 2015. Plan payments for facility services decreased by 0.9 percent and payments for professional services increased by 1.4 percent. Payments for pharmacy increased by 11.8 percent.

The five year change in plan payments between 2011 and 2015 showed a total increase of 10.5 percent, with payments for facility services decreasing by 0.9 percent, professional services increasing by 5 percent and pharmacy increasing by 45.3 percent.

The plan has been able to keep the annual medical cost increase low due to aggressive purchasing and care management strategies.

Local Government Plan

Paid Claims Distribution by Individual



Source: Truven

In 2015, 2,180 or 11 percent of total plan members had claims exceeding $10,000. The average net payment for this group was $33,100.

There were 335 members or 1.7 percent with claims exceeding $50,000. These members used 33.2 percent of plan benefits at an average net payment of $104,164, with 19,406 members using the remaining 66.8 percent of plan benefits at an average net payment of $3,617.

Most Frequently Occurring Diagnoses

	TOTAL PATIENTS	TOTAL COSTS
Routine General Medical Exam	4,283	$ 726,213
Routine Well-Woman Exam	2,435	$ 383,007
Essential Hypertension	1,955	$ 397,166
Mammogram	1,917	$ 431,088
Acute Sinusitis	1,880	$ 193,791
Benign Essential Hypertension	1,783	$ 246,830
Encounter for Immunization	1,419	$ 88,296
Acute Upper Respiratory Infection	1,415	$ 164,947
Diabetes	1,374	$ 280,304
Essential (Primary) Hypertension	1,268	$ 164,887

Source: Truven

The most frequently occurring diagnosis was for a routine medical exam, accounting for nearly 4,283 patients. Another 2,435 patients underwent a well-woman exam while 3,336 patients had preventative services such as mammograms and flu vaccines.

Highest Claims Cost by Condition

	TOTAL PATIENTS	TOTAL COSTS
Coronary Artery Disease	673	$ 4,153,835
Osteoarthritis	1,492	$ 3,359,809
Gastrointestinal Disorders	2,894	$ 2,607,145
Respiratory Disorder	2,314	$ 2,492,965
Spinal/Back Disorder	2,370	$ 2,070,005

Source: Truven

In 2015, coronary artery disease was the condition that consumed the most plan resources, followed by osteoarthritis.

Local Government Plan

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 Washington County
ARC of Williamson County
Atoka, Town of
Atwood, Town of
Avalon Center
Bangham Utility District of Putnam and Jackson Counties
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 Partnership
Blountville Utility District
Bondecroft Utility
Bountiful Basket Nutrition Program
Bradley/Cleveland Services
Bridges of Williamson County
Bruceton, Town of
Burns, City of
Cagle-Fredonia Utility District
Camden, City of
Campbell County 911
Care of Savannah, Inc.
Carey Counseling Center
Carroll County
Carroll County Highway
Carthage, Town of
Caryville – Jacksboro Utility
Caryville, Town of
CASA, Inc.
Castalian Springs – Bethpage Utility District
CEASE, Inc.
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
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
Eagleville, City of
East TN Development District
Easter Seals of TN
Eastside Utility District
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 Housing Authority
Fentress County
Fentress County Emergency Communications District
Fifty Forward
First Utility District of Hardin County
First Utility District of Hawkins 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
Friendship, City of
Gainesboro, Town of
Gibson County Municipal Water District
Giles County
Giles County 911
Gladeville Utility District
Gleason, City of
Good Neighbor Mission and Crisis Center
Goodwill Industries Knoxville, Inc.
Gordonsville, Town of
Gorham MacBane Library
Grundy County
Grundy County Highway
Grundy Housing Authority
Habilitation and Training Services
Hancock County
Hardeman – Fayette Utility District
Hardin County
Hardin County 911
Hardin County Skills, Inc.
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
Impact Center, Inc.
Jacksboro, Town of
Jackson Area Council on Alcohol and Drug Dependence
Jackson Center for Independent Living
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-Knox County CAC
Lafayette, City of
Lakesite, City of
Launch Tennessee
Lawrence County
Lawrence County 911
Lawrenceburg Housing Authority
Lewis County Highway
Lewisburg Housing Authority
Lexington Electric System

