

2018 ANNUAL REPORT

Tennessee State Group Insurance Program



Healthy Members; Peace of Mind



Tennessee Department of Finance and Administration.
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STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
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312 Rosa L. Parks Avenue
Nashville, TN 37243

Stuart C. McWhorter
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

December 13, 2019

Ladies and Gentlemen:

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Laurie S. Lee".

Laurie S. Lee, Executive Director

A handwritten signature in black ink, appearing to read "Stuart C. McWhorter".

Stuart C. McWhorter, Commissioner

Who we are

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

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

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

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

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

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

Mission

Deliver comprehensive, affordable, dependable and sustainable benefits

Vision

Healthy members; peace of mind

2018 Fast Facts

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

2018 Insurance Committees

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

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

David Lillard — S, E, G
State Treasurer

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

Rebecca Hunter — S
Commissioner, Department of Human Resources

Todd Campbell — S
Employee Representative

Michelle Consiglio-Young — S
Employee Representative

Rob Chance — S
Higher Education Representative

Randy Stamps — S
Tennessee State Employees Association

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

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

Maryanne Durski — E
Designee, Department of Education

Vacant — E
Middle Tennessee Teacher Representative

Erin Johnson — E
East Tennessee Teacher Representative

Paula Yates — E
West Tennessee Teacher Representative

Randall Bennett — E
Tennessee School Boards Association

Kevin Krushenski — G
Tennessee Municipal League

Nathan Brock — G
Tennessee County Services Association

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

Contract Partners

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

Aon Consulting

Providing benefits and actuarial consultant services to the division.

BlueCross BlueShield of Tennessee

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

Cigna

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

CVS/caremark

Providing pharmacy benefits for all members enrolled in SGIP health coverage.

Davis Vision

Providing voluntary vision insurance to participating plan members.

IBM Watson Health

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

MetLife

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

Optum Health

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

PayFlex

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

Securian

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

UMR/POMCO

Providing administration of supplemental medical insurance for retirees with Medicare.

University Community Health Service

Providing employee health clinic services to state and higher education employees enrolled in the SGIP.

What we do

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

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

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

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

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

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

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

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

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

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

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

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

Health Plan Enrollment

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

	Employee/Retiree		Spouse		Child/Dependent		Total
Local Education	55,036	50%	18,680	17%	37,345	34%	111,061
Local Government	16,116	66%	2,900	12%	5,533	23%	24,549
State & Higher Education	69,819	48%	29,940	20%	47,140	32%	146,899
Total							282,509

Health insurance only

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

How we do it

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

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

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

In 2018, the following key initiatives were accomplished.

Vendor Services

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

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

Options for the Diabetes Prevention Program (DPP) expanded. The DPP focuses on preventing or delaying

the onset of type 2 diabetes through lifestyle changes such as diet and increased physical activity. Cigna launched their program with Omada during the first quarter of 2018 with over 600 members enrolling during the first few months. The ParTNers Health & Wellness Center offered two classes during the year.

Financial Management & Program Integrity

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

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

Operations

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

Other accomplishments include:

- Updated State new employee orientation. This training simplifies benefits information and provides timely, valuable information. Survey

respondents rated the training 98 percent very helpful or helpful.

- Added online Annual Enrollment for retirees. In October 2018, retirees could make Annual Enrollment benefits elections online using Edison self-service, instead of through paper enrollment forms using fax, email or mail.
- Developed HIPAA 834 file document to provide new benefits vendors with information specific to the State of Tennessee's 834 enrollment file. This resource reduces the likelihood of errors in new vendor implementation.

Communications

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

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

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

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

2018 Procurements

All procurements were completed through competitive requests for proposals

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

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

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

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

Overview of Plan Options

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

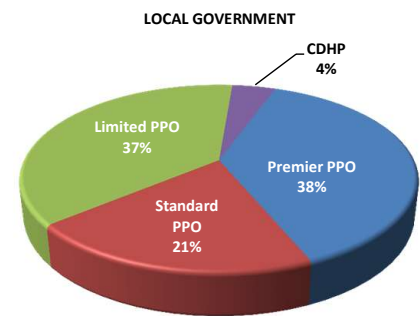
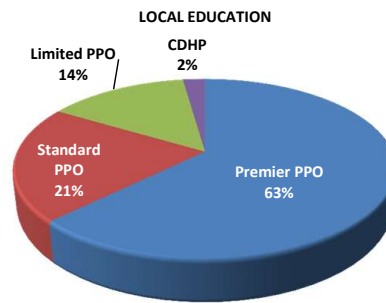
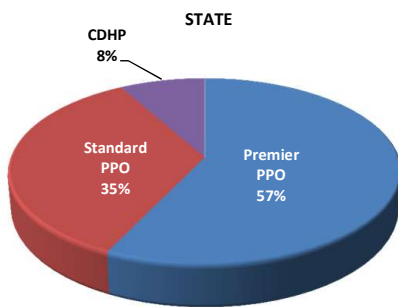
1. Premier Preferred Provider Organization (PPO)
2. Standard PPO
3. Consumer-driven Health Plan (CDHP)/Health Savings Account (HSA)
4. Limited PPO (local education & local government only)

Networks

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

Coverage Highlights

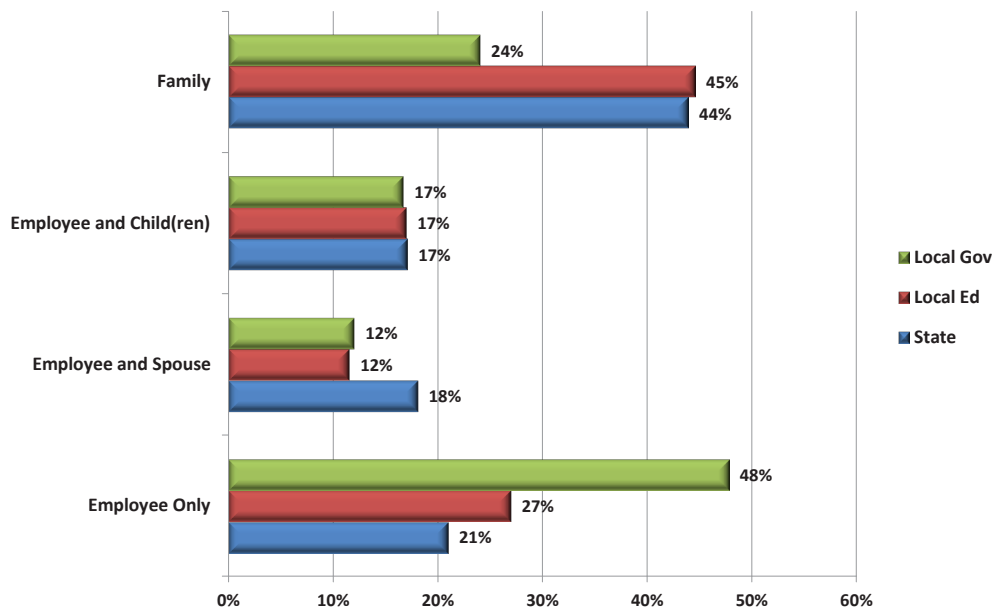
- Enrollment in the Standard PPO increased 12 percent from last year in the state plan.
- In the local government plan, the Premier PPO has surpassed the Limited PPO plan.
- Enrollment in the CDHP/HSA increased from 6,469 in January 2017 to 7,756 in December 2018 (19 percent increase).
- Employees contributed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



