2019
ANNUAL REPORT
Tennessee State Group Insurance Program

Healthy members; peace of mind

PARTNERS FOR HEALTH

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

Butch Eley
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

December 1, 2020

We are pleased to submit the 2019 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 143,923 employees/retirees and 44,293 Medicare-eligible retirees and their families from public sector organizations in Tennessee. At the end of 2019, the state-sponsored plans provided health, dental, vision and disability insurance coverage as well as supplemental medical insurance for retirees with Medicare coverage to 332,872 individuals.

The data presented here demonstrate program, statistical and financial trends for the plans. The financial statements reflect the fiscal year ended June 30, 2019.

While the State Group Insurance Program sponsors the coverages and programs reviewed in this report, we work in partnership with 13 contractors and a number of other state agencies to deliver services to program members. The results reported here reflect their contributions and the leadership of the Insurance Committees.

Sincerely,

Laurie S. Lee, Executive Director

Butch Eley, 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. Committee members for 2019 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 eligibility, enrollment, benefits and administrative rules of the program.

Mission

Deliver comprehensive, affordable, dependable and sustainable benefits

Vision

Healthy members; peace of mind

Fast Facts→

- 288,579 health plan members
- $1.7 billion total health plan expenses
- 32% of health plan spend is pharmacy
- 39% of total pharmacy spend is for specialty drugs
- 44,216 supplemental Medicare members
- $67 million supplemental Medicare claims paid

2019 Insurance Committees

Stuart McWhorter, 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

Hodgen Mainda — S, E
Commissioner, Department of Commerce and Insurance

Juan Williams — S
Commissioner, Department of Human Resources

Vicki Burton — 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 Susan Lynn — S
Chair, House Finance, Ways and Means Committee

Maryanne Durski — E
Designee, Department of Education

Robert Langford — E
Middle Tennessee Teacher Representative

Erin Johnson — E
East Tennessee Teacher Representative

Vacant — E
West Tennessee Teacher Representative

Jennifer White — 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:

ActiveHealth Management

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

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 (Minnesota Life)

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 The Tennessee Plan, 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 (BA) administers health (physical and mental), dental, vision, life and disability insurance coverages for more than 332,872 eligible employees, retirees and dependents.

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

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

In 2019, the SGIP offered all members three health insurance options — the Premier Preferred Provider Organization (PPO), Standard PPO and Consumer-driven Health Plan (CDHP).

A fourth option, a 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.

Participants in all plans may enroll in voluntary dental coverage if coverage is offered by the employing agency. Participants may choose 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.

Supplemental medical insurance for retirees with Medicare is available through The Tennessee Plan to Medicare-eligible retirees who participate in the Tennessee Consolidated Retirement System (TCRS) and to 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 government comprises more than half of the State Group Insurance Program enrollment.

	Employee/Retiree		Spouse		Child/Dependent		Total
Local Education	55,916	50%	18,752	17%	37,888	34%	112,556
Local Government	17,465	65%	3,245	12%	6,295	23%	27,005
State & Higher Education	70,542	47%	30,663	21%	47,813	32%	149,018
						Total	288,579

Health insurance only

Please note that percentages throughout this report may not always equal to 100% 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 encourage 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 2016–2019 have averaged 4.2%, 3.9% and 2.5%, respectively, well below the industry average. The plans' financial performance reflects the success of this strategy.

In 2019, the following key initiatives were accomplished.

Vendor Services

Effective January 1, 2019, BA implemented several value-based benefits to reduce the cost barrier for members seeking appropriate care. This included waiving costs for Medication Assisted Treatment medications used to treat opioid use disorders; placing outpatient physical, occupational, and speech therapy outside of the deductible for the PPO plans; and waiving outpatient cardiac rehabilitation cost-sharing.

Effective July 1, 2019, BA implemented a preferred substance use disorder network with an incentivized benefit. The network encourages the use of high-quality substance use treatment facilities by waiving member cost sharing for those facilities that have demonstrated superior cost and quality measures. Outcomes will be tracked over time in order to determine if such an initiative is driving better results for health plan members.

After a year without a wellness program, the population health and weight management programs launched in January 2019. Managed by ActiveHealth, state and higher education members had a menu of options from which to choose, including access to a health assessment, coaching support (online personal or group coaching, or by phone), a weight management program, biometric screenings, as well as many other online resources. These employees and their spouse could each earn up to $250 in 2019 by completing certain wellness activities. Local education and local government members and spouses, all retirees and spouses, and COBRA participants received access to a health assessment, and coaching support (online personal or group coaching or by phone) for disease management programs in addition to access to the web portal and mobile app.

The SGIP's participation in the Episodes of Care value-based payment initiative continued in 2019. In addition to the five episodes previously rolled out (perinatal, total joint, percutaneous coronary intervention, cholecystectomy, colonoscopy) three additional episodes were rolled out for performance in 2019 including EGD, bariatric, coronary artery bypass graft, and valve. Two episodes, hysterectomy and knee arthroscopy, were added in a preview period. While more time is needed to track overall trends, many quality metrics showed year over year improvement and the program has improved conversations with our carriers and providers, opening the door for new value-based payment programs.

Financial Management & Program Integrity

This group promotes compliance, transparency and accountability throughout the division. During 2019, they successfully established and hired the Director of Risk Management, implemented a quality assurance function for population health incentives earned by members, and transitioned the Other Post-employment Benefits (OPEB) actuarial services from the prior vendor to the current vendor. The Director of Risk Management enhanced the division's ability to evaluate risks and determine the best way to mitigate those risks. In addition, this director serves as a liaison between the division and external auditors and the OPEB actuarial consultants. The Vendor Accountability team designed a quality assurance function prior to the payment of wellness and population health incentives to ensure that members were being paid the appropriate amount

based on data received from the population health vendor. In July 2019, the Program Integrity team began the transition process between the prior OPEB actuarial consultants and the current OPEB actuarial consultants. This required data sharing and educating the current OPEB actuarial consultants on the workings of the OPEB trust and the state sponsored insurance plans.

The Financial Management group continued to ensure vendors were paid accurately and timely, monitor the state sponsored plan performance, monitor the OPEB trust performance and coordinate the OPEB funding with higher education institutions. The Vendor Accountability team 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 $1.9 million in collections.

Operations

In 2019, Operations enhanced customer service by implementing a mobile-friendly enrollment process for Annual Enrollment. This allows our members flexibility regarding when and how they make benefits changes. Additionally, Operations simplified the log in process for members that had previously logged in to our system. In order to communicate these changes, and other important updates and reminders, we hosted in-person agency benefits coordinator (ABC) trainings in Nashville, Lebanon, Knoxville, and Jackson. More than 450 ABCs attended one of these training sessions.

In conjunction with the Communications team, we created a new Education and Outreach team to work with new agencies interested in joining the State Group Insurance Program. This new team travels to conduct informational sessions at agencies and works one on one with new agencies that have decided to join the plan. The team members train new agencies on how to process enrollments in our system, run reports, and communicate with our service center after the initial enrollment period has ended. They also conduct monthly training sessions for new ABCs.

Operations implemented a solution to allow state employees enrolled in the CDHP plan the option of depositing their earned wellness incentive money directly into their Health Savings Account (HSA), instead of being taxed and paid out on their paycheck.

The most recent customer satisfaction survey of our benefits coordinators showed that our customers rated their overall satisfaction with our service center at 98% percent. For the year, our Zendesk customer service satisfaction rate was 95.8%.

Communications

Communication's mission is to help agencies and members understand insurance benefits options and make informed choices.

In 2019, Communications worked with Operations to update more than 10,000 email addresses for local education and local government members. Correcting bounced or bad email addresses is critical to getting members information they need to make smarter healthcare decisions. As previously noted, we held in-person ABC trainings across the state with the Operations team.

Each year we survey ABC customer satisfaction. In 2019, we received 372 responses, for a 62% response rate. Participants rated their overall customer service satisfaction at 95% meets or exceeds expectations. Ninety-five percent of those who attended the combined in-person training with the Communications and Operations teams, found the training helpful.

While BA traditionally connects with member ABCs through surveys, monthly conference calls and webinars, we do not have direct relationships with agency leadership. In 2019 we completed a planning process to expand our understanding of local government and local education agencies' needs and their benefits decision-making processes. The resulting business plan detailed the creation and implementation of sustained efforts for increased outreach, support and coordination to retain and grow plan membership in the SGIP to improve customer service and ensure a stable health risk pool. The new Outreach function will start January 2020 in collaboration with the Operations Education and Outreach team.

New technology procured by the state allowed us to have one branded website in 2018 and, in 2019, brought the ability to compile web analytics about the number

of page views and file downloads to help us gauge traffic and popularity. BA added a website survey to the ParTNers homepage to ask how our customers utilize the site and the improvements they want to see, which will help us with future website design.

From 2018 to 2019, our social media pages had significant increases. ParTNers for Health's Facebook page had a 41% increase in reach, 32% increase in engagement and 43% increase in impressions. ParTNers for Health's Twitter had an 84% increase in impressions from 2018 to 2019. For Working for a Healthier TN, Facebook reach increased 29%, engagement increased 64%, impressions increased 44% and Twitter impressions increased 192%.

Together with the Department of Treasury, we held a successful State Insurance Committee election in 2019. We developed and shared communications during the first quarter, accepted and verified nominations in the spring and created a ballot in May so that new members were in place July 1.

2019 Procurements

All procurements were completed through competitive requests for proposals.

The **Pharmacy Benefits Management** (PBM) procurement was for a single contract for pharmacy benefit account management, network and formulary management, utilization management, custom clinical programs, and an online Point-of-Sale (POS) pharmacy claims processing system. Due to a protest of the PBM contract, the contract awarded in May 2019 was not signed and the existing contract was extended for one year, through 2020. A new PBM RFP was issued in October 2019.

