

ANNUAL REPORT

2020



PARTNERS
FOR HEALTH

Tennessee State Group Insurance Program



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 31, 2021

We are pleased to submit the 2020 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 143,490 employees/retirees and 45,501 Medicare-eligible retirees and their families from public sector organizations in Tennessee. At the end of 2020, the state-sponsored plans provided health, dental, vision and disability insurance coverage as well as supplemental medical insurance for retirees with Medicare coverage to 332,871 individuals.

The data presented here demonstrate program, statistical and financial trends for the plans. The financial statements reflect the fiscal year ended June 30, 2020.

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, or BA, 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 2020 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→

- » 287,370 health plan members
- » \$1.8 billion total health plan expenses
- » 34% of health plan spend is pharmacy
- » 42% of total pharmacy spend is for specialty drugs
- » 45,501 supplemental Medicare members
- » \$66 million supplemental Medicare claims paid

2020 Insurance Committees

Butch Eley, 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, or 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 health care 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 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 to members enrolled in the Consumer-driven Health Plan. Also providing flexible spending accounts to state and higher education employees.

Securian (Minnesota Life)

Providing basic term life and basic accidental death and dismemberment 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 administers health, dental, vision, life and disability insurance coverages for approximately 332,871 public sector employees, retirees and their eligible dependents.

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

State Group Insurance Program participants include state government and higher education employees 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 eligible quasi-governmental agencies who make up the local government plan.

In 2020, the SGIP offered all members three health insurance options — the Premier Preferred Provider Organization, Standard PPO and Consumer-driven Health Plan.

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 or Cigna.

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

Participants in all plans may enroll in voluntary dental coverage if coverage is offered by the employing agency. Participants may choose either the dental preferred provider organization administered by MetLife or the dental health maintenance organization (prepaid) 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 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 coverage and may purchase additional voluntary term life and accidental death insurance, underwritten by Securian.

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

Health Plan Enrollment

State government comprises more than half of the State Group Insurance Program enrollment.

	Employee/Retiree		Spouse		Child/Dependent		Total
Local Education	55,559	50%	18,697	17%	37,899	34%	112,155
Local Government	16,965	65%	3,124	12%	6,147	23%	26,236
State Government	70,966	48%	30,465	20%	47,548	32%	148,979
Total							287,370

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 active, state retiree, local education and local government plans from 2017–2020 have averaged .1%, 4.2%, 3.9% and 2.4%, respectively, well below the industry average. The plans' financial performance reflects the success of this strategy.

In 2020, the following key initiatives were accomplished.

Vendor Services

The Vendor Services team manages health plan benefits through the procurement and administration of services and programs and by the research and development of recommended benefit changes to ensure coverage remains current and competitive.

COVID-19 was a major focus for Vendor Services in 2020. In addition to amending benefits to comply with federal requirements for 100% coverage of tests and vaccines, BA also implemented 100% coverage of COVID-19 treatment and telehealth visits through carrier-sponsored vendors regardless of diagnosis and removed early refill edits for medications. For The Tennessee Plan, any Part B deductible expenses (up to \$198) incurred by members for telehealth visits related to COVID-19 were paid by the plan when the provider chose not to waive member cost-sharing. All these benefits remained intact for the entirety of 2020.

Additionally, the health center in the Tennessee Tower in Nashville was established as a COVID-19 testing site for state plan members.

BA implemented minimal benefit changes beginning Jan. 1, 2020. Acupuncture was added as a covered service with the same cost-sharing and limits as the existing chiropractic benefit. The intent of this coverage is to offer care alternatives that may help members avoid opioid use, surgery and other costly interventions. Population health incentive amounts for the state plan remained the same (\$250 per employee and spouse - \$500 annual maximum) and minor changes were made to the menu of incentive options. Additions included an annual physical and well woman exam while prostate screenings were removed as an option.