Overview of Plan Options, cont'd

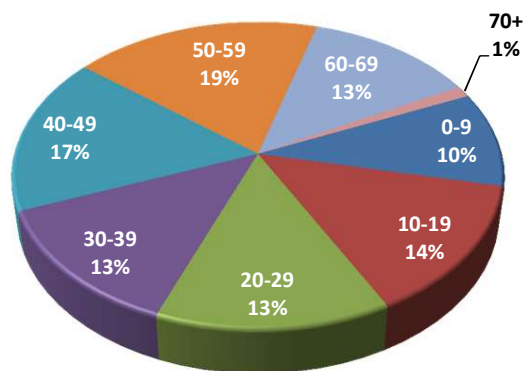
Enrollment Coverage by Tier

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



Coverage by Age

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



Gender

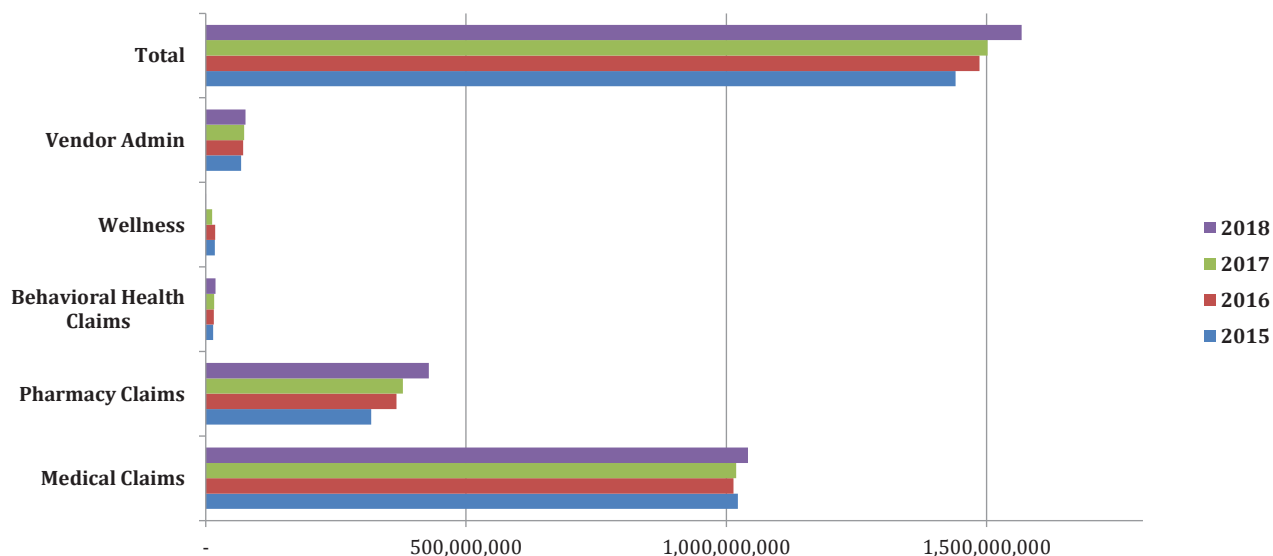
The overall gender split is 56 percent female, 44 percent male, with the local education plan having the higher percentage of females to males. This has remained constant for the past few years.

	Female	Male
State	54%	46%
Local Education	59%	41%
Local Government	53%	47%
Total	56%	44%

Health Plan

Expenses 2015-2018

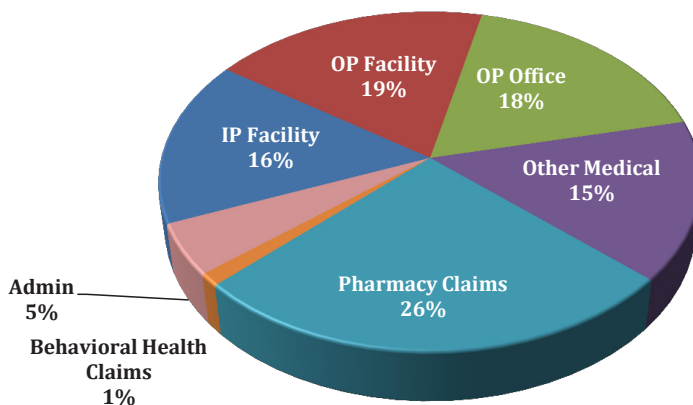
- Includes all plans: State and Higher Education, Local Education and Local Government.
- Total plan expenses were \$1.57 billion in 2018 and increased 7.6 percent between 2015 and 2018. There was a 3.7 percent increase in overall spend between 2017 and 2018.
- Pharmacy claims increased at the highest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



2018 Plan Expenses

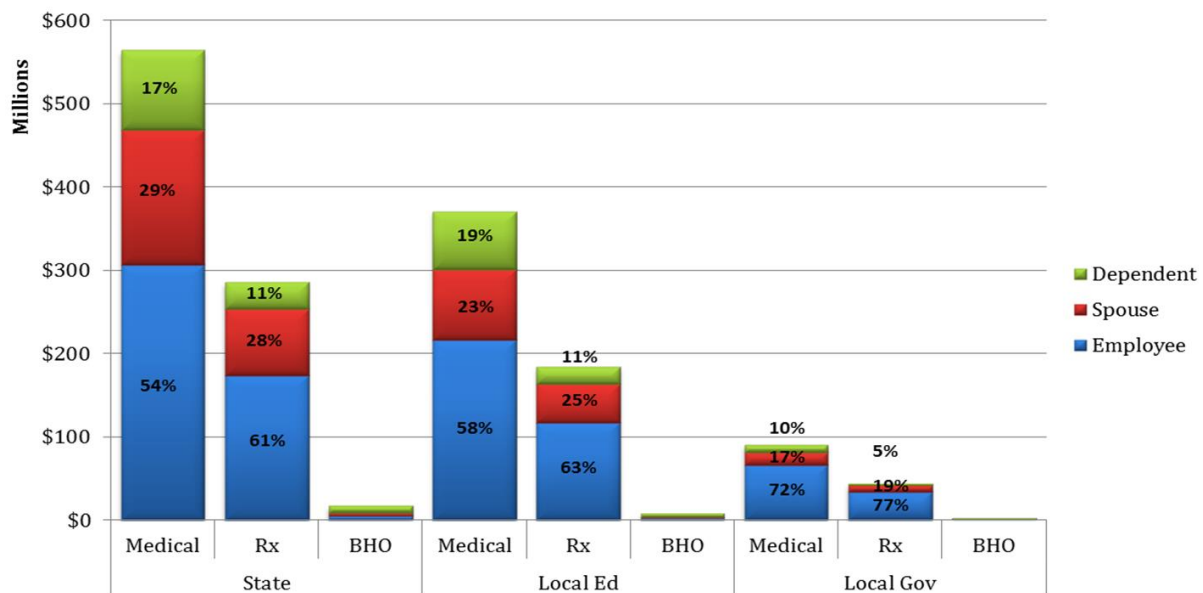
Pharmacy claims accounted for the largest single category of health plan spend (26 percent). This is an increase from three years ago (2015) when it was 21 percent.

Outpatient office expenses increased more than 5 percent from 2017, while inpatient facility expenses decreased slightly.