Overview of Plan Options

Multiple plan options were available in 2019, and members could enroll in any of the plans:

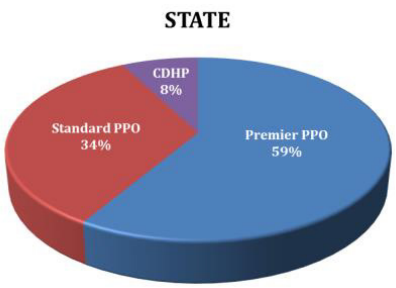
1. Premier Preferred Provider Organization (PPO)
2. Standard PPO
3. Consumer-driven Health Plan (CDHP)/Health Savings Account (HSA)
4. Limited PPO (local education & local government only)

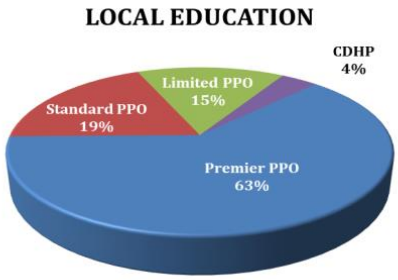
Networks

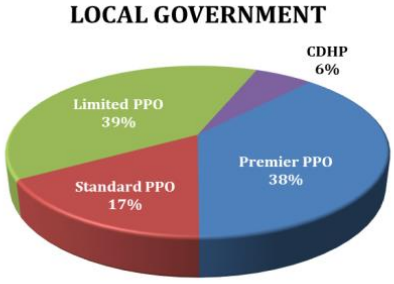
- Members had a choice of BlueCross BlueShield Network S, Cigna Local Plus or Cigna Open Access Plus (OAP) in all grand divisions. Employees enrolling in OAP paid an additional monthly premium charge of $40 or $80 (depending on tier) to partially account for the higher costs associated with this broad network.
- For 2019, 4,697 members enrolled in the OAP network.

Coverage by Plan

- Standard PPO enrollment declined in all three plans.
- Limited PPO enrollment increased slightly and has surpassed Premier PPO enrollment in the local government plan.
- Enrollment in the CDHP/HSA increased from 6,469 in January 2017 to 7,975 in December 2019 (23 percent increase).
- Employees contributed approximately $9.0M to their health savings accounts (HSA), which is an average of $1,128 per account; the State contributed more than $4.9M to employee HSAs.



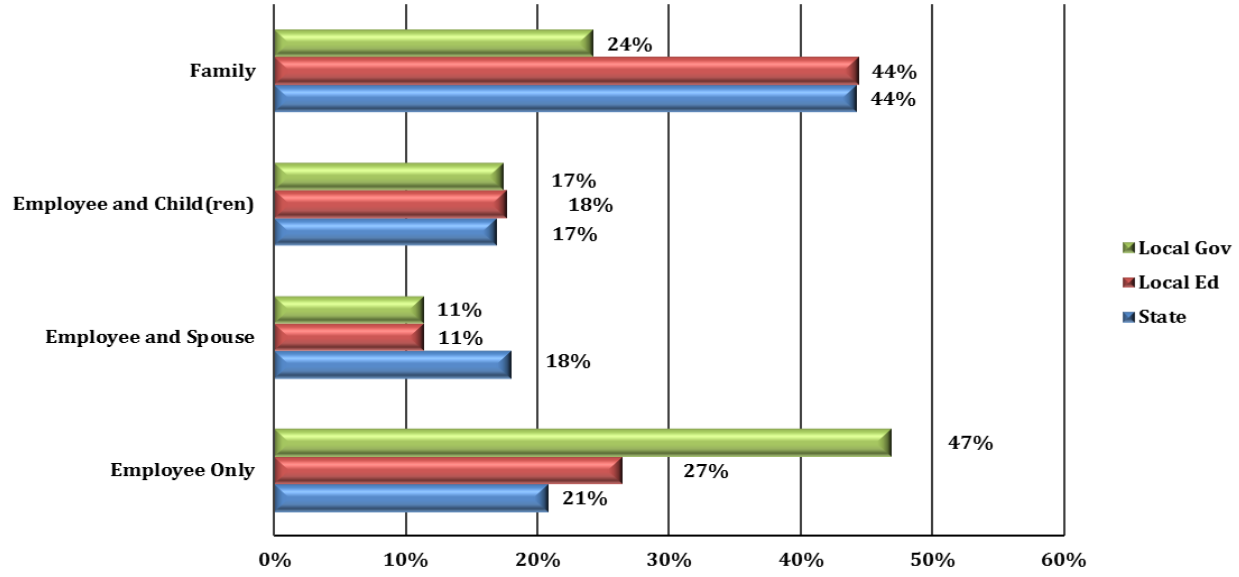




Overview of Plan Options, cont'd

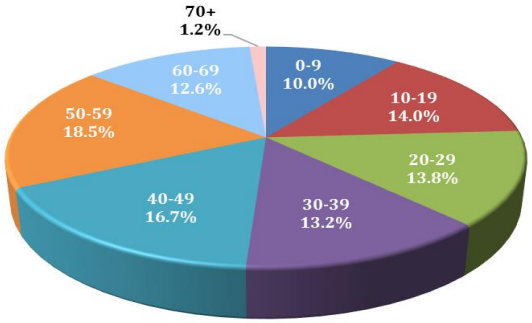
Enrollment Coverage by Tier

- 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.
- 2019 enrollment by tier is very similar to 2018.



Coverage by Age

- The average age among all members is 36.8, which is lower than in 2016 (37.0).
- The average age for all plans has decreased slightly in the past few years.
  - State 37.4 (37.7 in 2016)
  - Local education 35.6 (35.7 in 2016)
  - Local government 38.9 (39.1 in 2016)



Gender

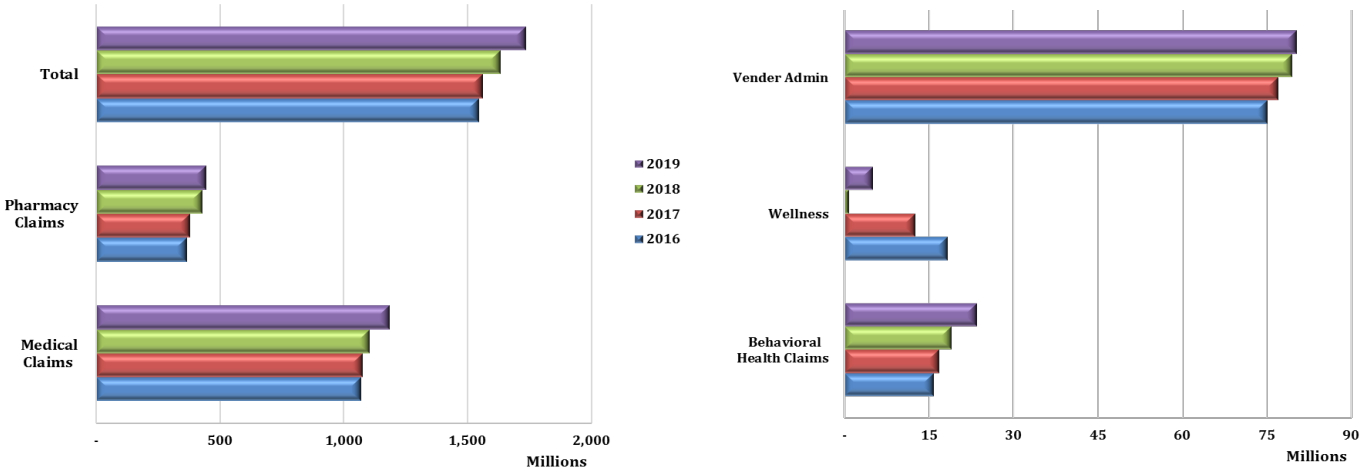
The overall gender split is 55% female, 45% male, with the local education plan having a higher percentage of females. This has remained constant for the past few years.

	Female	Male
State	54%	46%
Local Education	59%	41%
Local Government	52%	48%
Total	55%	45%

Medical

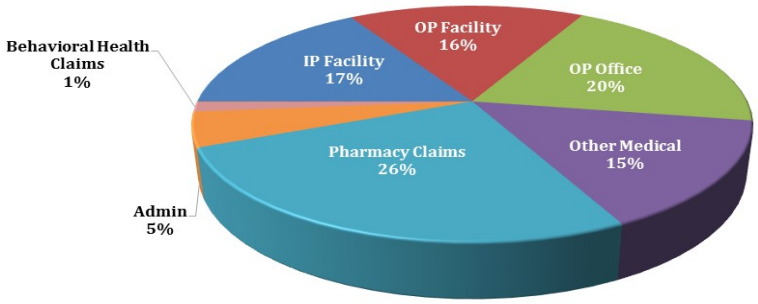
Expenses 2016-2019

- Total plan expenses were more than $1.7 billion in 2019 and increased 12% between 2016 and 2019. There was a 6.4% increase in overall spend between 2018 and 2019.
- 2019 Medical claims increased by 7.3% and Behavioral Health claims increased by 23.9% over 2018 claims.
- Total pharmacy claims costs (excluding pharmacy claims processed through the medical plan) have increased 21% between 2016 and 2019. Between 2018 and 2019, the increase was 3.3%.
- The lack of wellness data in 2018 is a result of the program being temporarily suspended.



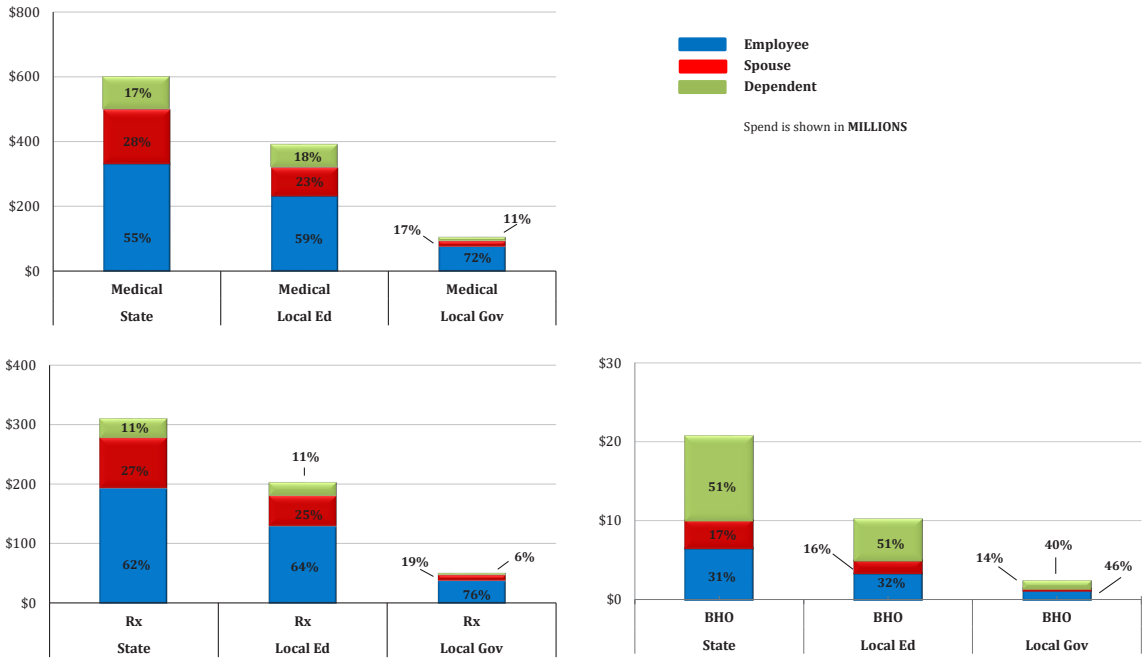
2019 Plan Expenses

Pharmacy claims (excluding pharmacy claims processed through the medical plan) accounted for the largest single category of health plan spend (26%). This is an increase from 2018.