Diabetes, and its impact on members and the plan, is an ongoing concern. Currently, 8.7% of State Group Insurance Program members have diabetes, and it is estimated that many more are pre-diabetic and at risk of developing type 2 diabetes. In addition to ongoing disease management programs, the State Insurance Committee approved a no-cost diabetes reversal pilot with Virta. This virtual diabetes reversal program focused on eliminating diabetes-specific medications while getting and keeping patients reversed (below 6.5 A1c threshold). Pilot results were positive and are being used to plan for an expansion of similar benefits to the entire population in the future.

Several pharmacy initiatives were implemented in 2020 which are expected to result in more appropriate utilization as well as significant savings for members and the plan. These initiatives include reducing the use of low-value drugs and drugs with hyperinflated costs through the implementation of prior authorization and step therapy.

Effective April 1, 2020, the plan began participation in Cigna's new Surgical and Treatment Support Program, or STSP. This program incentivizes members to select high value providers, those that offer high quality and lower cost, via the removal of all member cost share and a maximum \$600 travel benefit, per procedure, for members who must travel more than 60 miles to receive care from these select providers and facilities. For the STSP, Cigna contracted with top performing providers and facilities across the state to deliver total joint replacements (hip and knee) and spinal surgeries (laminectomy and lumbar spinal fusion) at a payment rate that is a minimum of 20% lower than the market. The program provides members with concierge services, such as offering a customer companion for personalized

support, to help members make their health care decisions.

Participation in the Episodes of Care value-based payment initiative continued in 2020. In addition to the nine episodes previously rolled out (perinatal, total joint, percutaneous coronary intervention, cholecystectomy, colonoscopy, EGD, bariatric, coronary artery bypass graft and valve) the performance period for two new episodes, hysterectomy and knee arthroscopy, began. There have been quality improvements for many of the episodes and some savings to the plan overall.

Financial Management & Program Integrity

This area promotes compliance, transparency and accountability throughout the division. During 2020, the group successfully created a comprehensive audit plan and implemented the Flexible Savings Account debt resolution process.

The comprehensive audit plan enhances vendor accountability by identifying areas to be audited, increasing the number of audits and the timeframe these audits will occur. Through a contract with a Flexible Savings Account vendor, Benefits Administration implemented the use of a debit card as a convenience to members to spend their flexible spending account balances. Members must provide appropriate supporting documentation to substantiate these purchases according to Internal Revenue Service rules. Financial Management collects amounts from members who have not provided appropriate documentation to substantiate their debt card purchases.

The Financial Management area ensured vendors were paid accurately and timely, monitored the state sponsored plan performance, monitored the Other Postemployment Benefits, or OPEB, trust performance and coordinated the OPEB funding with higher education institutions.

The Vendor Accountability area monitored the third party administrators by reviewing the vendors' time to process claims, tested for duplicate claims, performed focused claims testing on denied and pended claims and reviewed 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 more than \$646,000 in collections. The Risk Management area continued to evaluate and mitigate divisional risks.

Operations

In 2020, Operations focused on enhancing the training and materials provided to agency benefits coordinators to educate them on the insurance options available through the state plan. We transitioned from a set monthly schedule of live training for new agency benefits coordinators to training that is available on-demand through the Edison system. This gives agency benefits coordinators the ability to take the training at their own pace at a time that works for them.

We created new ABC reference guides with instructions on how to process a transaction or access a certain document on our website. Additionally, we hosted virtual ABC training sessions throughout the month of August to give ABCs important updates and reminders. We held 12 sessions over a period of three weeks and trained an average of 450 ABCs each week.

Our Education and Outreach team onboarded 23 new agencies onto our plan during 2020, which involved working with the new agencies one on one to teach them how to process enrollments, run reports and communicate with our service center.

Operations continued the process of simplifying the log in process for members changing their benefits for 2021. We implemented single sign-on with the University of Tennessee, which gave the university employees the ability to access the Edison system to enroll in benefits through the UT system.

The most recent customer satisfaction survey of our ABCs showed that our customers rated their overall satisfaction with our service center at 98.6%. For the year, our Zendesk customer service satisfaction rate was 96.8%.