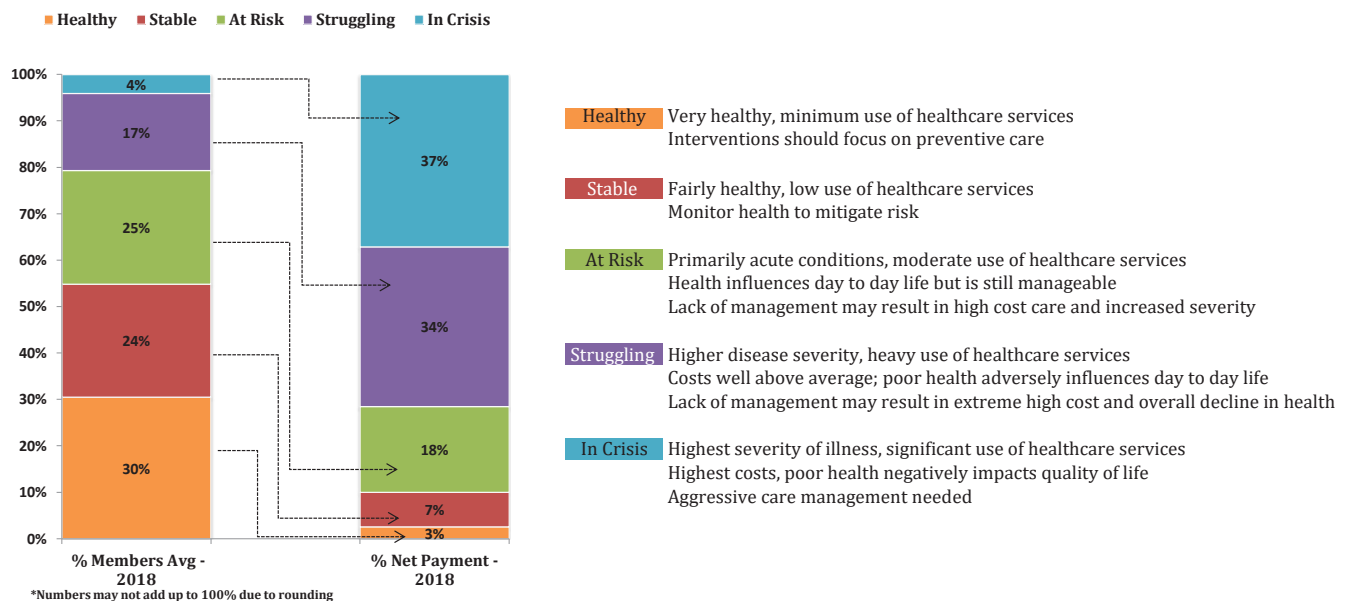


Health Plan, cont'd

Spend by Relationship



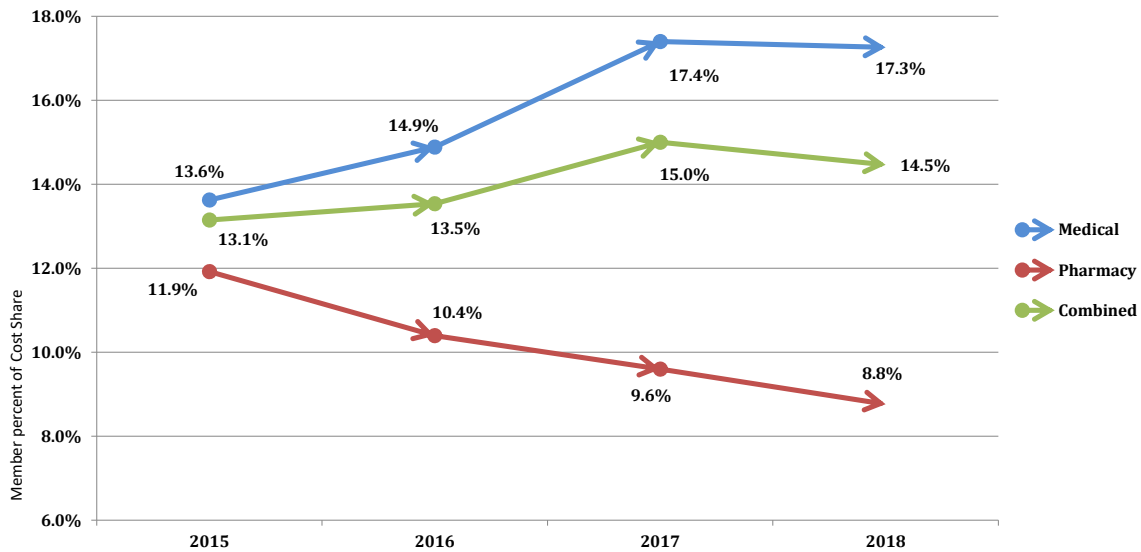
Plan Payments by Member Risk



Health Plan, cont'd

Cost Share per Member 2015-2018

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



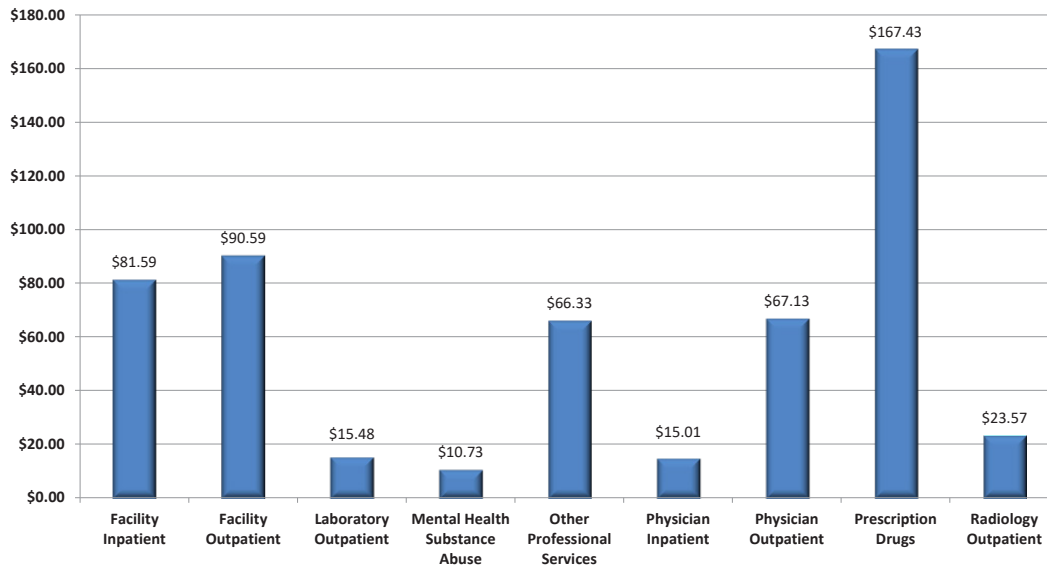
The "Top Ten" list combined represents 75 percent of total plan expense in 2018. This is down from 79 percent in 2017.

"Top Ten" Medical and Pharmacy Claims Expense		
Medical Procedure Groups	Chronic Conditions	Prescription Drugs
1. Office visits	1. Osteoarthritis	1. HUMIRA- rheumatoid arthritis
2. Emergency department visits	2. Coronary Artery Disease	2. ENBREL- rheumatoid arthritis
3. Specialty drugs (other than chemotherapy)	3. Renal Function Failure	3. NOVOLOG-diabetes
4. CT/MRI/X-Ray/Ultrasound	4. Chemotherapy Encounters	4. TRULICITY-diabetes
5. Surgery	5. Diabetes	5. METFORMIN HCL- diabetes
6. Chemotherapy	6. Respiratory Disorder NEC	6. VICTOZA-diabetes
7. Anesthesia Services	7. Newborns, w/wo Complication	7. DUEXIS-rheumatoid arthritis & osteoarthritis
8. Physical medicine: other procedures	8. Hypertension, Essential	8. SAXENDA - obesity
9. Medical supplies and devices	9. Crohns Disease	9. LYRICA-nerve and muscle pain
10. IP/OP Facility visits	10. Neurological Disorders, NEC	10. JANUVIA-diabetes

Health Plan, cont'd

Cost per Member per Month by Service Category

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



Utilization Trends

	Local Education			Local Government		
	2015	2018	% Chg	2015	2018	% Chg
Admissions per 1,000	51	52	2%	60	62	3%
OP Facility Visits Per 1,000	1,295	1,160	-10%	1,483	1,273	-14%
Office Visits Per 1,000	8,284	8,286	0%	8,048	7,800	-3%
ER Visits Per 1,000	193	172	-11%	292	269	-8%
Scripts Per 1000	15,516	15,468	0%	18,342	18,134	-1%
Patients Per 1,000 Complications *	19	22	16%	25	24	-4%
Readmissions Per 1,000	3	2	-33%	3	4	33%

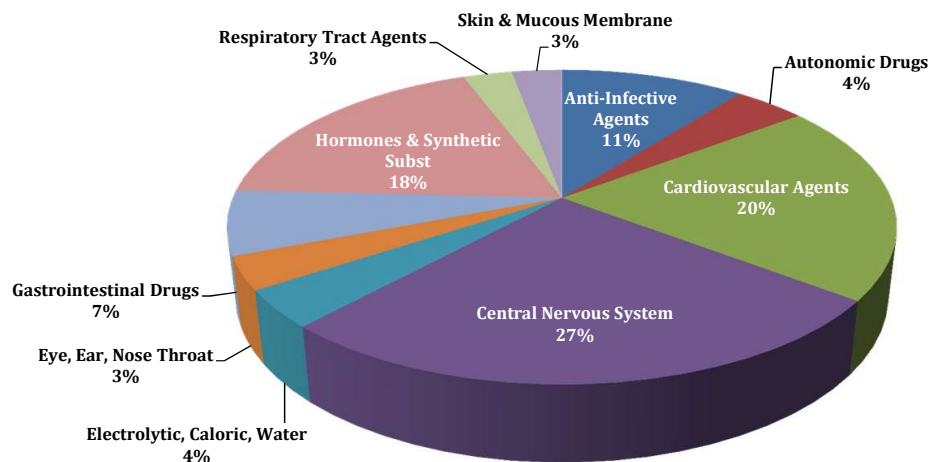
	State			All		
	2015	2018	% Chg	2015	2018	% Chg
Admissions per 1,000	55	58	5%	55	56	2%
OP Facility Visits Per 1,000	1,356	1,304	-4%	1,356	1,245	-8%
Office Visits Per 1,000	8,293	8,387	1%	8,293	8,300	0%
ER Visits Per 1,000	226	216	-4%	226	204	-10%
Scripts Per 1000	16,069	15,735	-2%	16,069	15,840	-1%
Patients Per 1,000 Complications *	19	24	26%	19	24	26%
Readmissions Per 1,000	3	3	0%	3	3	0%

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

Health Plan – Pharmacy

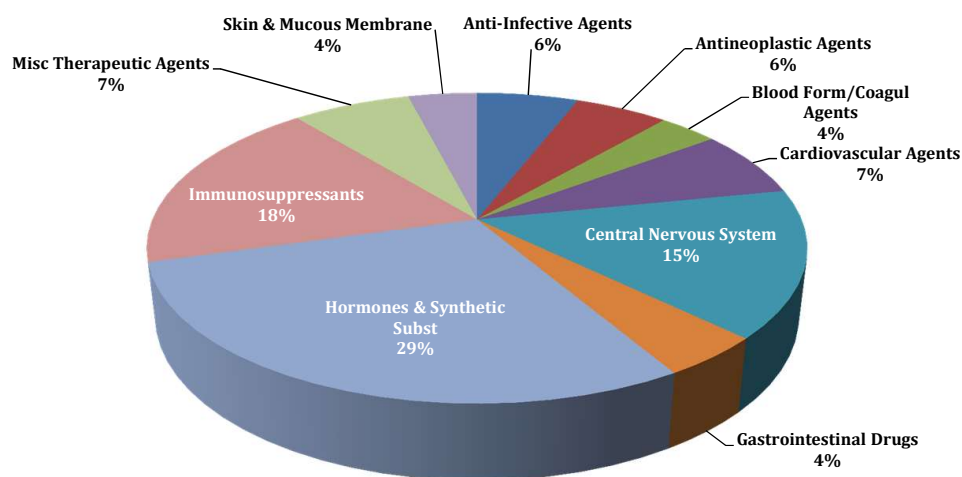
Top 10 Therapeutic Class by Scripts Rx, 2018

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



Top 10 Therapeutic Class by Net Pay Rx, 2018

Drugs used to treat diabetes are the top hormones and synthetic substance drugs by net pay.