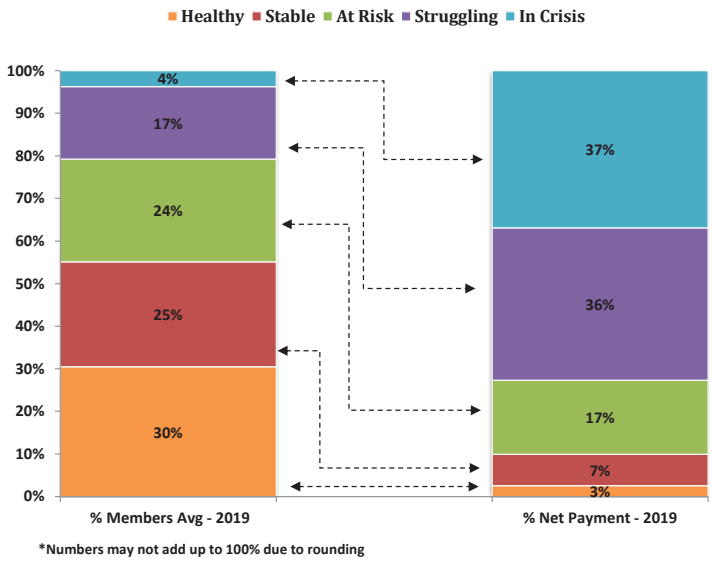
Medical, cont'd

Spend by Relationship



Plan Payments by Member Risk

A very small percentage of members account for more than one-third of all plan payments.



Healthy Very healthy, minimum use of healthcare services
Interventions should focus on preventive care

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

At Risk Primarily acute conditions, moderate use of healthcare services
Health influences day to day life but is still manageable
Lack of management may lead to increased cost of care and severity

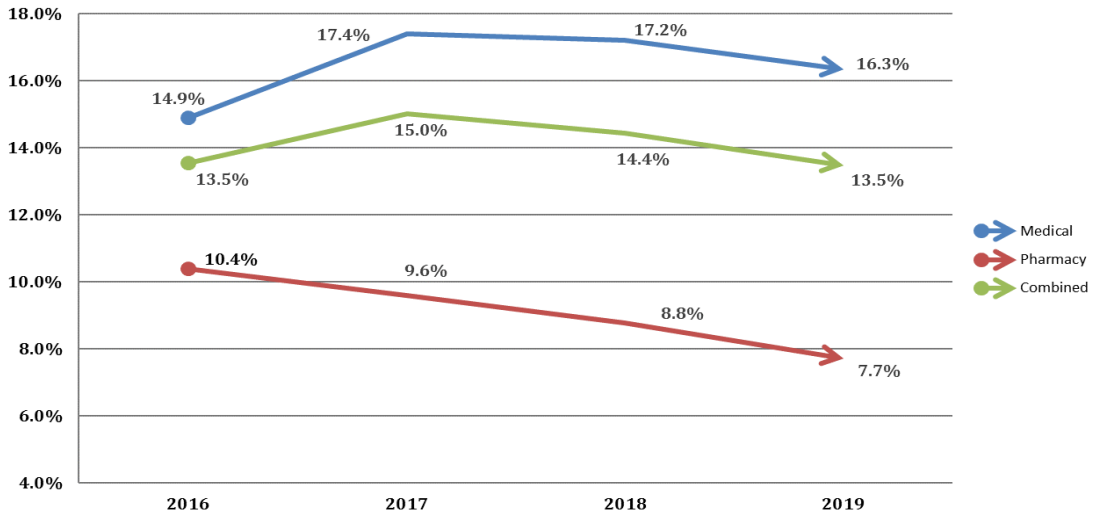
Struggling Higher disease severity, heavy use of healthcare services
Costs well above average; poor health adversely influences day to day life
Lack of management may result in extreme high cost and overall decline i

In Crisis Highest severity of illness, significant use of healthcare services
Highest costs, poor health negatively impacts quality of life
Aggressive care management needed

Medical, cont'd

Cost Share per Member 2016-2019

Medical trend continues to increase. Without benefit changes, the percentage of total costs that members pay continues to decline. This trend is most noticeable for pharmaceuticals.



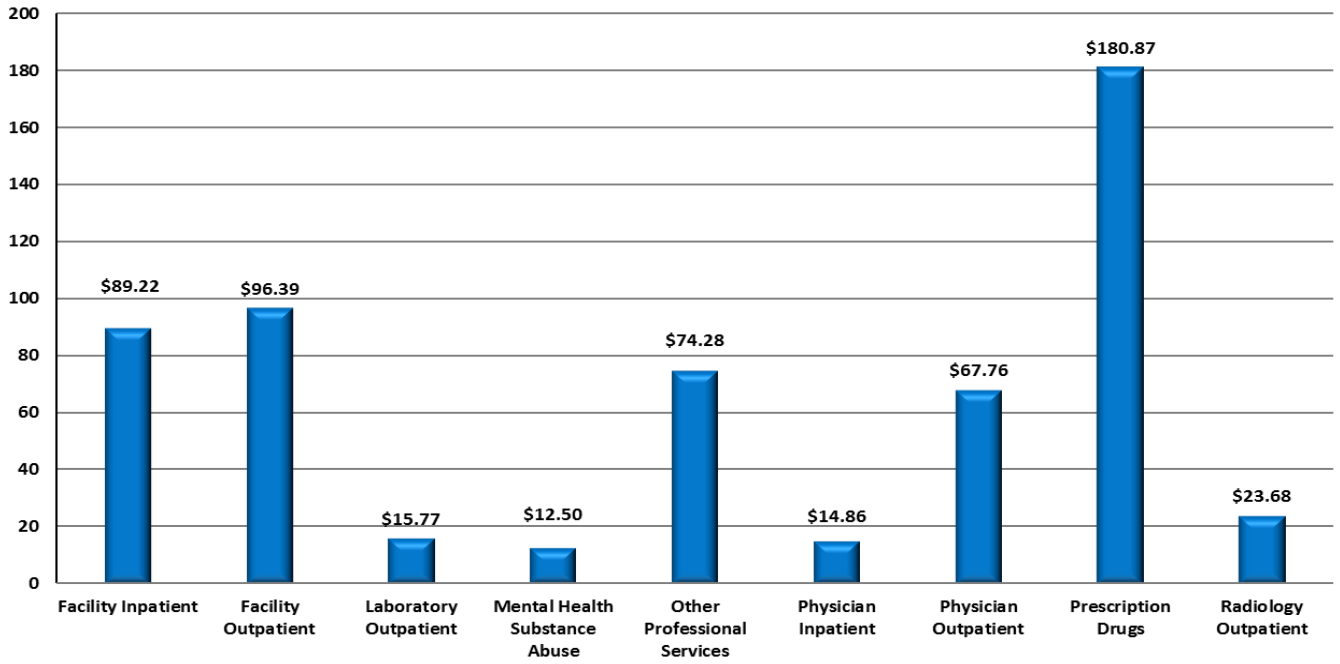
The "Top Ten" list combined represents 62.2% of total plan expense in 2019.

"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. TRULICITY-diabetes
4. CT/MRI/X-Ray/Ultrasound	4. Diabetes	4. NOVOLOG - diabetes
5. Surgery	5. Hypertension, Essential	5. STELARA-plaque psoriasis and psoriatic arthritis
6. Chemotherapy	6. Chemotherapy Encounters	6. VICTOZA-diabetes
7. Anesthesia Services	7. Cancer - Breast	7. SAXENDA-obesity
8. Physical medicine: other procedure:	8. Neurological Disorders	7. DUEXIS-rheumatoid arthritis & osteoarthritis
9. Medical supplies and devices	9. Newborns, w/wo Complication	9. TRESIBA-diabetes
10. Facility visits	10. Cerebrovascular Disease	10. JARDIANCE-diabetes

Medical, cont'd

Cost per Member per Month by Service Category

Pharmacy has the highest cost per member per month among all service categories. It increased 8% over last year. While a small cost per member, Mental Health/Substance Abuse also experienced an increase of 16% over last year.