Communications

The Communications Team's mission is to help agencies and members understand their insurance benefits options and make informed choices. At no time has this been more important than 2020. In response to the COVID-19 global pandemic, Communications implemented benefits-related messaging across multiple platforms, including emails, our website, webinars, dial-in EAP sessions and informational articles.

Second only to pandemic communications are those that were sent during Annual Enrollment. In 2020, BA reached more than 170,000 State Group Insurance Program members via U.S. mail, published information, at tn.gov/PartnersForHealth and sent emails to more than 130,000 members.

Correcting bounced or bad email addresses remained a top priority, as it is critical to getting members the information they need to make smarter health care decisions. Communications continued to work with Operations on updating and correcting email addresses for higher education, local education and local government members.

While in-person benefits fairs were cancelled due to COVID-19, BA implemented a series of vendor webinars for members so they could hear directly from vendor representatives and ask questions. These augmented the regular annual enrollment member benefits webinars held by BA.

Each year we survey our agency benefits coordinators' customer satisfaction, and in 2020, we received 370 responses, for a 62% response rate. Participants rated their overall customer service satisfaction at 98% meets or exceeds expectations. Ninety-seven percent of those who attended one or more sessions of the ABC trainings with the Communications and Operations teams in 2020 found them helpful.

In 2020 we compiled several new reports to track the monthly social media analytics for the ParTNers for Health and Working for a Healthier TN Facebook and Twitter accounts. Using this data, we can post our most important information at times we know our audience is most likely to see it. From 2019 to 2020, ParTNers for Health's Facebook followers increased 16%, and Twitter followers increased 9%. Working for a Healthier TN's Facebook followers increased 32%, and Twitter followers grew 23%.

In 2020, BA began a new agency outreach effort with a goal of building and managing relationships with local education and government agencies across the state. In its first year, the joint efforts of the Communications and Operations teams brought 16 new local government agencies into the plan and reactivated two agencies. Since COVID-19 prevented team members from traveling, they also placed several hundred calls to advise ABCs of COVID-19 benefits updates, and to determine whether they had other needs with which BA could assist.

Finally, Communications made several improvements to the ParTNers for Health website. The homepage redesign moved critical links to second-level pages front and center. Page edits limit the amount of scrolling required, including in some cases breaking longer webpages out into multiple shorter pages. Health options and other benefits webpages now clearly identify who is eligible for what, and three new pages specifically address outreach for local government and education agencies.

2020 Procurements

There were no contracts that began service delivery in 2020. While BA awarded pharmacy benefits manager, health savings account/flexible spending account and dental health maintenance organization (prepaid) contracts in 2020, they will not "go live" until 2021.

Overview of Plan Options

Multiple plan options were available in 2020, and members could enroll in any of the plans:

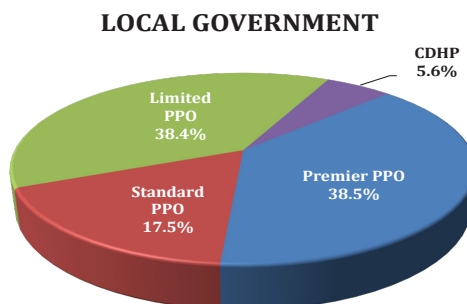
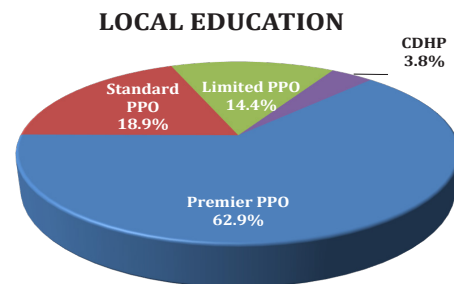
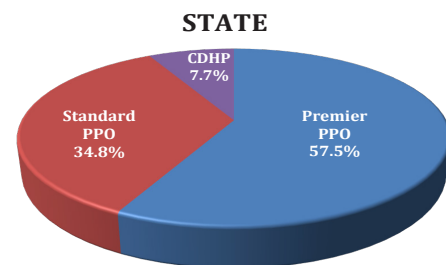
1. Premier Preferred Provider Organization
2. Standard PPO
3. Consumer-driven Health Plan with a health savings account
4. Limited PPO (local education & local government only)

Networks

- Members had a choice of BlueCross BlueShield Network S, Cigna Local Plus or Cigna Open Access Plus 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 2020, 12,267 members enrolled in the OAP network.