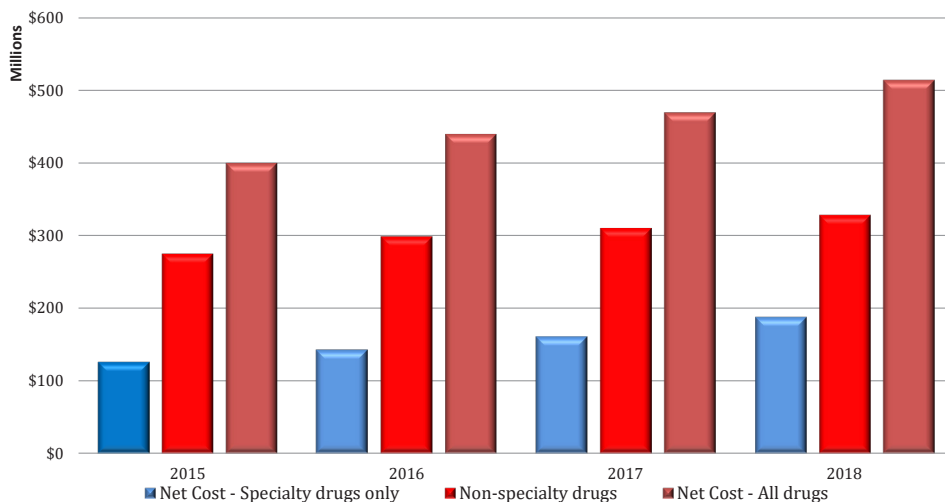


Health Plan – Pharmacy, cont'd

Net Plan Cost of Drugs Over Time

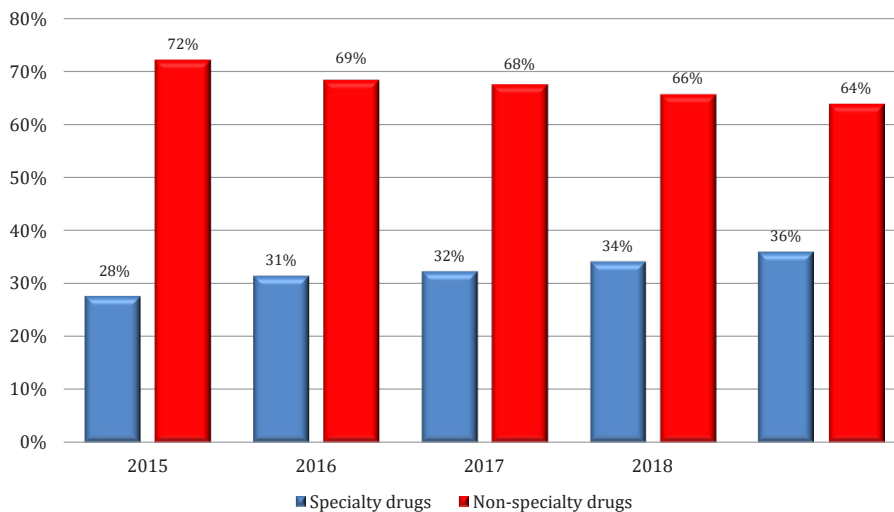
Specialty drugs are those used to treat complex, chronic or rare conditions, are high cost, and may require special handling. Patients on specialty drugs may need ongoing supervision and monitoring. The number of drugs in the specialty pipeline has increased and has been a driver of pharmaceutical spending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

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



Percent of Total Net Plan Cost of Drugs

Specialty drugs now account for 36 percent of total plan pharmacy spend.



Health Plan – Behavioral Health

Utilization

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

Network Summary

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

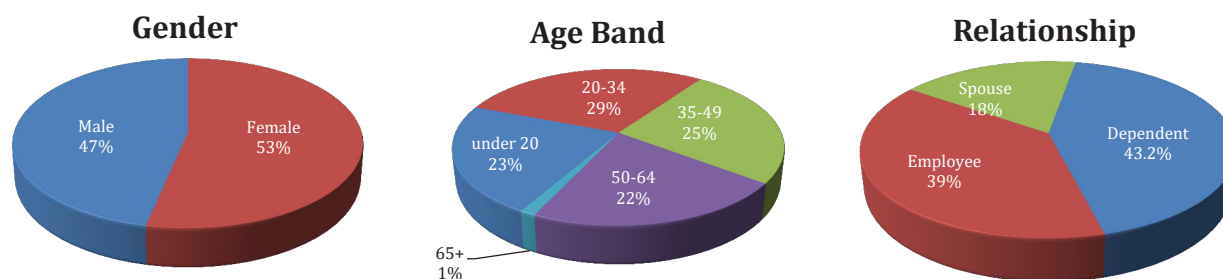
Key Diagnoses

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

Use by Level of Care

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

BHO Member Demographics

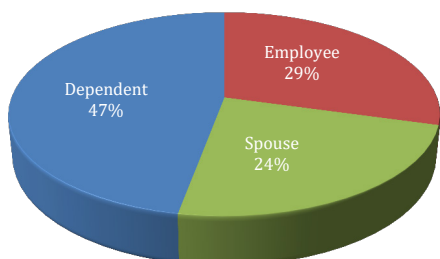


Health Plan – Behavioral Health, cont'd

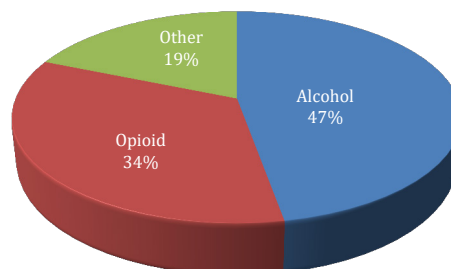
Substance Use

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

Substance Use Demographics



Substance Use Disorders



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

	Employee			Spouse			Dependent		
	Alcohol	Opioid	Other	Alcohol	Opioid	Other	Alcohol	Opioid	Other
	<u>67%</u>	<u>22%</u>	<u>11%</u>	<u>64%</u>	<u>29%</u>	<u>7%</u>	<u>26%</u>	<u>44%</u>	<u>30%</u>
Acute IP	16%	5%	9%	12%	7%	18%	6%	6%	8%
Residential	53%	25%	55%	51%	48%	49%	43%	42%	42%
Day Treatment	6%	13%	17%	10%	9%	13%	16%	16%	12%
Structured OP	23%	17%	16%	24%	13%	19%	33%	32%	34%

Health Plan – Employee Assistance Program (EAP)

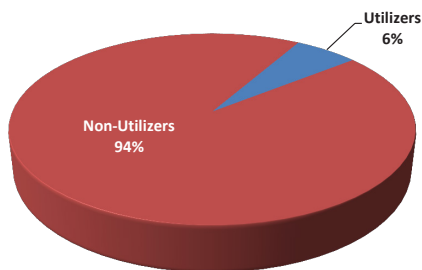
Optum provides EAP services for the state group health plan. Eligible employees and their dependents may receive up to five counseling visits, per situation, per year at no cost to them. Master's level specialists are available 24/7 to assist with stress, legal, financial, mediation and work/life services.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

Satisfaction and Outcome Scores

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

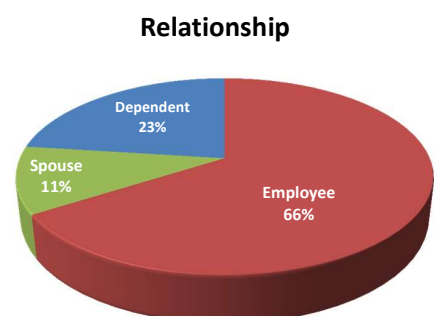
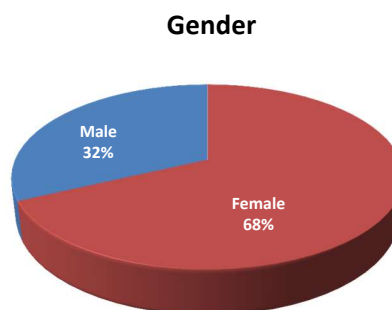
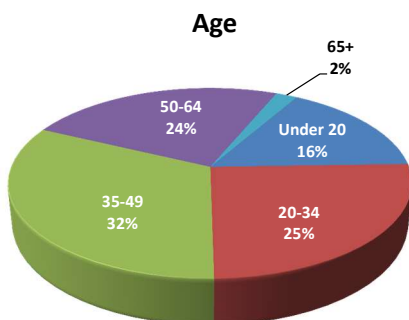
Utilization Rate

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



Utilization

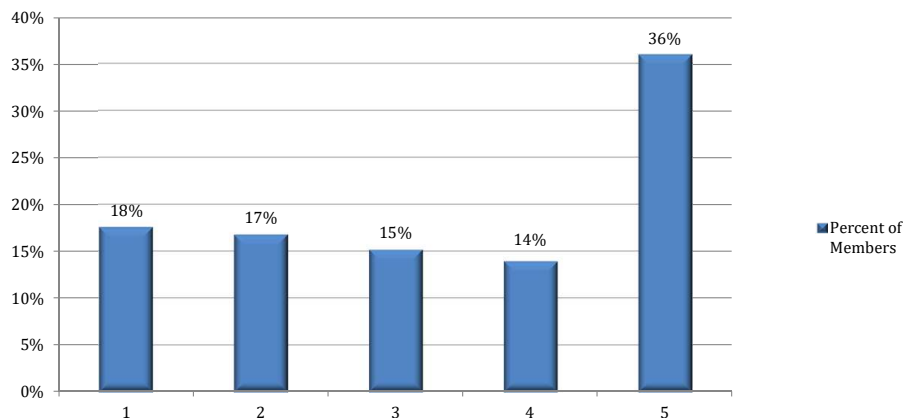
Primary utilizers are mainly female employees.