Local Government Plan

Lincoln County
Loretto, City of
Loudon County Economic Development Agency
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
Monteagle, 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 Association of Social Workers
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
Oak Hill, City of
Oak Ridge, City of
Oak Ridge Housing Authority
Obion County
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
Rhea Medical Center
Riceville Utility District
Roane County
Roane County 911
Rochelle Center
Samaritan Recovery Community, Inc.
Savannah, City of
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.
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
Southwest TN Development District
St. Joseph, City of
Statewide Independent Living Council of TN
Stewart County
Stewart County Highway
Sullivan County 911
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 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 Municipal League Risk Management Pool
TN Organization of School Superintendents
TN Primary Care 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
Tuckaleechee Utility District
Tullahoma Housing Authority
Tullahoma Utilities Board
Unicoi, Town of
United Neighborhood Health Services
Upper Cumberland CSA
Upper Cumberland Development District
Upper East TN Human Development Agency
Urban Housing Solutions
Vision Coordination
Walden, Town of
Warren County
Wartburg, City of
Wartrace, Town 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 Warren-Viola Utility
Westmoreland, Town of
White Bluff, City of
Whitwell, City of
Williamson County Child Advocacy Center
Woodbury Housing Authority
Workforce Solutions

EAP, Behavioral Health and Substance Abuse

The Employee Assistance Program (EAP) provides counseling and referral services for personal and workplace situations, as well as legal and financial counseling. Eligible employees and their dependents may receive up to five counseling sessions per problem episode at no cost to them. The program is available to all state and higher education employees and dependents who are eligible to participate in the state group insurance program. Local education and local government employees and their dependents who participate in a state-sponsored health plan are also eligible. If more intensive treatment is needed, individuals may receive care through their insurance plan's behavioral health or substance abuse coverage.

Overall utilization of both EAP and behavioral health services remained below other peer plans. Magellan Health reported a decrease in the EAP utilization for 2015. There was a slight increase in users contacting the EAP to seek services — 8,052 compared to 7,949 in 2014 — yet fewer of those callers followed through to receive services. Member satisfaction scores remained consistent with previous years as users reported an 85 percent improvement at home, 79 percent improvement at work and a 98 percent satisfaction rate for EAP.

The website recorded a total of 13,791 user sessions in 2015. Online self-referrals decreased to 1,088 compared to 1,153 in 2014. The website recorded 48 legal and financial referrals and an overall increase to 133.40 annualized utilization rate per 1,000 employees, compared to 21.81 per 1,000 employees in 2014. There were 1,921 uses of online tools and 530 e-chat sessions, which were introduced in January 2015. Management EAP consultations and referrals totaled 57.

There were 9,397 counseling and consultation cases — a decrease from 10,090 in 2014. As a percent of total, utilization by plan was 69 percent state, 22 percent local education and 5 percent local government. Four percent of employees had accessed the EAP but were not enrolled in the health plan.

The overall utilization rate for all EAP services was 177.3 per 1,000 members compared to 194.9 per 1,000 members in 2014. There were 6,357 unique counseling and consultation users compared to 7,515 unique users in 2014.

Training programs included employee orientations, supervisory training classes and benefit fairs. There were 107 training programs attended by 2,116 employees along with 22 benefit fairs attended by 5,277 employees and retirees.

Higher levels of care for behavioral health and substance abuse utilization involved a total of 1,426 cases reviewed. The number of admissions for inpatient acute per 1,000 lives was 2.74; for residential 0.9; and for partial hospitalization 0.7. Days of care per 1,000 covered lives were 15 for inpatient acute; 16.33 for residential; 7.5 for partial and 18.4 for intensive outpatient.