Coverage by Plan

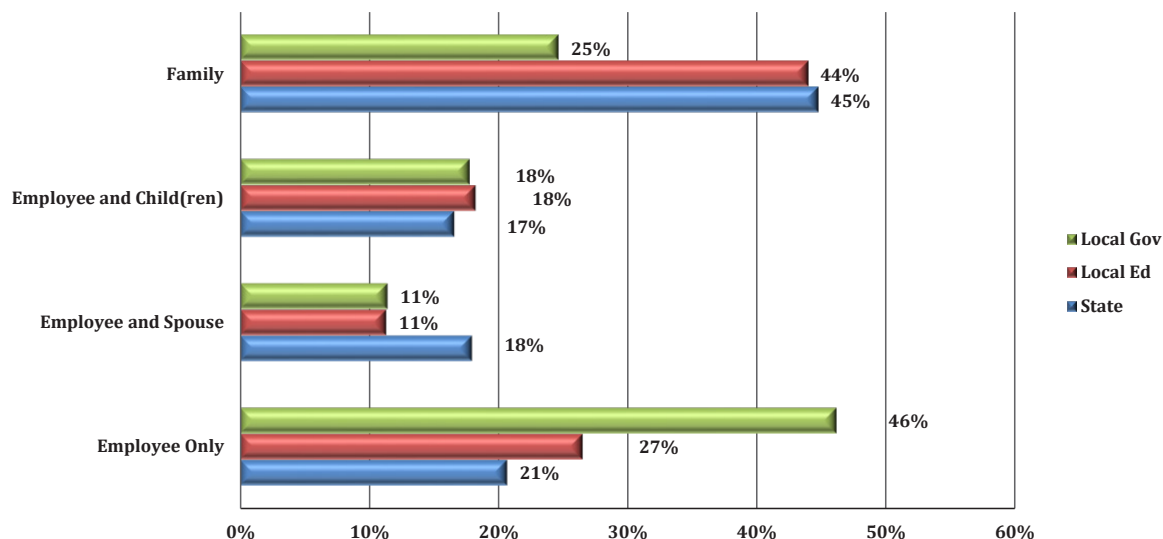
- Standard PPO enrollment declined in all three plans.
- Limited PPO enrollment increased slightly and has surpassed Premier PPO enrollment in the local government plan.
- Enrollment in the CDHP/HSA increased from 6,469 in January 2017 to 8,084 in December 2020 (25% increase).
- Employees contributed approximately \$9.02M to their health savings accounts, which is an average of \$1,116 per account
- Employers (state, higher education and some local education and local government agencies) contributed approximately \$5.02 million to employee HSAs.



Overview of Plan Options, cont'd

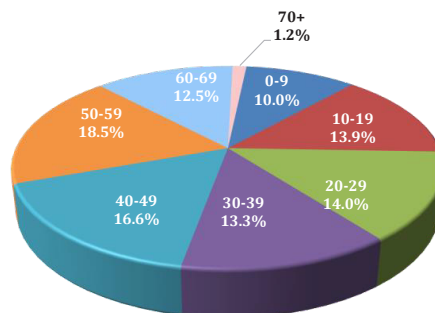
Enrollment Coverage by Tier

- The percentage of local government members enrolling in family coverage is much lower than in the local education and state plans, while the percentage of employee-only coverage for local government far outpaces the other plans.
- 2020 enrollment by tier is very similar to 2019.