Health Plan – EAP, cont'd

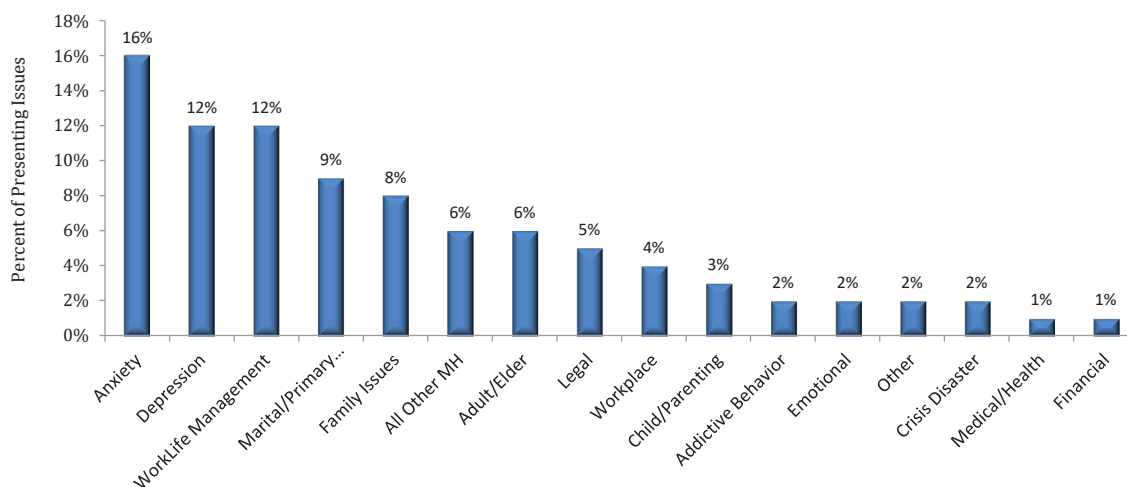
EAP Visits per Member

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



Presenting Issues

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

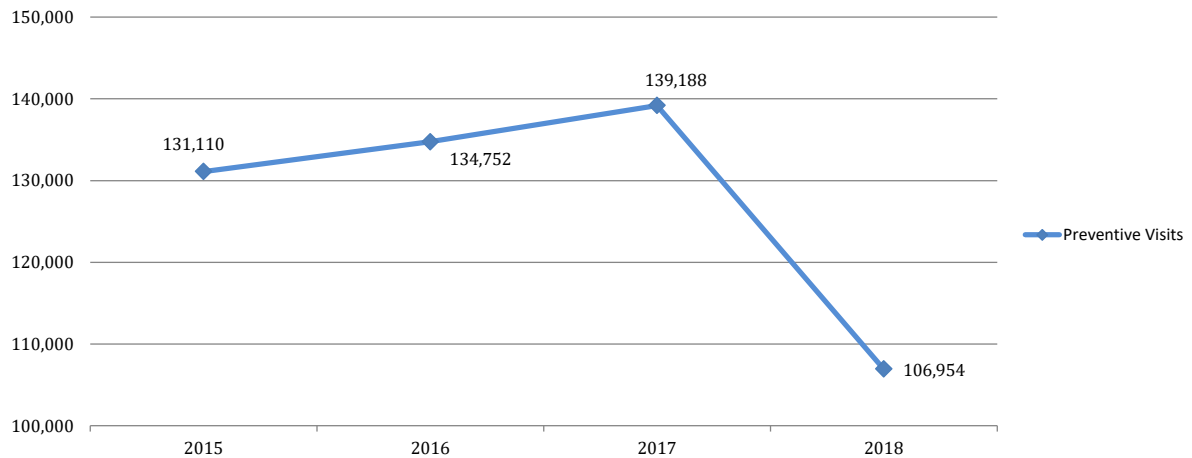


Health Plan – Wellness

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

Preventive Visits 2015-2018

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



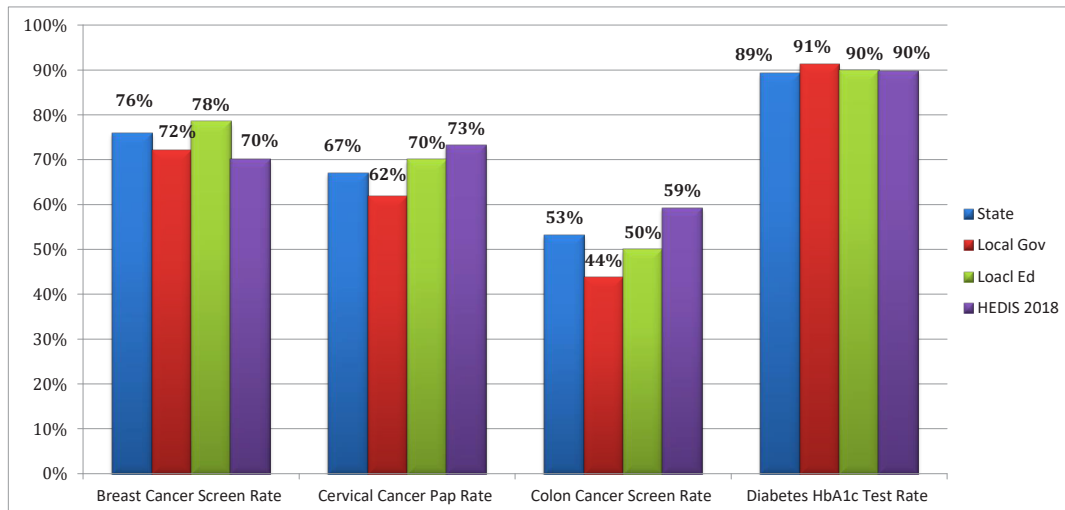
Over one third of plan members have a chronic condition.

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

Conditions included: Asthma, CAD, CHF, COPD, Diabetes, Hypertension, Mental health – Depression, Osteoarthritis, Spinal/Back Disorder (including low back pain)

Health Plan – Wellness, cont'd

Screening Rates



Positive: In all three plans the screening rate for breast cancer exceeded the HEDIS measure, and the screening rate for the diabetes A1c test was right at the HEDIS measure.

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

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

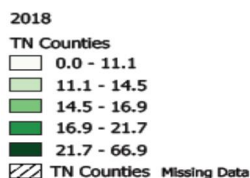
The Healthcare Effectiveness Data and Information Set (HEDIS) is a widely used set of performance measures in the managed care industry, developed and maintained by the National Committee for Quality Assurance (NCQA).

Health Plan – Wellness, cont'd

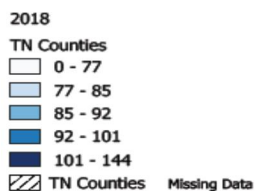
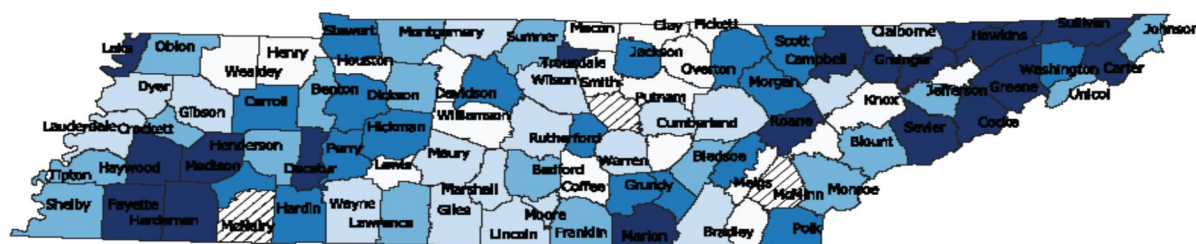
Obesity and Diabetes Heat Maps

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

Obesity Patients per 1000 by County, 2018



Diabetes Patients per 1000 by County, 2018



* Data source State Decision Support System

Other Programs Offered by Benefits Administration

ParTNers Health & Wellness Center

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

Telehealth

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

Flexible Spending Accounts

- Approximately 3,881 state employees contributed \$6 million to flexible spending accounts (FSA).