Outpatient utilization for the plans showed a total of 14,208 patients reviewed with sessions totaling 400 per 1,000 lives. Intensive outpatient and partial hospitalization services were utilized by 460 patients. Outpatient services requiring authorization included Applied Behavioral Analysis (ABA) and Transcranial Magnetic Stimulation (TMS). ABA increased to 15,694 units of service for a total of $196,134 compared to 7,696 units of service totaling $100,965 in 2014. TMS had a decrease to 252 unique claims totaling $94,374 compared to 421 unique claims totaling $207,614 in 2014.

Total utilization for the combined plans was 109,677 outpatient sessions with just over $4.7 million in claims payments. Intensive outpatient and partial hospitalization resulted in claims payments of more than $1.3 million in claims payments for 4,945 intensive outpatient units and 2,125 partial days. Inpatient acute days were 4,133 with more than $3.6 million in claims payments. Residential treatment days were 4,476 with more than $2 million in claims payments.

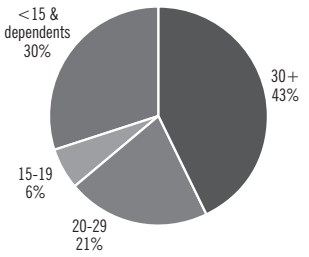
The state launched a depression management program, *Be Well at Work*, in September 2015. Our data indicates that the plans' chronic disease burden places our population at greater risk for depression. Analysis of our data has confirmed that our members have undiagnosed and untreated depression. This program is expected to provide improvements in the appropriate utilization of behavioral healthcare as well as improve the appropriate utilization of medical healthcare in relation to individuals with high healthcare costs. The *Be Well at Work* program supplements primary care services for depression with a brief web-based depression screening and, for employees who qualify for the program, provides a specialized evidenced-based telephonic coaching program and primary care collaboration.

Medicare Supplement Program

Since January 1989, the state has maintained a benefits program for Medicare-eligible retired teachers, state and local government employees who participate in the Tennessee Consolidated Retirement System or higher education optional retirement plans. The program involves two elements: the sponsorship of Medicare supplement coverage and the provision of financial support for eligible retirees.

The division offers a single Medicare supplement plan (The Tennessee Plan) that complies with standard plan requirements established by the National Association of Insurance Commissioners (NAIC). The Tennessee Plan matches the NAIC level D benefits.

Enrollment by Years of Service



Source: State of Tennessee

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 provided to Medicare supplement participants and to retired teachers in school districts which sponsor employee medical plans and permit Medicare-eligible retirees to continue coverage during retirement. The Tennessee Plan ended the year with 35,815 members.

The Tennessee Plan is self-insured, meaning that the state, rather than an insurance company, is financially responsible for paying the plan's expenses. Claims are administered by the POMCO Group.

POMCO's customer service center received more than 13,000 calls in 2015. The customized web portal provides members access to claim information, copies of explanation of benefits forms and direct links to other helpful sites.

ParTNers for Health Wellness Program

The ParTNers for Health Wellness Program is available at no cost to all state group insurance program members, eligible spouses and dependents age 18 and over. Members and their dependents have access to a wide variety of tools and resources to take charge of their health and feel their best.

Healthways currently administers the wellness program. Members enrolled in the Partnership PPO are required to complete certain wellness activities as part of the partnership promise. Wellness participation is an optional benefit for Standard and Limited PPO members.

In 2015, 92 percent of Partnership PPO members completed the Healthways well-being assessment™ (online health questionnaire) taking the first step toward improved well-being. Each year, Healthways summarizes members' well-being assessment results in aggregate form to help determine the key drivers of our population's health. Here are some of the 2015 findings:

- 28.6 percent of plan members have three or more health risks (e.g., body mass index 30 or greater, tobacco user, no exercise, stress, unhealthy eating, high cholesterol, high blood pressure)
- 42.9 percent of active plan members and 44 percent of pre-65 retiree plan members have a body mass index classified as 30 or greater, which is considered obese
- 70.7 percent said they want to lose weight
- 74.2 percent want to focus on eating more fruits and vegetables
- 47.7 percent want to work on coping better with stress
- 5.4 percent self-reported they are smokers — other national data sources indicate the smoking rate in Tennessee is 24 percent, suggesting that our membership smoking rate is underreported
- 42.2 percent of members feel that personal problems or financial stress interfere with their ability to concentrate at work
- Some of our most prevalent self-reported conditions are: migraines, acid reflux/heartburn, chronic back pain, depression, diabetes, asthma and high cholesterol
- Only 57.1 percent get the recommended exercise of 30 minutes or more, 3 days a week