Utilization Trends

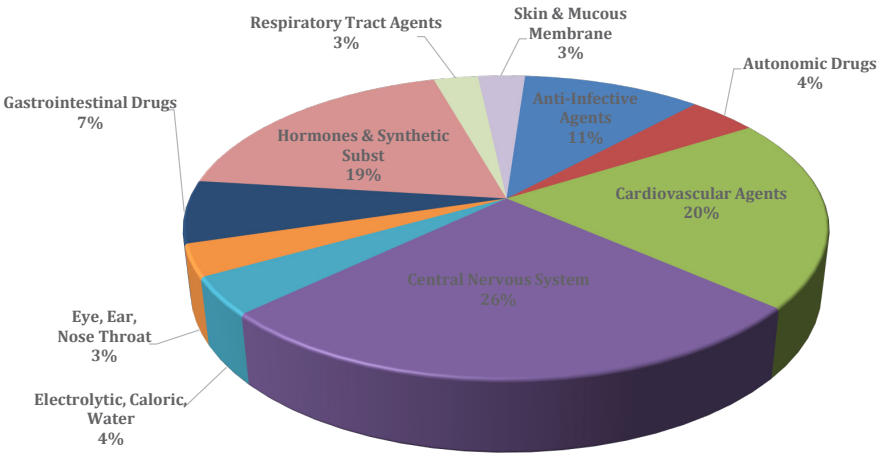
	Local Education			Local Government		
	2016	2019	% Chg	2016	2019	% Chg
Admissions per 1,000	52	51	-1.9%	61	66	8.2%
OP Facility Visits Per 1,000	1,245	1,144	-8.1%	1,386	1,273	-8.2%
Office Visits Per 1,000	8,261	8,307	0.6%	7,994	7,684	-3.9%
ER Visits Per 1,000	187	175	-6.4%	290	270	-6.9%
Scripts Per 1000	15,594	15,672	0.5%	18,313	17,995	-1.7%
Patients Per 1,000 Complications	21	22	4.8%	24	24	0.0%
Readmissions Per 1,000	2	2	0.0%	3	3	0.0%

	State			All		
	2016	2019	% Chg	2016	2019	% Chg
Admissions per 1,000	57	59	3.5%	56	57	1.8%
OP Facility Visits Per 1,000	1,370	1,324	-3.4%	1,325	1,257	-5.1%
Office Visits Per 1,000	8,362	8,408	0.6%	8,309	8,341	0.4%
ER Visits Per 1,000	234	217	-7.3%	220	207	-5.9%
Scripts Per 1000	16,202	15,699	-3.1%	16,163	15,966	-1.2%
Patients Per 1,000 Complications	24	25	4.2%	23	24	4.3%
Readmissions Per 1,000	3	3	0.0%	3	3	0.0%

Pharmacy*

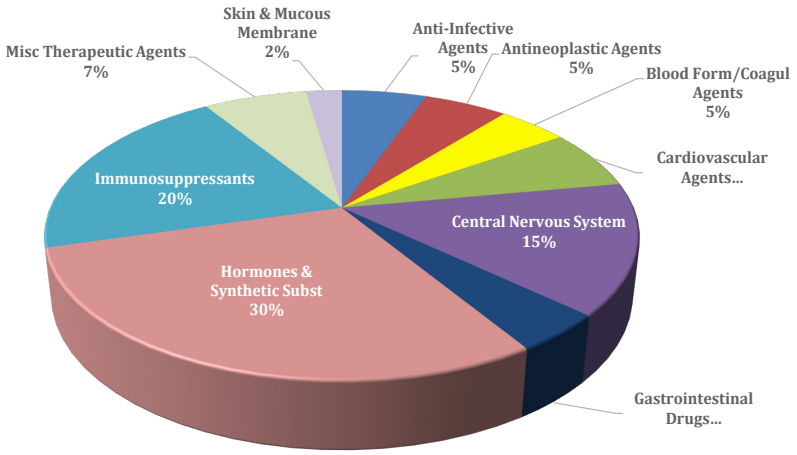
Top 10 Therapeutic Class by Number of Prescriptions, 2019

- 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; by cost the top drug was human growth hormone.



Top 10 Therapeutic Class by Net Pay Rx, 2019

Drugs used to treat diabetes are the top drugs in the Hormones & Synthetic Substances class by net pay.

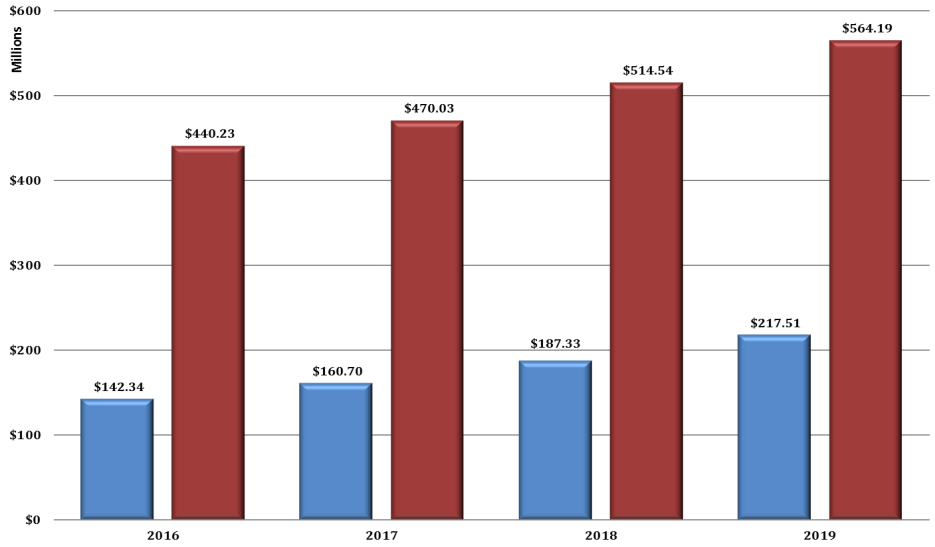


*Includes prescriptions filled through the pharmacy benefit manager, not prescriptions filled through the medical benefit.

Pharmacy*, cont'd

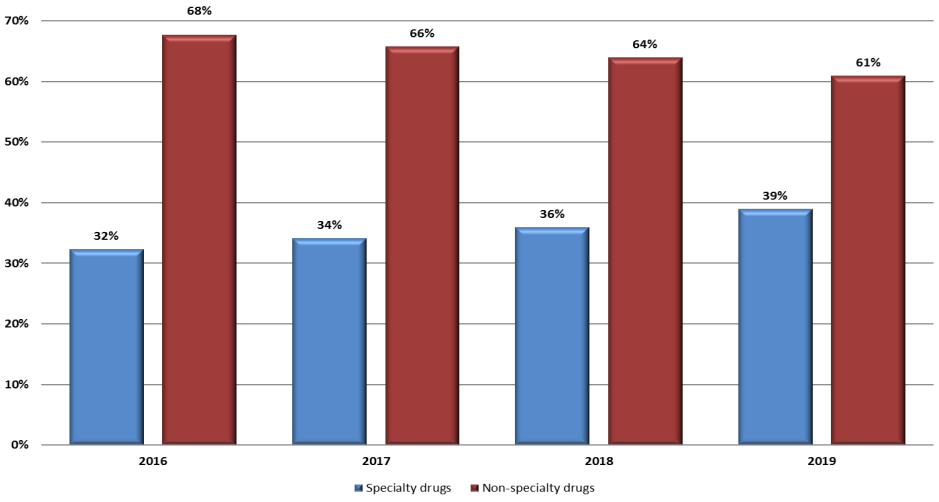
Net (Plan) Cost of Drugs Over Time

- Specialty drugs are 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 53% since 2016 versus 28% for all drugs.



Percent of Total Net (Plan) Cost of Drugs

The cost of speciality drugs continues to increase and now accounts for 39% of total plan pharmacy spend.



*Includes prescriptions filled through the pharmacy benefit manager, not prescriptions filled through the medical benefit. Drug costs are not net of rebates.

Health Plan – Behavioral Health

Utilization

- Member utilization of Behavioral Health services was 6.4%. This is a 12% increase over 2018 utilization.
- In-network utilization (as a percentage of claims) was 78%. This is slightly less than in-network utilization in 2018.
- In-network utilization (as a percent of claimants) was 83.9%, which is also slightly less than in 2018.

Network Summary

- 225 new clinicians at 327 locations were added in 2019:
  - 19 MDs
  - 12 PhDs
  - 44 Advanced Practice registered nurses
  - 150 Master's level clinicians
- 131 providers left the network - 13 MDs, 9 Advanced Practice RNs, 97 Master's level clinicians

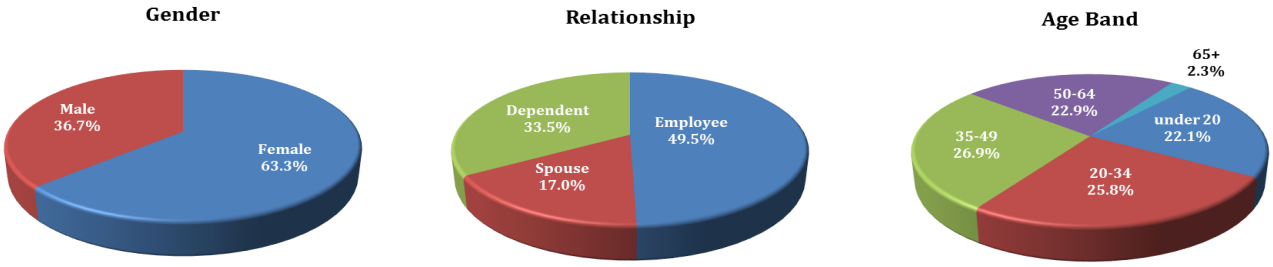
Key Diagnoses

- Depression, trauma/stress and anxiety were the top three diagnostic categories by utilizer volume in 2019. These were unchanged from 2018.
- Utilizers per 1000: Depression= 22.7, Trauma/Stress = 16.9, Anxiety = 15.2, Substance Use = 2.4

Use by Level of Care

Utilizers per 1000: Outpatient = 51.2, Medication Services = 16.2, Other = 4.6, Acute Inpatient = 2.7, Structured Outpatient = 1.9, Day Treatment = 1.2, Residential = 1.1

BH Utilizer Demographics

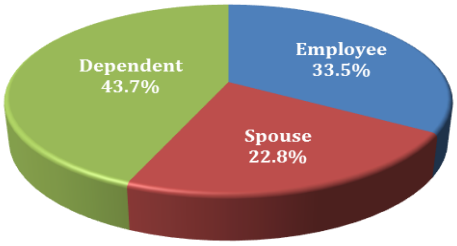


Health Plan – Behavioral Health, cont'd

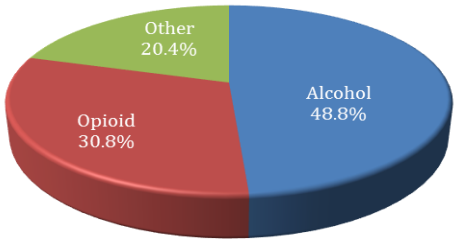
Substance Use

- In 2019, 693 members sought care for substance use, which is a 3.5% increase over 2018.
- Dependents were most likely to seek care for substance use. This was true in 2018 as well.