Annual Election

Healthcare FSA — \$4,358,880

Dependent care FSA — \$1,559,695

Limited FSA — \$ 85,352

- This resulted in an estimated \$264K of FICA savings for the State.

Voluntary Products

Dental Insurance

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

Dental Enrollment

	State	Local Education	Local Government	2018 Total
	2018	2018	2018	
Prepaid	42,014	4,794	2,513	49,321
DPPO	82,348	25,701	8,098	116,147
Total	124,362	30,495	10,611	165,468

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

Vision Insurance

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

Vision Enrollment

	State	Local Education	Local Government	2018 Total
	2018	2018	2018	
Basic Plan	25,705	5,801	2,238	33,744
Expanded Plan	68,117	19,766	9,024	96,907
Total	93,822	25,567	11,262	130,651

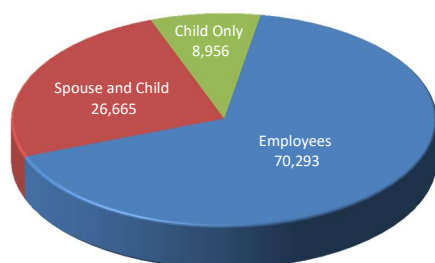
State enrollment increased 6.8 percent (6,051 employees) from 2017. Local education enrollment increased 4.6 percent (1,124 employees). Local government enrollment increased 22.4 percent (2,064 employees).

Voluntary Products, cont'd

Life Insurance

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

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



	Covered Volume
Basic Term Life	\$3.05 billion
Basic AD&D	\$7.79 billion

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

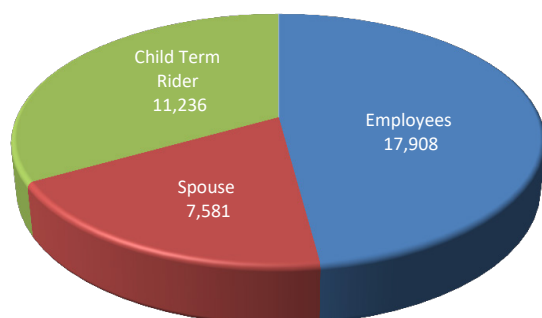
	Premiums	Paid Benefit Amount	# Enrollees Receiving Benefits	Administration Fees	IBNR Reserves	Conversion Charges
Basic Term Life	\$6.79 million	\$5.98 million	260	\$110,050	\$9,378	\$106,080
Basic AD&D	\$863,820	\$835,518	15			N/A

Voluntary Products, cont'd

Voluntary AD&D (State Only)

Coverage Type	State Enrollees	Coverage Volume	Paid Benefit Amount
Single	10,547	\$631,763,000	\$150,434
Family	15,409	\$923,088,000	\$25,029
Totals	25,956	\$1,554,851,000	\$175,463

Voluntary Term Life 2018 (State Only)



Coverage Level	Coverage Volume	Combined Paid Benefit Amount
Employees	\$2.377 billion	\$7.55 billion
Spouse	\$185.5 million	
Child Term Rider	\$92.06 million	

Voluntary Universal Life 2018 (State Only)

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

Voluntary Universal Life Financials

Coverage Amount	\$380.8 million
Gross Claims Payments	\$5.1 million
Net Claims Payments	\$2.9 million
Employee Cash Value (as of 12/18)	\$72.1 million
Spouse Cash Value (as of 12/18)	\$3.6 million

Voluntary Products, cont'd

Disability Insurance

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

	STD Enrollment	STD Benefits Paid
State Employees	3,920	\$572,399
Higher Education Employees	<u>2,029</u>	<u>\$163,612</u>
Total	5,949	\$736,012

	LTD Enrollment	LTD Benefits Paid
State Employees	6,087	\$20,197
Total	6,087	\$20,197

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

The Tennessee Plan

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

	Enrollment	Total Paid Claims	Total # of Claims
Totals	42,995	\$63,035,639	1,243,205

Local Education Participants

Achievement School District
Alamo City Schools
Alcoa City Schools
Anderson County Schools
Athens City Schools
Bedford County Board of Education
Bells City Schools
Benton County Schools
Bledsoe County Schools
Bradford Special School District
Bradley County Board of Education
Bristol City Schools
Campbell County Schools
Cannon County Schools
Carroll County Schools
Carter County Schools
Cheatham County Schools
Cleveland City Schools
Clinton City Schools
Cocke County Schools
Coffee County Schools
Cumberland County Schools
Dayton City Schools
Decatur County Schools
DeKalb County Schools
Dickson County Board of Education
Dyer County Schools
Elizabethton City Schools
Etowah City Schools
Fayette County Schools

Fayetteville City Schools
Fentress County Schools
Franklin County Schools
Franklin Special School District
Frayser Community Schools
Gibson County Schools
Giles County Schools
GRAD Restart Academies
Grainger County Schools
Greene County Schools
Greeneville City Schools
Grundy County Schools
Hamblen County Schools
Hancock County Schools
Hardeman County Schools
Hardin County Schools
Hawkins County Schools
Haywood County Schools
Henderson County Schools
Henry County Board of Education
Hickman County Schools
Hollow Rock – 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
Kingsport City Schools

KIPP Memphis Collegiate Schools
Knox County Schools
Lake County Schools
Lauderdale County Schools
Lawrence County Schools
Lebanon – Special School District
Lenoir City Schools
Lewis County Schools
Lexington City Schools
Lincoln County Schools
Little TN Valley Education Co-op
Loudon County Schools
Macon County Schools
Manchester City Schools
Marion County Schools
Marshall County Board of Education
Maury County Schools
McKenzie Special School District
McMinn County Schools
McNairy County School System
Meigs County Board of Education
Milan Special School District
Millington Municipal School
Monroe County Board of Education
Moore County Schools
Morgan County Schools
Murfreesboro City Schools
Newport City Schools
Oak Ridge City Schools
Obion County Schools

Oneida Special School District
Overton County Schools
Paris Special School District
Perry County Schools
Pickett County Schools
Polk County Board of Education
Putnam County Schools
Rhea County Schools
Richard Hardy Memorial School
Roane County Schools
Robertson County Schools
Rogersville City Schools
Scott County Schools
Sequatchie County Schools
Sevier County Schools
Smith County Schools
South Carroll Special School District
Stewart County Schools
Sullivan County Board of Education
Sweetwater City Schools
Tipton County Schools
Trousdale County Schools
Tulahoma 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

What is the Basic Education Program?