A total of 70,812 plan members participated in a health coaching program. Coaches give members one-on-one support and encouragement over the phone. They help members create a custom plan to address their health needs, reach their goals, better understand their health conditions and learn to manage their overall health and well-being. Members have reported a variety of health coaching success stories.

"This program has been great. The change in my diet and weight loss is the reason I've been able to get off one of my blood pressure medications.

— Randy lost 16 pounds and discontinued the use of one of his blood pressure medications

"I credit my health coach for my improved cholesterol levels, by educating me further on causes of bad cholesterol."

— Patricia avoided being put on cholesterol medication, lowered her LDL by 32 points

"Thank you for helping me through the last 6 months"

— Alex lost 14 pounds and is dealing with personal stress much better

"Having the coaching calls has helped keep us on track. It gave us the incentive to get started."

— Roger has lost 11 pounds while working with his coach and is within 6 pounds of his target weight

"The program provides a good accountability partner and helps keep me on track."

— Becky is maintaining her exercise program, taking nutrition classes and staying positive about her gradual weight loss

Wellness Challenges

To support and encourage healthy behaviors, members can participate in online wellness challenges. Challenges create friendly competition among coworkers while boosting morale and teamwork. More than 5,000 people participated in one of the quarterly or mini challenges: *Lose the Excuse, Wonder Walk, Just Add Water, Sugar Shaker* and *Training Camp*. Each challenge included a chatter board where participants could offer support and encouragement to one another as well as share tips and ideas. Many used the chatter board to share successes and post comments about their experiences.

"Weight hasn't changed in a while but I'm toning up a lot. I can tell. I am so excited about the difference in such a short time. I could care less what place I make in this challenge because I already feel like a winner."

— Raquel, March 2015, Lose the Excuse

"This challenge has been a great motivation for me. After a long hard winter, this has got me up and moving again."

— BoBoe, May 2015, WonderWalk

"This challenge has really helped me to become more aware of how much water I am drinking and I have increased my water consumption each day. It is so encouraging to see so many others that are participating as well."

— Thankful, July 2015, Just Add Water

"Yesterday I had a personal best of 12,723 steps and 6.25 miles. Until recently, I rarely managed 10,000 steps a day and was usually satisfied with 5,000. Because of this challenge I have raised the bar on what I expect of myself."

— JR2015, October 2015, Training Camp

State Plan

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 year ended June 30, 2015. 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

Statements of Net Positions

	30-JUN-15	30-JUN-14
Assets		
Cash	$ 303,941	$ 275,157
Accounts receivable	6,960	5,337
Total assets	$ 310,901	$ 280,494
Liabilities		
Accounts payable and accruals	$ 50,824	$ 49,412
Unearned revenue	40,988	41,666
Total liabilities	$ 91,812	$ 91,078
Net position		
Unrestricted	$ 219,089	$ 189,416
Total net position	$ 219,089	$ 189,416

STATE PLAN

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-15	30-JUN-14
Operating revenues		
Premiums	$ 744,002	$ 727,928
Other	1,000	600
Total operating revenues	$ 745,002	$ 728,528
Operating expenses		
Benefits	$ 663,872	$ 648,627
Contractual services	37,872	37192
Other	10,269	6,305
Total operating expenses	$ 712,013	$ 692,124
Operating income	$ 32,989	$ 36,404
Non-operating revenues		
Interest income	$ 223	$ 198
Total non-operating revenues	$ 33,212	$ 198
Change in net position	$ 33,212	$ 36,602
Net position, July 1	185,877	152,814
Net position, June 30	$ 219,089	$ 189,416