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
	68%	24%	8%	70%	22%	8%	23%	41%	36%
Acute IP	13%	4%	20%	16%	8%	3%	3%	3%	6%
Residential	54%	36%	52%	48%	38%	33%	38%	35%	36%
Day Treat.	15%	14%	13%	12%	12%	14%	19%	20%	15%
Structured OP	16%	7%	11%	21%	3%	47%	37%	39%	41%

Employee Assistance Program (EAP)

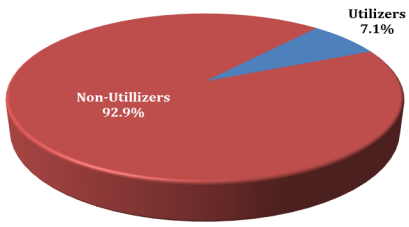
Eligible employees and their dependents may receive up to five counseling visits, per situation, per year at no cost to them. Master's level specialists are available 24/7 to assist with stress, legal, financial, mediation and work/life services. The program is available to all state and higher education 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

- 93% think the staff was helpful
- 93% are satisfied and would use EAP again
- 91% received info requested in a reasonable time
- 88% believed info/services were helpful
- 85% feel less stress or worry
- 84% have seen improvement in self (or family)
- 82% feel more confident about being able to manage issues
- 81% were able to see a clinician within acceptable timeframe
- 80% feel more effective at work

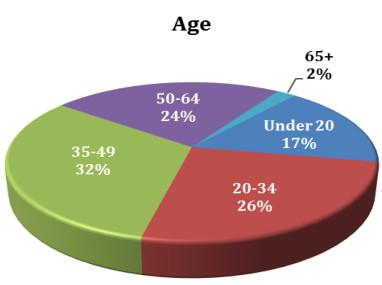
Utilization Rate

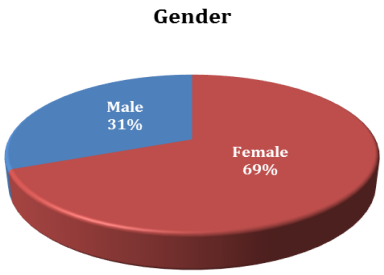
In 2019, 7.1% of members used the EAP (9,903 unique members out of 140,065 employees). This is a 1.1% increase over the prior year.

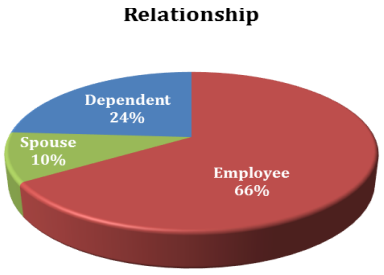


Utilization

The majority of utilizers are female employees.



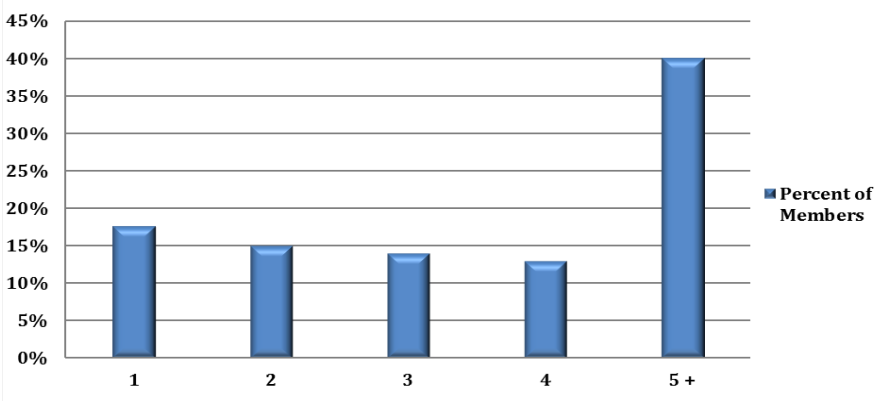




EAP, cont'd

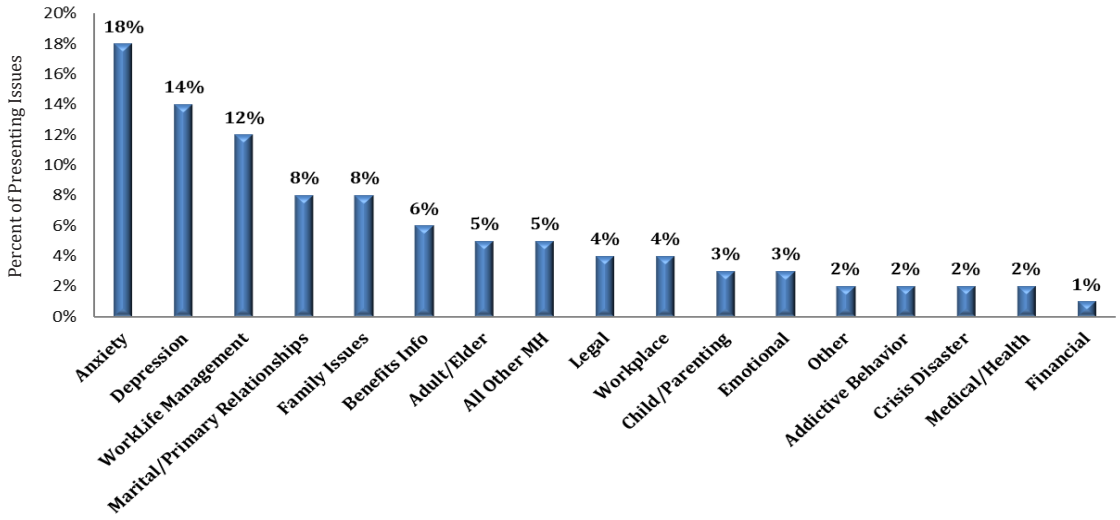
EAP Visits per Member

Of those who used EAP in 2019, 40% used all five, no-cost visits included in their benefits. This is a 4% increase over 2018.



Presenting Issues

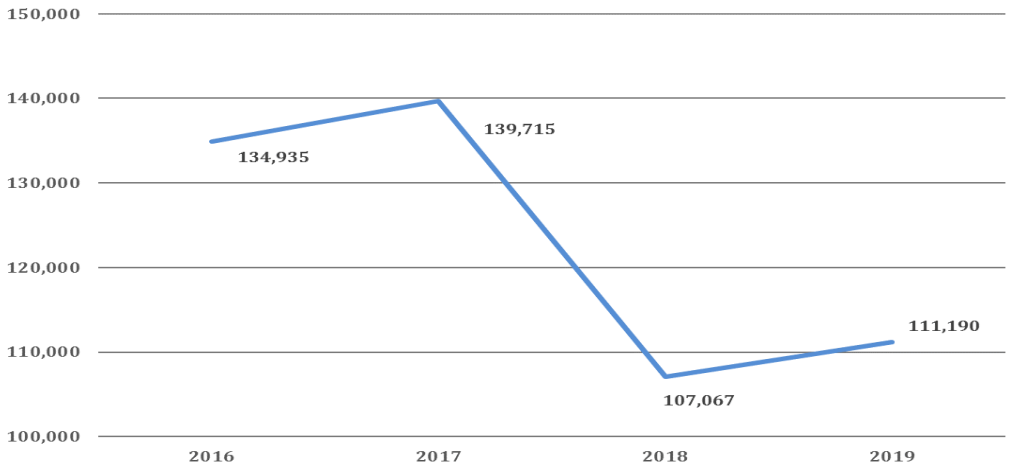
EAP presenting issues for 2019 were led by anxiety, depression, work life management, marital/primary relationships and family issues. The top five issues were consistent with 2018.



Population Health

Preventive Visits 2016-2019

With the introduction of the new population health (wellness) program in 2019, there was a corresponding increase in preventive visits, which dropped significantly when there was no program in 2018.



The ParTNers for Health Wellness Program was temporarily suspended in 2018

2019 Chronic Conditions

Forty-three percent of plan members have one or more of the chronic conditions listed below.

# of Chronic Conditions	Number of Patients	Percentage of Total with Chronic Disease	Percentage of Total Members
One	70,644	59.36%	25.63%
Two	31,582	26.17%	11.30%
Three	12,057	10.01%	4.32%
Four	3,967	3.29%	1.42%
Five +	1,423	1.18%	0.51%
# With Any Condition	120,703	100.0%	43.17%

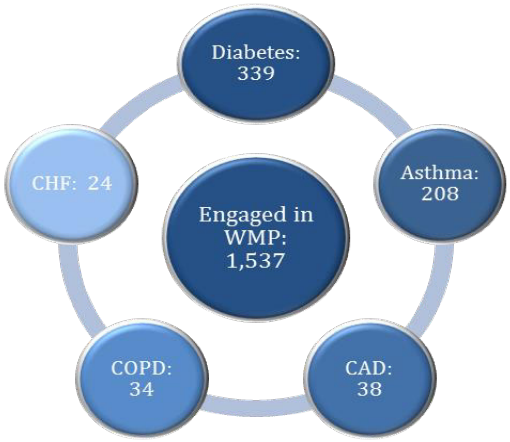
Conditions included: Asthma, CAD, CHF, COPD, Diabetes, Hypertension, Mental Health – Depression, Osteoarthritis, Spinal/Back Disorder/Low Back