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

Local Government Participants

Aging Services of the Upper Cumberland	Castalian Springs – Bethpage Utility District	Decherd, City of	Gordonsville, Town of
Aid to Distressed Families of Appalachian Counties	Center for Independent Living of Middle TN	Dekalb County	Gorham MacBane Library
AIM Center, Inc.	Center for Living and Learning	Dekalb County 911	Grundy County Highway
Alamo, City of	Cerebral Palsy Center	DeWhite Utility District	Grundy Housing Authority
Alpha-Talbot Utility District	Chattanooga Housing Authority	Disability Resource Center	Habilitation and Training Services
Anderson County CAC	Chester County	Dismas, Inc.	Hamblen County Emergency Communication District
Appalachian Education Community Corp.	Chester County Highway	Dover, Town of	Hancock County
ARC of Davidson County	Children's Advocacy Center	Duck River Utility Commission	Hardeman County Emergency Communication District
ARC of Williamson County	Children's Advocacy Center, 31st JD	Dyersburg Housing Authority	Hardeman – Fayette Utility District
Atoka, Town of	City of Michie Water Systems	Dyersburg Suburban	Hardin County
Atwood, Town of	Clarksville Housing Authority	Consolidated Utility District	Hardin County 911
Avalon Center	Clarksville/Montgomery County CAA	Eagleville, City of	Hartsville/Trousdale County
Bangham Utility District of Putnam and Jackson Counties	Clearfork Utility District	East TN Development District	Hartsville/Trousdale Water and Sewer Utility
Bean Station, Town of	Clifton, City of	East Montgomery Utility District	Henderson, City of
Bedford County	Clinchfield Senior Adult Center	Easter Seals of TN	Henderson County
Behavioral Health Initiatives	Clinch-Powell Educational Cooperative	Eastside Utility District	Henderson County Highway
Belle Meade, City of	Cocaine Alcohol Awareness Program	Empower TN	Highland Rim Economic Corporation
Bells, City of	Cocke County	Engstrom Services, Inc.	Hixson Utility District
Benton County Highway	Cocke County 911	Erin, City of	Hohenwald, City of
Bethlehem Centers of Nashville	Cocke County Highway	Erin Housing Authority	Hohenwald Housing Authority
Better Decisions	Coffee County	Estill Springs, Town of	Homesafe of Sumner, Wilson and Robertson County
Big Creek Utility District	Community Development Center	Etheridge, City of	Hope of East TN
Big Sandy, City of	Community Foundation of Middle TN	Fairview Utility District	Houston County Highway
Blaine, City of	Cookeville Boat Dock Utility	Fayette County	Humboldt, City of
Blakemore United Methodist Childrens Center	Coopertown, Town of	Fayette County 911	Humboldt Housing Authority
Bledsoe County	Cordell Hull Utility District	Fayette County Public Works	Humphreys County 911
Blount County Community Action Agency	Core Services of Northeast TN	Fayetteville, City of	Huntingdon, Town of
Blount Partnership	Cornerstone	Fayetteville Housing Authority	Jacksboro, Town of
Blountville Utility District	County Officials Association of TN	Fentress County	Jackson Area Council on Alcohol and Drug Dependence
Bondcroft Utility	Covington, City of	Fentress County Emergency Communications District	Jackson Center for Independent Living
Bountiful Basket Nutrition Program	Crab Orchard Utility District	Fifty Forward	Jackson County
Bradley/Cleveland Services	Crockett County	First Utility District of Hardin County	Jamestown, City of
Bridges of Williamson County	Crockett County Highway	First Utility District of Tipton County	Jason Foundation
Bruceton, Town of	Crockett County Public Utility District	Forest Hills, City of	Jasper, Town of
Cagle-Fredonia Utility District	Cross Plains, City of	Franklin County	Jefferson City Housing
Camden, City of	Cumberland Community Options, Inc.	Franklin County Adult Activity Center	Jefferson County
Campbell County 911	Cumberland County	Franklin County Consolidated Housing Authority	Jefferson County 911
Care of Savannah, Inc.	Cumberland Utility District	Gainesboro, Town of	Johnson County
Carey Counseling Center	Dandridge, Town of	Gibson County Municipal Water District	Johnson County 911
Carroll County	Dayton, City of	Giles County	Journeys in Community Living
Carroll County Highway	Decatur County	Gladeville Utility District	Jubilee Community Arts
Carthage, Town of	Decatur County Highway	Gleason, City of	Kimball, Town of
Caryville – Jacksboro Utility		Good Neighbor Mission and Crisis Center	Kings Daughters Day Home
Caryville, Town of		Goodwill Industries Knoxville, Inc.	Kingston, City of
			Kingston Springs, Town of

Knoxville Community Development Corporation	Nolensville, Town of	Smith County	Association
Knoxville-Knox County CAC	North Overton Utility District	Smith County Highway	TN Sports Hall of Fame
Lafayette, City of	North Utility District of Rhea County	South Carthage, Town of	TN State Employees Association
Lakesite, City of	Northeast Henry County Utility	South Central TN Development District	TN State Museum
Launch Tennessee	Northwest Dyersburg Utility	South Central TN Workforce Alliance	TN State Veterans Home – Clarksville
Lawrence County	Northwest TN Economic Development Council	South Pittsburg, City of	TN State Veterans Home – Executive Office
Lawrence County 911	Northwest TN Head Start	South Pittsburg Housing Authority	TN State Veterans Home – Humboldt
Lawrenceburg Housing Authority	Northwest TN Workforce Board, Inc.	Southeast Mental Health Center	TN State Veterans Home – Knoxville
Lewis County Government	Oak Hill, City of	Southeast TN Development District	TN State Veterans Home – Murfreesboro
Lewis County Highway	Oak Ridge, City of	Southeast Tennessee Human Resource Agency	TN Voices for Children
Lewisburg Housing Authority	Oak Ridge Housing Authority	Southwest Human Resource Agency	Tracy City Public Utility
Lexington Electric System	Obion County	Southwest TN Development District	Troy, Town of
Lincoln County	Old Gainesboro Road Utility District	St. Joseph, City of	Tuckaleechee Utility District
Loretto, City of	Orange Grove Center	Statewide Independent Living Council of TN	Tullahoma Housing Authority
Loudon County Economic Development Agency	Overton County	Stewart County	Tullahoma Utilities Board
Manchester, City of	Overton County Highway	Stewart County Highway	Unicoi, Town of
Manchester Housing Authority	Overton County Nursing Home	Sullivan County 911	Union City, City of
Marion County	Pegram, Town of	Sullivan County Government	Union City Energy Authority
Marion County Highway	Perry County	Surgoinsville Utility District	United Neighborhood Health Services
Marion County 911	Perry County Highway	TARP, Inc.	Upper Cumberland CSA
Marion Natural Gas	Perry County Medical Center	Technology Access Center	Upper Cumberland Development District
Marshall County	Petersburg, Town of	The Development Corp of Knox County	Upper Cumberland Human Resource Agency
McKenzie, City of	Pleasant View, Town of	Tipton County	Upper East TN Human Development Agency
McMinn County Economic Development Authority	Portland, City of	Tipton County 911 District	Urban Housing Solutions
McNairy County Development Services	Prevent Child Abuse TN	Tiptonville, City of	Vision Coordination
McNairy County Highway	Professional Care Services of West TN	TN Alliance for Legal Services	Walden, Town of
McNeilly Center for Children	Progress, Inc.	TN Association of Alcohol, Drug Addiction Services	Warren County
Meigs County	Project Return	TN Association of Assessing Officers	Wartburg, City of
Memphis Area Association of Governments	Puryear, City of	TN Association of County Executives	Wartrace, Town of
Memphis Area Legal Services	Reelfoot Lake Regional Utility and Planning District	TN Association of Craft Artists	Watertown, City of
Memphis Center for Independent Living	Renewal House	TN Association of Rescue Squads	Watertown Sewer Operative and Maintenance, City of
Mental Health Association of Middle TN	Rhea County	TN Association of Utility Districts	Waynesboro, City of
Meritan, Inc.	Riceville Utility District	TN Business Enterprises	WDVX Cumberland Communications
Michie, City of	Roane County	TN Central Economic Authority	Weakley County
Mid-Cumberland CAA	Roane County 911	TN Community Services Agency	Weakley County 911
Mid-Cumberland HRA	Samaritan Recovery Community, Inc.	TN County Highway Officials	West Overton Utility
Mid-East CAA	Savannah, City of	TN County Services Association	West TN Forensic Services
Minor Hill Water Utility District	Scott County Government	TN Education Association	West TN Legal Services, Inc.
Monteagle, Town of	Scotts Hill, Town of	TN Historical Society	West TN Regional Art Center
Mosheim, Town of	Second South Cheatham Utility District	TN Municipal Bond Fund	West Warren-Viola Utility
Murfreesboro Electric Department	Sequatchie County	TN Municipal League	Westmoreland, Town of
My Friend's House Family and Children's Services	Sequatchie County Highway	TN Organization of School Superintendents	White Bluff, City of
NAMI Davidson County	Sequatchie Valley Planning	TN Primary Care Association	Whiteville, Town of
NAMI TN	Serenity Recovery Center	TN School Boards Association	Whitwell, City of
Nashville Cares	Sexual Assault Center	TN Secondary School Athletic	Williamson County Child Advocacy Center
National Healthcare for the Homeless Council	Sharon, City of		Wilson County ECD 911
New Horizons Corporation	Shelby County 911		Witt Utility District
New Johnsonville, City of	Shelby Residential and Vocational Services, Inc.		Woodbury Housing Authority
Newbern, City of	Signal Mountain, Town of		Woodlawn Utility District
	Skills Development Services, Inc.		Workforce Solutions

Financial Statements

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

NOTE: Financial data in this section expressed in thousands

State Plan

Statements of Net Position

	30-JUN-18	30-JUN-17
Assets		
Cash	\$ 402,413	\$ 329,650
Accounts receivable, net	6,212	9,688
Total assets	\$ 408,625	\$ 339,338
Liabilities		
Accounts payable and accruals	\$ 64,840	\$ 64,244
Unearned revenue	45,123	43,146
Total liabilities	\$ 109,963	\$ 107,390
Net position		
Unrestricted	\$ 298,662	\$ 231,948
Total net position	\$ 298,662	\$ 231,948

Statements of Revenues, Expenses and Changes in Fund Net Position

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

Statements of Cash Flows

	30-JUN-18	30-JUN-17
Cash flows from operating activities		
Receipts from interfund services provided	\$ 442,898	\$ 415,450
Receipts from fund members	404,190	383,685
Payments to suppliers	(776,564)	(769,979)
Payments for interfund services used	(2,029)	(1,893)
Net cash provided by (used for) operating activities	\$ 68,495	\$ 27,263
Cash flows from investing activities		
Interest received	\$ 4,268	\$ 1,305
Net cash from investing activities	\$ 4,268	\$ 1,305
Net increase (decrease) in cash	\$ 72,763	\$ 28,568
Cash, July 1	329,650	301,082
Cash, June 30	\$ 402,413	\$ 329,650
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ 62,446	\$ 11,457
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	3,477	(2,119)
Increase (decrease) in accounts payable	596	15,218
Increase (decrease) in unearned revenue	1,976	2,707
Net cash provided by (used for) operating activities	\$ 68,495	\$ 27,263