Coverage by Age

- The average age among all members is 36.8.
- The average age has slightly decreased over time for state and local government, while local education has seen a slight increase.
 - State 37.3 (37.6 in 2017)
 - Local education 35.7 (35.6 in 2017)
 - Local government 38.7 (39.2 in 2017)



Gender

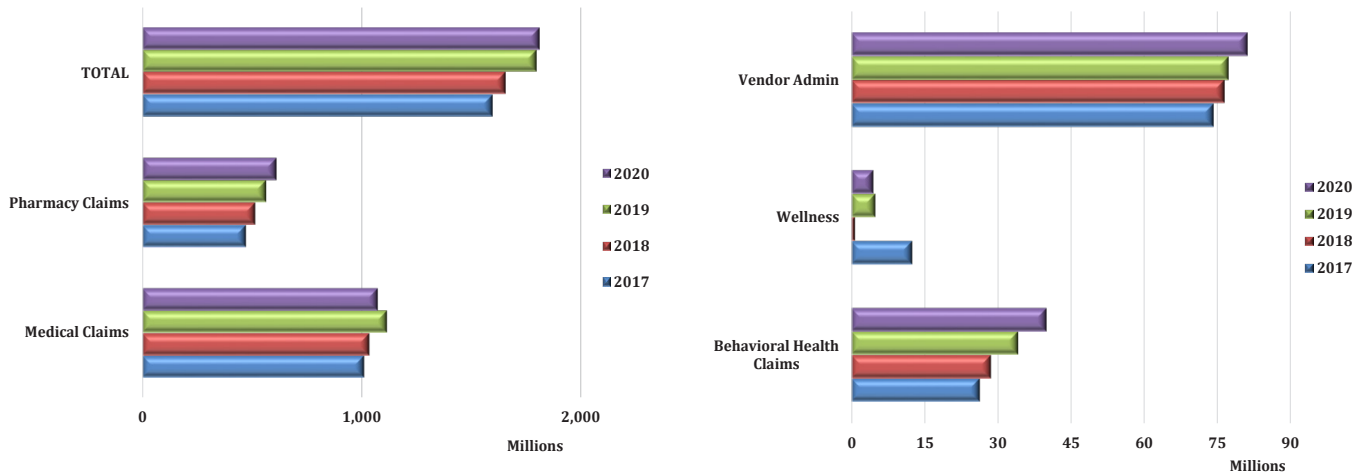
The overall gender split is 55% female, 45% male, with the local education plan having a higher percentage of females. This has remained constant for the past few years.

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

Medical

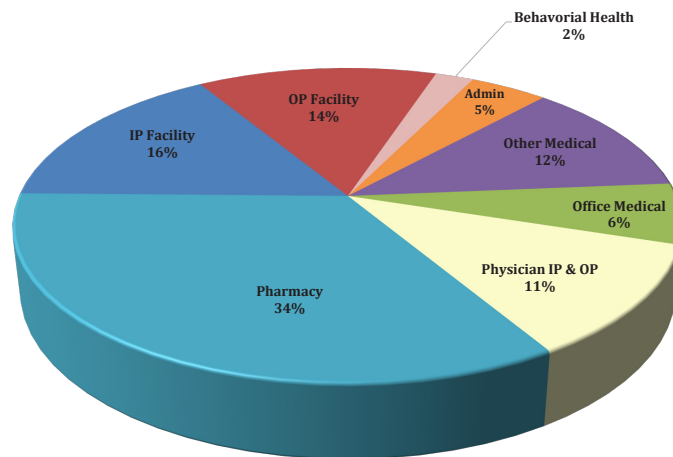
Expenses 2017-2020

- Total plan expenses were more than \$1.8 billion in 2020 and increased 12% between 2017 and 2020. There was a slight increase in overall spend of .08% between 2019 and 2020.
- 2020 medical claims decreased by 3.8% and behavioral health claims increased by 14.5% over 2019 claims.
- Pharmacy claims increased at the highest rate (22%) between 2017 and 2020, with a 7.7% increase between 2019 and 2020.
- The lack of wellness data in 2018 is a result of the program being temporarily suspended.