STATE PLAN

Statements of Cash Flows

	30-JUN-15	30-JUN-14
Cash flows from operating activities		
Receipts from interfund services provided	$ 417,793	$ 411,719
Receipts from fund members	361,551	350,758
Payments to insurance companies and healthcare providers	(748,951)	(713,209)
Payments for interfund services used	(1,832)	(5,418)
Net cash from operating activities	$ 28,561	$ 43,850
Cash flows from investing activities		
Interest received	$ 223	$ 198
Net cash from investing activities	$ 223	$ 198
Net increase in cash	$ 28,784	$ 44,048
Cash, July 1	275,157	231,109
Cash, June 30	$ 303,941	$ 275,157
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 32,989	$ 36,404
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
Change in accounts receivable	$ (1,623)	$ (236)
Change in accounts payable	(2,126)	5,882
Change in unearned revenue	(679)	1,800
Net cash from operating activities	$ 28,561	$ 43,850

Local Education Plan

Statements of Net Positions

	30-JUN-15	30-JUN-14
Assets		
Cash	$ 204,762	$ 186,746
Accounts receivable	3,858	3,800
Total assets	$ 208,620	$ 190,546
Liabilities		
Accounts payable and accruals	$ 30,962	$ 30,627
Unearned revenue	103	56
Total liabilities	$ 31,065	$ 30,683
Net position		
Unrestricted	$ 177,555	$ 159,863
Total net position	$ 177,555	$ 159,863

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-15	30-JUN-14
Operating revenues		
Premiums	$ 471,207	$ 487,995
Total operating revenues	$ 471,207	$ 487,995
Operating expenses		
Benefits	$ 419,325	$ 410,325
Contractual services	26,765	25,776
Other	7,572	6,581
Total operating expenses	$ 453,662	$ 442,682
Operating income	$ 17,545	$ 45,313
Non-operating revenues		
Interest income	$ 147	$ 118
Total non-operating revenues	$ 147	$ 118
Change in net position	$ 17,692	$ 45,431
Net position, July 1	159,863	114,432
Net position, June 30	$ 177,555	$ 159,863

Local Education Plan

Statements of Cash Flows

	30-JUN-15	30-JUN-14
Cash flows from operating activities		
Receipts from fund members	$ 478,627	$ 495,103
Payments to insurance companies and healthcare providers	(460,225)	(446,688)
Payments for state services	(533)	(3,726)
Net cash from operating activities	$ 17,869	$ 44,689
Cash flows from investing activities		
Interest received	$ 147	$ 118
Net cash from investing activities	$ 147	$ 118
Net increase in cash	$ 18,016	$ 44,807
Cash, July 1	186,746	141,939
Cash, June 30	$ 204,762	$ 186,746
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 17,545	$ 45,313
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
Change in accounts receivable	$ (59)	$ (94)
Change in accounts payable	335	(401)
Change in unearned revenue	48	(129)
Net cash from operating activities	$ 17,869	$ 44,689

Local Education Plan

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 local education group insurance fund as of the end of 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 net 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 net 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 net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive fiscal and policy years. Beginning with fiscal year 2007, the plan is reported in accordance with the Governmental Accounting Standards Board's Statement No. 43. Therefore, for accounting and financial reporting purposes, the table below only includes active employees of the local education plan; retirees of the plan are no longer included in the 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015 column disclosures below.