Local Education Plan

Statements of Net Position

	30-JUN-18	30-JUN-17
Assets		
Cash	\$ 187,735	\$ 158,934
Accounts receivable, net	3,322	6,251
Total assets	\$ 191,057	\$ 165,185
Liabilities		
Accounts payable and accruals	\$ 45,264	\$ 43,980
Unearned revenue	90	88
Total liabilities	\$ 45,354	\$ 44,068
Net position		
Unrestricted	\$ 145,703	\$ 121,117
Total net position	\$ 145,703	\$ 121,117

Statements of Revenues, Expenses and Changes in Fund Net Position

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

Statements of Cash Flows

	30-JUN-18	30-JUN-17
Cash flows from operating activities		
Receipts from fund members	\$ 521,059	\$ 478,365
Payments to insurance companies and healthcare providers	(493,491)	(497,019)
Payments for state services	(683)	(611)
Net cash from (used for) operating activities	\$ 26,885	\$ (19,265)
Cash flows from investing activities		
Interest received	\$ 1,916	\$ 577
Net cash from investing activities	\$ 1,916	\$ 577
Net increase (decrease) in cash	\$ 28,801	\$ (18,688)
Cash, July 1	158,934	177,622
Cash, June 30	\$ 187,735	\$ 158,934
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ 22,670	\$ (31,581)
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,929	(1,204)
Increase (decrease) in accounts payable	1,284	13,501
Increase (decrease) in unearned revenue	2	19
Net cash provided by (used for) operating activities	\$ 26,885	\$ (19,265)

Supplementary Information — Active Employees

The table below illustrates how the Local Education Group Insurance Fund's earned revenues and investment income compare to related costs of loss and other expenses assumed by the fund for the last ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operating costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the fund's incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year); some of these amounts are unavailable. (4) This section shows the cumulative amounts paid

as of the end of successive years for each policy year; some of these amounts are unavailable. (5) This section shows how each policy year's incurred claims increased or decreased as of the end of successive years; some of these amounts are unavailable. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature fiscal years. The columns of the table show data for successive fiscal and policy years.

Ten-Year Claims Development Information

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
(1) Required contribution and investment revenue earned (fiscal year)	403,627	421,242	444,773	439,640	463,986	488,113	471,353	449,965	472,022	517,083
(2) Unallocated expenses (fiscal year)	21,019	23,195	26,767	26,473	27,384	29,831	34,261	35,026	32,188	28,531
(3) Estimated incurred claims and expenses, end of policy year	373,682	441,168	413,568	429,252	432,425	435,832	456,600	473,999	483,123	*
(4) Paid (cumulative) as of:										
End of policy year	347,060	408,968	383,440	401,000	404,145	408,147	426,939	442,712	452,836	*
One year later	407,483	441,224	415,724	428,201	432,124	435,790	457,219	473,195	*	
Two years later	407,504	441,773	415,240	427,657	431,697	435,667	457,210	*		
Three years later	407,379	441,596	415,215	427,597	431,374	435,684	*			
Four years later	407,330	441,568	415,121	427,582	431,389	*				
Five years later	407,330	441,568	415,121	427,581	*					
Six years later	407,330	441,568	415,121	*						
Seven years later	407,330	441,568	*							
Eight years later	407,330	*								
Nine years later	*									
(5) Reestimated incurred claims and expenses:										
End of policy year	373,682	441,168	413,568	429,252	432,425	435,832	456,600	473,999	483,123	*
One year later	407,718	441,247	415,256	427,805	431,846	435,706	457,246	473,331	*	
Two years later	407,507	440,529	415,207	427,624	431,469	435,643	457,121	*		
Three years later	407,364	440,485	415,110	427,582	431,450	435,583	*			
Four years later	407,364	440,485	415,110	427,582	431,450	*				
Five years later	407,364	440,485	415,110	427,582	*					
Six years later	407,364	440,485	415,110	*						
Seven years later	407,364	440,485	*							
Eight years later	407,364	*								
Nine years later	*									
(6) Increase (decrease) in estimated incurred claims and expenses from end of policy year	33,682	(683)	1,542	(1,670)	(975)	(249)	521	(668)	0	*

* Data not available

Local Government Plan

Statements of Net Position

	30-JUN-18	30-JUN-17
Assets		
Cash	\$ 54,259	\$ 44,498
Accounts receivable, net	1,006	1,779
Total assets	\$ 55,265	\$ 46,277
Liabilities		
Accounts payable and accruals	\$ 10,664	\$ 11,315
Unearned revenue	38	34
Total liabilities	\$ 10,702	\$ 11,349
Net position		
Unrestricted	\$ 44,563	\$ 34,928
Total net position	\$ 44,563	\$ 34,928

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-18	30-JUN-17
Operating revenues		
Premiums	\$ 136,454	\$ 127,032
Total operating revenues	\$ 136,454	\$ 127,032
Operating expenses		
Medical and mental health claims	\$ 119,378	\$ 122,756
Administrative services	732	1,020
Contractual services	7,247	7,398
Total operating expenses	\$ 127,357	\$ 131,174
Operating income (loss)	\$ 9,097	\$ (4,142)
Non-operating revenues		
Interest income	\$ 538	\$ 151
Total non-operating revenues	\$ 538	\$ 151
Change in net position	\$ 9,635	\$ (3,991)
Net position, July 1	34,928	38,919
Net position, June 30	\$ 44,563	\$ 34,928

Statements of Cash Flows

	30-JUN-18	30-JUN-17
Cash flows from operating activities		
Receipts from fund members	\$ 139,124	\$ 129,517
Payments to insurance companies and healthcare providers	(129,773)	(128,850)
Payments for state services	(128)	(114)
Net cash from (used for) operating activities	\$ 9,223	\$ 553
Cash flows from investing activities		
Interest received	\$ 538	\$ 151
Net cash from investing activities	\$ 538	\$ 151
Net increase (decrease) in cash	\$ 9,761	\$ 704
Cash, July 1	44,498	43,794
Cash, June 30	\$ 54,259	\$ 44,498
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ 9,097	\$ (4,142)
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	773	83
Increase (decrease) in accounts payable	(651)	4,614
Increase (decrease) in unearned revenue	4	(2)
Net cash provided by (used for) operating activities	\$ 9,223	\$ 553

Supplementary Information — Active Employees

The table below illustrates how the Local Government Group Insurance Fund's earned revenues and investment income compare to related costs of loss and other expenses assumed by the fund for each of the last ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operating costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the fund's incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year); some of these amounts are unavailable. (4) This section shows the cumulative amounts paid

as of the end of successive years for each policy year; some of these amounts are unavailable. (5) This section shows how each policy year's incurred claims increased or decreased as of the end of successive years; some of these amounts are unavailable. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature fiscal years. The columns of the table show data for successive fiscal and policy years.

Ten-Year Claims Development Information

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
(1) Required contribution and investment revenue earned (fiscal year)	103,157	104,810	102,710	103,278	105,973	108,834	108,860	114,373	127,183	136,992
(2) Unallocated expenses (fiscal year)	4,348	5,921	5,473	6,010	6,135	6,645	7,535	8,012	8,418	7,979
(3) Estimated incurred claims and expenses, end of policy year	100,350	107,083	91,699	94,738	96,152	99,097	103,694	118,900	126,741	*
(4) Paid (cumulative) as of:										
End of policy year	93,456	98,709	89,231	88,026	89,634	92,792	97,837	111,866	119,188	*
One year later	100,916	105,833	91,703	94,277	96,101	98,622	103,813	118,709	*	
Two years later	101,895	107,170	91,618	94,205	95,919	98,627	103,981	*		
Three years later	100,533	107,103	91,578	94,183	95,883	98,627	*			
Four years later	100,494	107,101	91,669	94,182	95,895	*				
Five years later	100,494	107,101	91,669	94,182	*					
Six years later	100,494	107,101	91,669	*						
Seven years later	100,494	107,101	*							
Eight years later	100,494	*								
Nine years later	*									
(5) Reestimated incurred claims and expenses:										
End of policy year	100,350	107,083	91,699	94,738	96,152	99,097	103,694	118,900	126,741	*
One year later	100,803	106,870	91,640	94,248	96,022	98,653	104,054	118,777	*	
Two years later	101,895	106,720	91,558	94,192	95,895	98,628	104,016	*		
Three years later	100,492	106,697	91,669	94,182	95,893	98,635	*			
Four years later	100,492	106,697	91,669	94,182	95,893	*				
Five years later	100,492	106,697	91,669	94,182	*					
Six years later	100,492	106,697	91,669	*						
Seven years later	100,492	106,697	*							
Eight years later	100,492	*								
Nine years later	*									
(6) Increase (decrease) in estimated incurred claims and expenses from end of policy year	142	(386)	(30)	(556)	(259)	(462)	322	(123)	0	*

* Data not available

Retiree Plans

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

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

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

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

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

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