Population Health, cont'd

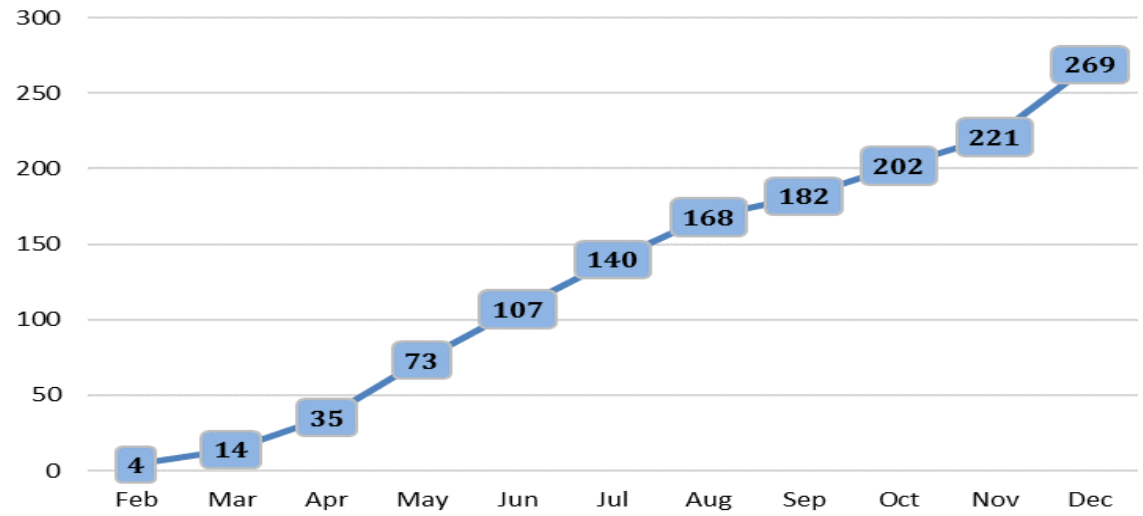
2019 Weight Management Program

- Total pounds lost 1,384
- 1,537 engaged members
- 1,037 attended 8 sessions
- 60 attended 16 sessions
- 56 with 5% or more body weight loss

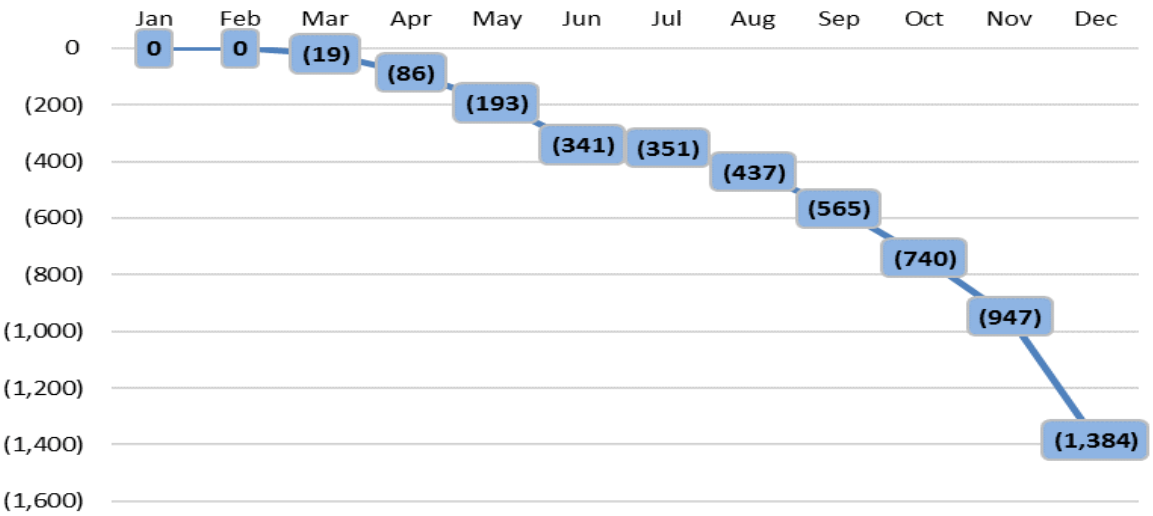
Engaged Participants with Chronic Conditions



Cumulative Count of Members who Decreased their BMI from last session date



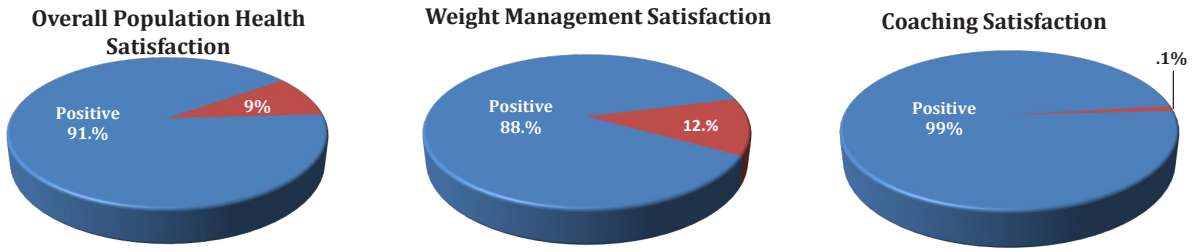
Cumulative Total Pounds Lost by Members from last session date



Population Health, cont'd

Program Survey Results

- Overall Population Health program satisfaction, as reported in the annual survey, was 91%.
- High customer satisfaction was a primary goal of the new population health program.
- Weight Management Program satisfaction was 88%.
- Coaching satisfaction was 99%.



Members received more than $2.6 million in incentive payments for their participation in various wellness activities

- 14,096 members earned an incentive.
- 11,859 employees (57%) earned the maximum incentive amount.
- 2,237 spouses (59%) earned the maximum incentive amount.

The program was designed to offer members more options, allowing them to choose how they want to engage.

- 13% engaged in two or more coaching modalities.
- 3% engaged in three or more coaching modalities.

Coaching Engagement Options

The digital coaching was the most popular coaching modality.

	Total
One on One Coaching	5,641
Telephonic	4,604
Secure Messaging	2,154
Group Coaching	308
Digital Coaching	21,961
Onsite Coaching	103
	34,771

Clinical Outcomes

The percentage of the total population compliant with evidenced based care measures improved in all of the categories below from 2018 to 2019 with the exception of one, which stayed the same.

Outcome Measure	2018	2019
Diabetes - hbA1C < 8	49%	65%
Hypertension-- Blood Pressure at target	74%	75%
Diabetes Statin use	62%	64%
Diabetes Nephropathy monitoring	88%	90%
Diabetes hbA1C monitoring	88%	92%
Coronary Artery Disease - Statin use	83%	83%
Asthma Contoller medication	94%	95%

2019 Condition Prevelance

Disease management programs are offered to adult members for the five conditions below.

- 18% of total adult members had at least one of these conditions
- Of those members with any of the five conditions, 18% had two or more of these conditions.

	Eligible Adult Members*	Prevalence	# of Conditions	# of Unique Members	% of Members
Asthma Adult	11,613	5.1%	1	33,539	82.0%
Chronic Obstructive Pulmonary Disease	4,021	1.8%	2	5,707	13.9%
Coronary Artery Disease	6,322	2.8%	3	1,355	3.3%
Diabetes Adult	26,165	11.5%	4	279	0.7%
Heart Failure	2,223	1.0%	5	42	0.1%
Total Membership	227,676		Total	40,922	100.0%

*Individuals may be included in more than one category

Population Health, cont'd

Examples of Member Success

Disease Management Program
Member Overview:
Member has diabetes, hypertension, asthma, high cholesterol and a BMI around 40. A1C is over 7.
Member is not checking blood sugar as prescribed or following an asthma care plan.

Nurse's Care Plan:
Educated member on diabetes care and checking A1C. Discussed an asthma action plan.
Suggested getting a referral from PCP to an endocrinologist given poor control of diabetes.

Results:
Member is now seeing an endocrinologist and a dietician.
Member is making better food choices and has lost 13 pounds.
Member's blood sugar has improved.

Lifestyle Coaching Program
Member Overview:
Member enrolled to address overall health and stress management.
Member decided to quit smoking.

Coach's Care Plan:
Provided tools for stress management.
Introduced regular exercise, hydration, and healthier food choices.
Helped develop plan to quit tobacco.

Results:
Member reports lower stress.
Member lost over 20 pounds.
Member reduced smoking by half with a long-term goal of quitting completely.

Weight Management Program
Member Overview:
Member enrolled May 2019.
Member had previous weight loss and gain back.
Member interested in long term weight loss support.

Coach's Care Plan:
Provided strategies for healthy eating, exercise, managing stress, better sleep and staying motivated.

Results:
Member has lost over 35 pounds since May 2019.
Member sleeps 7 hours a night and has reduced stress.