Ten-Year Claims Development Information

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
(1) Required contribution and investment revenue earned (fiscal year)	359,963	356,328	390,835	403,627	421,242	444,773	439,640	463,986	488,113	471,353
(2) Unallocated expenses (fiscal year)	21,584	17,152	16,366	21,019	23,195	26,767	26,473	27,384	29,831	34,261
(3) Estimated claims and expenses, end of policy year, net incurred	320,702	342,692	389,270	373,682	441,168	413,568	429,252	432,425	435,832	*
(4) Net paid (cumulative) as of:										
End of policy year	295,687	313,376	359,949	347,060	408,968	383,440	401,000	404,145	408,147	*
One year later	320,503	342,800	389,645	407,483	441,224	415,724	428,201	432,124	*	
Two years later	320,454	342,952	391,632	407,504	441,773	415,240	427,657	*		
Three years later	320,364	347,276	391,511	407,379	441,596	415,215	*			
Four years later	320,364	347,253	391,490	407,330	441,568	*				
Five years later	320,364	347,253	391,490	407,330	*					
Six years later	320,364	347,253	391,490	*						
Seven years later	320,364	347,253	*							
Eight years later	320,364	*								
Nine years later	*									
(5) Reestimated net incurred claims and expenses:										
End of policy year	320,702	342,692	389,270	373,682	441,168	413,568	429,252	432,425	435,832	*
One year later	320,646	342,865	389,163	407,718	441,247	415,256	427,805	431,846	*	
Two years later	320,396	342,969	391,531	407,507	440,529	415,207	427,624	*		
Three years later	320,352	347,276	391,511	407,364	440,485	415,110	*			
Four years later	320,364	347,276	391,511	407,364	440,485	*				
Five years later	320,364	347,276	391,511	407,364	*					
Six years later	320,364	347,276	391,511	*						
Seven years later	320,364	347,276	*							
Eight years later	320,364	*								
Nine years later	*									
(6) Increase (decrease) in estimated net incurred claims and expenses from end of policy year	(338)	4,584	2,241	33,682	(683)	1,542	(1,628)	(579)	0	*

* Data not available

Local Government Plan

Statements of Net Position

	30-JUN-15	30-JUN-14
Assets		
Cash	$ 40,446	$ 34,794
Accounts receivable	874	709
Total assets	$ 41,320	$ 35,503
Liabilities		
Accounts payable and accruals	$ 6,502	$ 6,739
Unearned revenue	28	17
Total liabilities	$ 6,530	$ 6,756
Net position		
Unrestricted	$ 34,790	$ 28,747
Total net position	$ 34,790	$ 28,747

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-15	30-JUN-14
Operating revenues		
Premiums	$ 108,830	$ 108,811
Total operating revenues	$ 108,830	$ 108,811
Operating expenses		
Benefits	$ 95,261	$ 94,246
Contractual services	6,071	5,916
Other	1,484	1,248
Total operating expenses	$ 102,816	$ 101,401
Operating income	$ 6,014	$ 7,401
Non-operating revenues		
Interest income	$ 29	$ 23
Total non-operating revenues	$ 29	$ 23
Change in net position	$ 6,043	$ 7,424
Net position, July 1	28,747	21,323
Net position, June 30	$ 34,790	$ 28,747

Local Government Plan

Statements of Cash Flows

	30-JUN-15	30-JUN-14
Cash flows from operating activities		
Receipts from fund members	$ 110,986	$ 110,733
Payments to insurance companies and healthcare providers	(105,263)	(102,923)
Payments for state services	(100)	(669)
Net cash from operating activities	$ 5,623	$ 7,141
Cash flows from investing activities		
Interest received	$ 29	$ 23
Net cash from investing activities	$ 29	$ 23
Net increase in cash	$ 5,652	$ 7,164
Cash, July 1	34,794	27,630
Cash, June 30	$ 40,446	$ 34,794
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 6,014	$ 7,401
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
Change in accounts receivable	$ (166)	$ 94
Change in accounts payable	(237)	(337)
Change in unearned revenue	12	(17)
Net cash from operating activities	$ 5,623	$ 7,141

Local Government Plan

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 local government group insurance fund as of the end of 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 net 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 net 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 net 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 net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive fiscal and policy years. Beginning with fiscal year 2007, the plan is reported in accordance with the Governmental Accounting Standards Board's Statement No. 43. Therefore, for accounting and financial reporting purposes, the table below only includes active employees of the local government insurance plan; retirees of the plan are no longer included in the 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015 column disclosures below.

Ten-Year Claims Development Information

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
(1) Required contribution and investment revenue earned (fiscal year)	96,914	89,240	96,558	103,157	104,810	102,710	103,278	105,973	108,834	108,860
(2) Unallocated expenses (fiscal year)	5,038	3,398	3,500	4,348	5,921	5,473	6,010	6,135	6,645	7,535
(3) Estimated claims and expenses, end of policy year, net incurred	87,058	91,622	94,655	100,350	107,083	91,699	94,738	96,152	99,097	*
(4) Net paid (cumulative) as of:										
End of policy year	80,519	84,836	88,265	93,456	98,709	89,231	88,026	89,634	92,792	*
One year later	86,934	91,791	94,820	100,916	105,833	91,703	94,277	96,101	*	
Two years later	86,981	91,793	95,029	101,895	107,170	91,618	94,205	*		
Three years later	86,974	93,594	94,993	100,533	107,103	91,578	*			
Four years later	86,974	93,594	94,991	100,494	107,101	*				
Five years later	86,974	93,591	94,991	100,494	*					
Six years later	86,974	93,591	94,991	*						
Seven years later	86,974	93,591	*							
Eight years later	86,974	*								
Nine years later	*									
(5) Reestimated net incurred claims and expenses:										
End of policy year	87,058	91,622	94,655	100,350	107,083	91,699	94,738	96,152	99,097	*
One year later	86,948	91,801	94,749	100,803	106,870	91,640	94,248	96,022	*	
Two years later	86,977	91,788	94,999	101,895	106,720	91,558	94,192	*		
Three years later	86,972	93,594	94,993	100,492	106,697	91,669	*			
Four years later	86,974	93,594	94,993	100,492	106,697	*				
Five years later	86,974	93,594	94,993	100,492	*					
Six years later	86,974	93,594	94,993	*						
Seven years later	86,974	93,594	*							
Eight years later	86,974	*								
Nine years later	*									
(6) Increase (decrease) in estimated net incurred claims and expenses from end of policy year	(84)	1,972	338	142	(386)	(30)	(546)	(130)	0	*

* Data not available

Retiree Plans

Statements of Fiduciary Assets and Liabilities — June 30, 2015, and June 30, 2014

	30-JUN-15	30-JUN-14
Assets		
Current assets:		
Cash	$ 30,646	$ 28,753
Accounts receivable	2,696	1,442
Total assets	$ 33,342	$ 30,195
Liabilities		
Current liabilities:		
Accounts payable and accruals	$ 17,230	$ 17,791
Amounts held in custody for others	16,112	12,404
Total liabilities	$ 33,342	$ 30,195

Statement of Changes in Fiduciary Assets and Liabilities for the year ended June 30,2015

	BALANCE 01-JUL-14	ADDITIONS	DEDUCTIONS	BALANCE 30-JUN-15
Assets				
Cash	$ 28,753	$ 241,312	$ 239,419	$ 30,646
Accounts receivable	1,442	12,505	11,251	2,696
Total assets	$ 30,195	$ 253,817	$ 250,670	$ 33,342
Liabilities				
Accounts payable and accruals	$ 17,791	$ 26,518	$ 27,079	$ 17,230
Amounts held in custody for others	12,404	244,283	240,575	16,112
Total liabilities	$ 30,195	$ 270,801	$ 267,654	$ 33,342

Statement of Changes in Fiduciary Assets and Liabilities for the year ended June 30,2014

	BALANCE 01-JUL-13	ADDITIONS	DEDUCTIONS	BALANCE 30-JUN-14
Assets				
Cash	$ 20,787	$ 238,183	$ 230,217	$ 28,753
Accounts receivable	2,082	11,097	11,737	1,442
Total assets	$ 22,869	$ 249,280	$ 241,954	$ 30,195
Liabilities				
Accounts payable and accruals	$ 16,684	$ 26,265	$ 25,158	$ 17,791
Amounts held in custody for others	6,185	239,414	233,195	12,404
Total liabilities	$ 22,869	$ 265,679	$ 258,353	$ 30,195

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