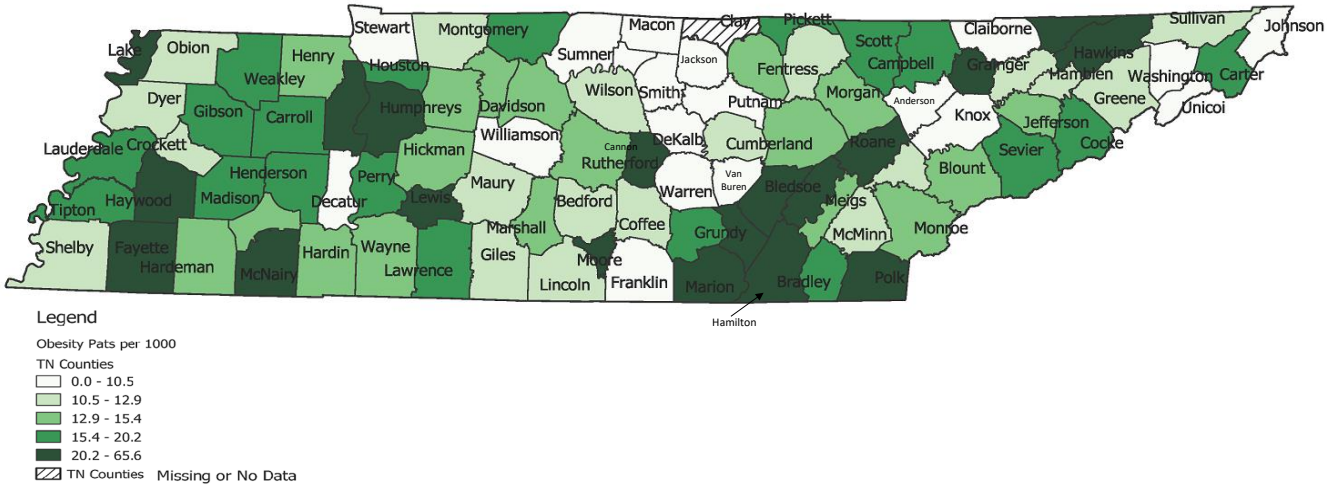
Population Health, cont'd

Obesity and Diabetes Heat Maps

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

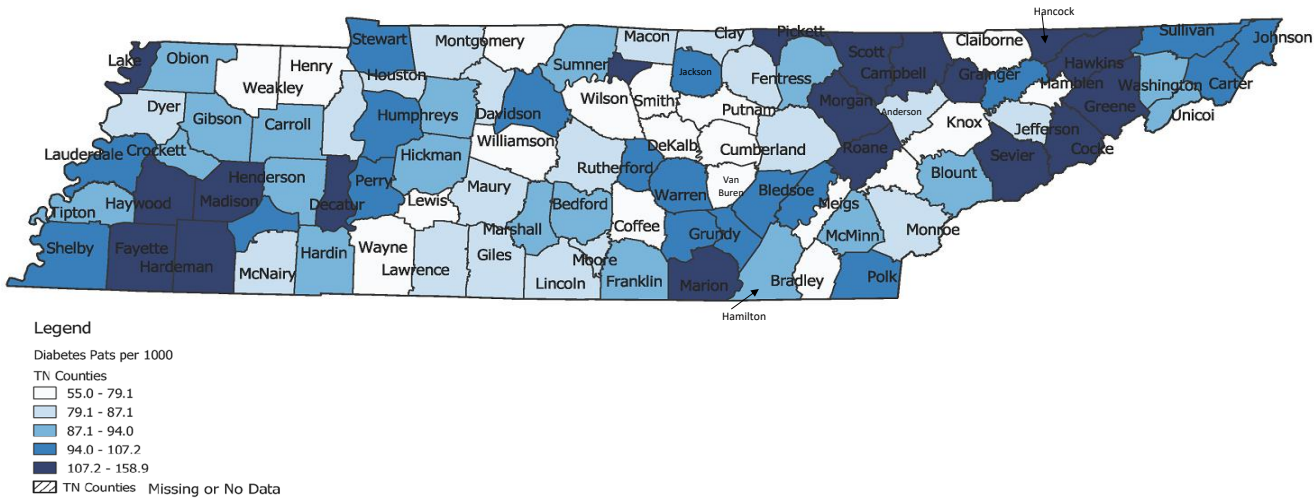
Obesity Patients per 1000 by County, 2019

- Perry, Van Buren, Dekalb, Smith and Warren counties had the largest decrease from 2018.
- Bradley, Haywood, Cannon, Hawkins and Hamilton had the largent increase over 2018.



Diabetes Patients per 1000 by County, 2019

- Meigs, Van Buren, Grainger, Weakley and Cocke counties had the largest decrease from 2018.
- Warren, Lake, Clay, Hancock and Pickett had the largent increase over 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 located in the Tennessee Tower. The Center provides health care services to employees enrolled in a state health plan.
- In 2019, the Center had 5,179 office visits (a 3% increase from 2018) and 330 EAP/BHO visits (a 55% decrease due to a counselor position vacancy for eight months.
- The Center had a positive ROI of 1.22 equating to $218,736 in direct cost savings.

Telehealth

- In 2019, 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. Telehealth was delivered by BlueCross BlueShield of Tennessee through MDLive, marketed as PhysicianNow, and by Cigna through MDLive and Amwell.
- By the end of 2019, telehealth registrations had increased 29.4% from 2018 to 19,041.
- In 2019, there were a total of 5,734 encounters.
- Top diagnoses included sinusitis, upper respiratory infections, pharyngitis and urinary tract infections.

Flexible Spending Accounts

- Approximately 4,667 state employees contributed $5.8 million to flexible spending accounts (FSA).
  Annual Election
  Healthcare FSA — $4,218,853
  Dependent care FSA — $1,530,205
  Limited FSA — $ 93,735
- This resulted in an estimated $401K of FICA savings for the State.

Overview of 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.
- The state provides no funding for this product; state employees pay the full cost of coverage.
- Local education and local government employees may participate if their employing agency chooses to offer the product.
- Retirees receiving a pension from the Tennessee Consolidated Retirement System or who participated in a higher education Optional Retirement Plan may enroll in one of the dental plans.

Dental Enrollment

	State	Local Education	Local Government	2019 Total
Prepaid	41,507	5,015	2,711	49,233
DPPO	86,774	26,782	8,842	122,398
Total	**128,281**	**31,797**	**11,553**	**171,631**

Enrollment in the Prepaid dental remained relatively flat between 2018 and 2019 while enrollment in DPPO increased by over 6,100 members.

Vision Insurance

- Vision coverage is available to all state employees. The state provides no funding for this product; state employees pay the full cost of coverage.
- 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.
- Enrollment in the vision plan increased 5% from 2018 to 2019.

Vision Enrollment

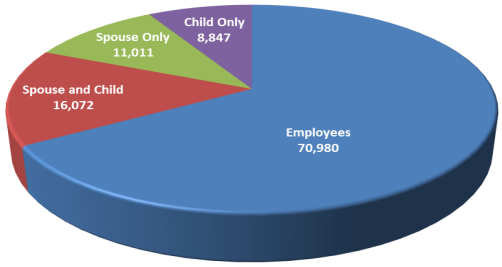
	State	Local Education	Local Government	2019 Total
Basic Plan	27,363	6,312	2,438	36,113
Expanded Plan	70,931	20,318	9,857	101,106
Total	**98,294**	**26,630**	**12,295**	**137,219**

Overview of 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 insurance are available to state employees. All of this coverage is underwritten by Securian (Minnesota Life).

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



	Covered Volume
Basic Term Life	$3.086 billion
Basic AD&D	$7.873 billion

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

	Premiums	Paid Benefit Amount	# Enrollees Receiving Benefits	Adminstration Fees	IBNR Reserves	Conversion Charges
Basic Term Life	$5.308 million	$4.770 million	196	$114,130	$366,908	$158,855
Basic AD&D	$878,470	$776,297	12			N/A

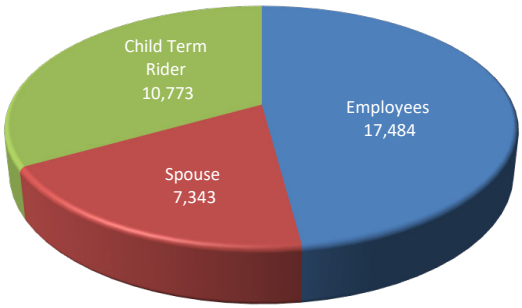
Overview of Voluntary Products, cont'd

Voluntary AD&D (State Only)

Enrollment in voluntary AD&D increased 5% from 2018 to 2019.

Coverage Type	State Enrollees	Coverage Volume	Paid Benefit Amount
Single	11,207	$671,112,000	$183,526
Family	16,066	$1,123,089,400	$71,101
Totals	**27,273**	**$1,791,201,400**	**$254,627**

Voluntary Term Life (State Only)



Coverage Level	Coverage Volume	Combined Paid Benefit Amount
Employees	$2.345 billion	$8.439 million
Spouse	$179.9 million	
Child Term Rider	$89.73 million	

Voluntary Universal Life (State Only)

- The voluntary universal life covered 7,194 current and former state employees and 1,358 spouses.
- Enrollment closed to new members at the end of 2012.

Voluntary Universal Life Financials	
Coverage Amount	$361.04 million
Gross Claims Payments	$6.06 million
Net Claims Payments	$3.49 million
Employee Cash Value	$69.88 million
Spouse Cash Value	$3.63 million

Overview of 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.
- Higher education employees have a separate Long term disability insurance plan.
- Enrollment in STD increased 16.5% from 2018 to 2019 while enrollment in LTD increased 14%.

2019

	STD Enrollment	STD Benefits Paid
State Employees	4,413	$715,459
Higher Education Employees	2,518	$218,641
Total	6,931	$934,101

	LTD Enrollment	LTD Benefits Paid
State Employees	6,958	$234,318
Total	6,958	$234,318

* 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 (The Tennessee Plan.) It includes retired teachers, state and local government employees who participate in the Tennessee Consolidated Retirement System or a higher educational Optional Retirement Plan. The program involves two elements: the sponsorship of supplemental medical insurance for retirees with Medicare and the provision of financial support for eligible retirees.
- The Tennessee Plan is similar to a National Association of Insurance Commissioners Model D Medigap Plan.
- The Tennessee Plan is self-insured. Claims are administered by the UMR/POMCO Group.
- The state's financial support is based on a retiree's length of service. Retired teachers and state employees receive $50 per month for 30 or more years of service; $37.50 for 20 to 29 years of service and $25 per month for 15 to 19 years of service. This support is for retired state employees and retired teachers participating in The Tennessee Plan. Local education support staff retirees and local government retirees participating in The Tennessee Plan receive support if their employer passed a resolution authorizing such support.
- UMR/POMCO's customer service center received more than 33,789 calls in 2019. The customized web portal provides members acces to claim information, copies of explanation of benefits forms and direct links to other helpful sites.

	Enrollment	Total Paid Claims	Total # of Claims
Totals	43,599	$67,133,505	1,280,483

Enrollment increased slightly (1.4%) between 2018 and 2019.

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
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

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 in either the state-sponsored plan or an equal or superior plan..

Local Government Participants

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

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

Financial Statements

The following unaudited financial statements for the state plan, local education plan, local government plan and retiree plan disclose the financial position and the results of operations for the years ended June 30, 2019 and 2018. 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-19	30-JUN-18
Assets		
Cash	$ 370,712	$ 402,413
Accounts receivable, net	9,314	6,212
Total assets	$ 380,026	$ 408,625
Liabilities		
Accounts payable and accruals	$ 73,708	$ 64,840
Unearned revenue	41,188	45,123
Total liabilities	$ 114,896	$ 109,963
Net position		
Unrestricted	$ 265,130	$ 298,662
Total net position	$ 265,130	$ 298,662

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-19	30-JUN-18
Operating revenues		
Premiums	$ 747,584	$ 805,198
Other	1,000	1,000
Total operating revenues	$ 748,584	$ 806,198
Operating expenses		
Medical and mental health claims	$ 750,587	$ 705,265
Administrative services	4,210	4,405
Contractural services	34,933	34,082
Total operating expenses	$ 789,730	$ 743,752
Operating income (loss)	$ (41,146)	$ 62,446
Non-operating revenues		
Interest income	$ 7,614	$ 4,268
Total non-operating revenues	$ 7,614	$ 4,268
Change in net position	$ (33,532)	$ 66,714
Net position, July 1	298,662	231,948
Net position, June 30	$ 265,130	$ 298,662

Statements of Cash Flows

	30-JUN-19	30-JUN-18
Cash flows from operating activities		
Receipts from interfund services provided	$ 422,871	$ 442,898
Receipts from fund members	365,573	404,190
Payments to suppliers	(825,919)	(776,564)
Payments for interfund services used	(1,840)	(2,029)
Net cash provided by (used for) operating activities	$ (39,315)	$ 68,495
Cash flows from investing activities		
Interest received	$ 7,614	$ 4,268
Net cash from investing activities	$ 7,614	$ 4,268
Net increase (decrease) in cash	$ (31,701)	$ 72,763
Cash, July 1	402,413	329,650
Cash, June 30	$ 370,712	$ 402,413
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$ (41,146)	$ 62,446
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,104)	3,477
Increase (decrease) in accounts payable	8,869	596
Increase (decrease) in unearned revenue	(3,934)	1,976
Net cash provided by (used for) operating activities	$ (39,315)	$ 68,495

Local Education Plan

Statements of Net Position

	30-JUN-19	30-JUN-18
Assets		
Cash	$ 215,534	$ 187,735
Accounts receivable, net	6,451	3,322
Total assets	$ 221,985	$ 191,057
Liabilities		
Accounts payable and accruals	$ 44,962	$ 45,264
Unearned revenue	87	90
Total liabilities	$ 45,049	$ 45,354
Net position		
Unrestricted	$ 176,936	$ 145,703
Total net position	$ 176,936	$ 145,703

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-19	30-JUN-18
Operating revenues		
Premiums	$ 551,476	$ 515,167
Total operating revenues	$ 551,476	$ 515,167
Operating expenses		
Medical and mental health claims	$ 495,941	$ 463,966
Administrative services	3,797	3,411
Contractural services	24,384	25,120
Total operating expenses	$ 524,122	$ 492,497
Operating income (loss)	$ 27,354	$ 22,670
Non-operating revenues		
Interest income	$ 3,879	$ 1,916
Total non-operating revenues	$ 3,879	$ 1,916
Change in net position	$ 31,233	$ 24,586
Net position, July 1	145,703	121,117
Net position, June 30	$ 176,936	$ 145,703

Statements of Cash Flows

	30-JUN-19	30-JUN-18
Cash flows from operating activities		
Receipts from fund members	$ 557,587	$ 521,059
Payments to insurance companies and healthcare providers	(533,095)	(493,491)
Payments for state services	(572)	(683)
Net cash from (used for) operating activities	$ 23,920	$ 26,885
Cash flows from investing activities		
Interest received	$ 3,879	$ 1,916
Net cash from investing activities	$ 3,879	$ 1,916
Net increase (decrease) in cash	$ 27,799	$ 28,801
Cash, July 1	187,735	158,934
Cash, June 30	$ 215,534	$ 187,735
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$ 27,354	$ 22,670
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,129)	2,929
Increase (decrease) in accounts payable	(301)	1,284
Increase (decrease) in unearned revenue	(4)	2
Net cash provided by (used for) operating activities	$ 23,920	$ 26,885

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
(1) Required contribution and investment revenue earned (fiscal year)	421,242	444,773	439,640	463,986	488,113	471,353	449,965	472,022	517,083	555,355
(2) Unallocated expenses (fiscal year)	23,195	26,767	26,473	27,384	29,831	34,261	35,026	32,188	28,531	28,181
(3) Estimated incurred claims and expenses, end of policy year	441,168	413,568	429,252	432,425	435,832	456,600	473,999	483,123	509,290	*
(4) Paid (cumulative) as of:										
End of policy year	408,968	383,440	401,000	404,145	408,147	426,939	442,712	452,836	477,344	*
One year later	441,224	415,724	428,201	432,124	435,790	457,219	473,195	482,543	*	
Two years later	441,773	415,240	427,657	431,697	435,667	457,210	473,329	*		
Three years later	441,596	415,215	427,597	431,374	435,684	457,013	*			
Four years later	441,568	415,121	427,582	431,389	435,514	*				
Five years later	441,568	415,121	427,581	431,377	*					
Six years later	441,568	415,121	427,581	*						
Seven years later	441,568	415,118	*							
Eight years later	441,488	*								
Nine years later	*									
(5) Reestimated incurred claims and expenses:										
End of policy year	441,168	413,568	429,252	432,425	435,832	456,600	473,999	483,123	509,290	*
One year later	441,247	415,256	427,805	431,846	435,706	457,246	473,331	482,788	*	
Two years later	440,529	415,207	427,624	431,469	435,643	457,121	473,013	*		
Three years later	440,485	415,110	427,582	431,450	435,583	457,013	*			
Four years later	440,485	415,110	427,582	431,450	435,514	*				
Five years later	440,485	415,110	427,582	431,377	*					
Six years later	440,485	415,110	427,581	*						
Seven years later	440,485	415,118	*							
Eight years later	441,488	*								
Nine years later	*									
(6) Increase (decrease) in estimated incurred claims and expenses from end of policy year	320	1,550	(1,670)	(1,048)	(318)	413	(700)	(335)	0	*

* Data not available

Local Government Plan

Statements of Net Position

	30-JUN-19	30-JUN-18
Assets		
Cash	$ 58,771	$ 54,259
Accounts receivable, net	2,150	1,006
Total assets	$ 60,921	$ 55,265
Liabilities		
Accounts payable and accruals	$ 13,685	$ 10,664
Unearned revenue	58	38
Total liabilities	$ 13,743	$ 10,702
Net position		
Unrestricted	$ 47,178	$ 44,563
Total net position	$ 47,178	$ 44,563

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-19	30-JUN-18
Operating revenues		
Premiums	$ 149,675	$ 136,454
Total operating revenues	$ 149,675	$ 136,454
Operating expenses		
Medical and mental health claims	$ 139,882	$ 119,378
Administrative services	871	732
Contractual services	7,396	7,247
Total operating expenses	$ 148,149	$ 127,357
Operating income (loss)	$ 1,526	$ 9,097
Non-operating revenues		
Interest income	$ 1,089	$ 538
Total non-operating revenues	$ 1,089	$ 538
Change in net position	$ 2,615	$ 9,635
Net position, July 1	44,563	34,928
Net position, June 30	$ 47,178	$ 44,563

Statements of Cash Flows

	30-JUN-19	30-JUN-18
Cash flows from operating activities		
Receipts from fund members	$ 152,530	$ 139,124
Payments to insurance companies and healthcare providers	(149,000)	(129,773)
Payments for state services	(107)	(128)
Net cash from (used for) operating activities	$ 3,423	$ 9,223
Cash flows from investing activities		
Interest received	$ 1,089	$ 538
Net cash from investing activities	$ 1,089	$ 538
Net increase (decrease) in cash	$ 4,512	$ 9,761
Cash, July 1	54,259	44,498
Cash, June 30	$ 58,771	$ 54,259
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	$ 1,526	$ 9,097
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,144)	773
Increase (decrease) in accounts payable	3,022	(651)
Increase (decrease) in unearned revenue	19	4
Net cash provided by (used for) operating activities	$ 3,423	$ 9,223

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
(1) Required contribution and investment revenue earned (fiscal year)	104,810	102,710	103,278	105,973	108,834	108,860	114,373	127,183	136,992	150,764
(2) Unallocated expenses (fiscal year)	5,921	5,473	6,010	6,135	6,645	7,535	8,012	8,418	7,979	8,267
(3) Estimated incurred claims and expenses, end of policy year	107,083	91,699	94,738	96,152	99,097	103,694	118,900	126,741	135,195	*
(4) Paid (cumulative) as of:										
End of policy year	98,709	89,231	88,026	89,634	92,792	97,837	111,866	119,188	126,563	*
One year later	105,833	91,703	94,277	96,101	98,622	103,813	118,709	126,653	*	
Two years later	107,170	91,618	94,205	95,919	98,627	103,981	118,775	*		
Three years later	107,103	91,578	94,183	95,883	98,627	103,911	*			
Four years later	107,101	91,669	94,182	95,895	98,581	*				
Five years later	107,101	91,669	94,182	95,896	*					
Six years later	107,101	91,669	94,182	*						
Seven years later	107,101	91,669	*							
Eight years later	107,101	*								
Nine years later	*									
(5) Reestimated incurred claims and expenses:										
End of policy year	107,083	91,699	94,738	96,152	99,097	103,694	118,900	126,741	135,195	*
One year later	106,870	91,640	94,248	96,022	98,653	104,054	118,777	126,701	*	
Two years later	106,720	91,558	94,192	95,895	98,628	104,016	118,766	*		
Three years later	106,697	91,669	94,182	95,893	98,635	103,911	*			
Four years later	106,697	91,669	94,182	95,893	98,581	*				
Five years later	106,697	91,669	94,182	95,896	*					
Six years later	106,697	91,669	94,182	*						
Seven years later	106,697	91,669	*							
Eight years later	107,101	*								
Nine years later	*									
(6) Increase (decrease) in estimated incurred claims and expenses from end of policy year	18	(30)	(556)	(256)	(516)	217	(134)	(40)	0	*

* Data not available

Retiree Plans

Statements of Fiduciary Assets and Liabilities — June 30, 2019, and June 30, 2018

	30-JUN-19	30-JUN-18
Assets		
Current assets:		
Cash	$ 18,263	$ 23,236
Accounts receivable	1,489	1,974
Total assets	$ 19,752	$ 25,210
Liabilities		
Current liabilities:		
Accounts payable and accruals	$ 4,747	$ 9,437
Amounts held in custody for others	15,005	15,773
Total liabilities	$ 19,752	$ 25,210

Statements of Changes in Fiduciary Assets and Liabilities for the year ended June 30,2019

	BALANCE 01-JUL-18	ADDITIONS	DEDUCTIONS	BALANCE 30-JUN-19
Assets				
Current assets:				
Cash	$ 23,236	$ 98,400	$ 103,373	$ 18,263
Accounts receivable	1,974	11,255	11,740	1,489
Total assets	$ 25,210	$ 109,655	$ 115,113	$ 19,752
Liabilities				
Current liabilities:				
Accounts payable and accruals	$ 9,437	$ 25,777	$ 30,467	$ 4,747
Amounts held in custody for others	15,733	100,904	101,672	15,005
Total liabilities	$ 25,210	$ 126,681	$ 132,139	$ 19,752

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