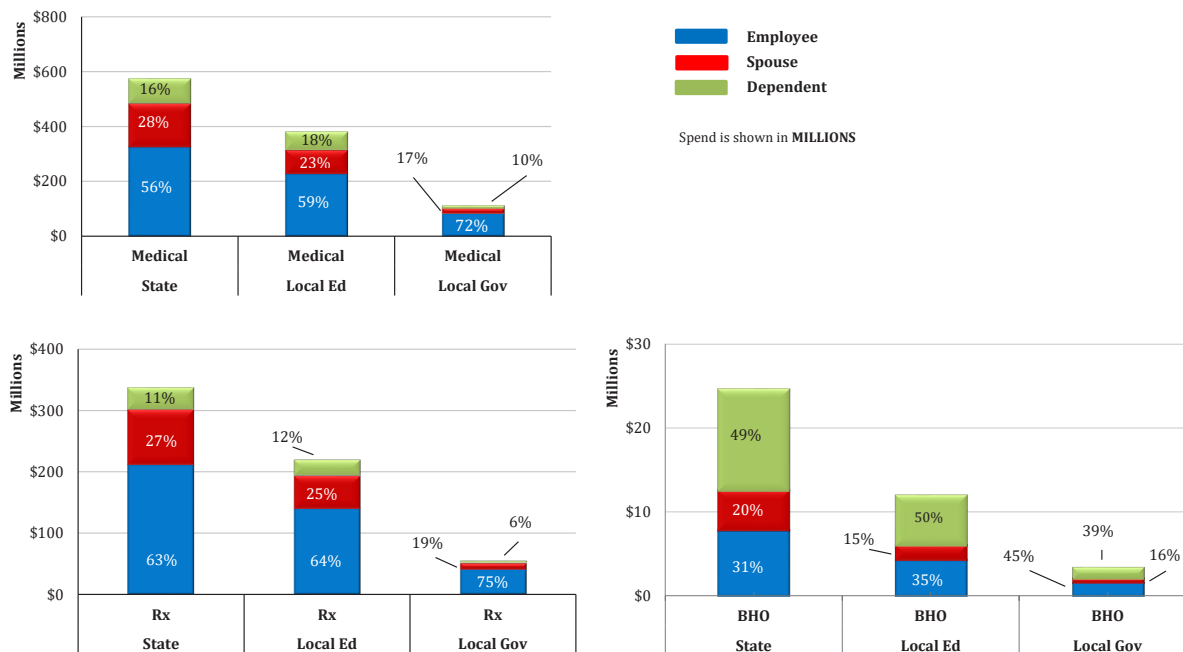
2020 Plan Expenses

Pharmacy claims (excluding pharmacy claims processed through the medical plan) accounted for the largest single category of health plan spend (34%). This is an increase from 2019 of .07%.



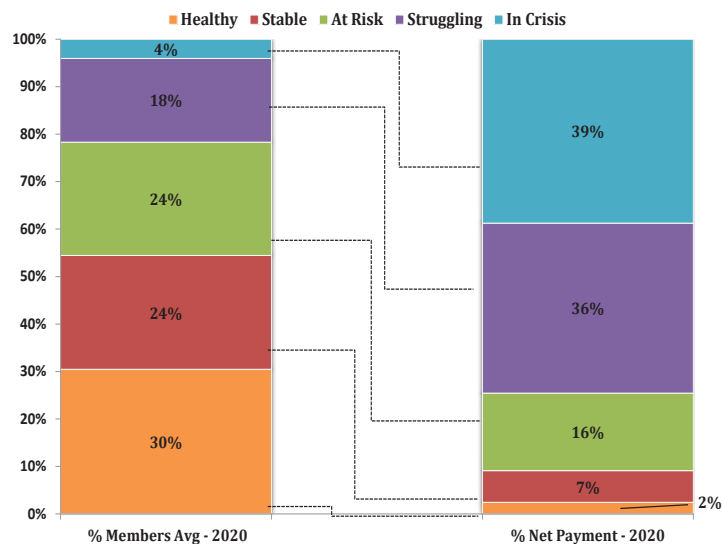
Medical, cont'd

Spend by Relationship



Plan Payments by Member Risk

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



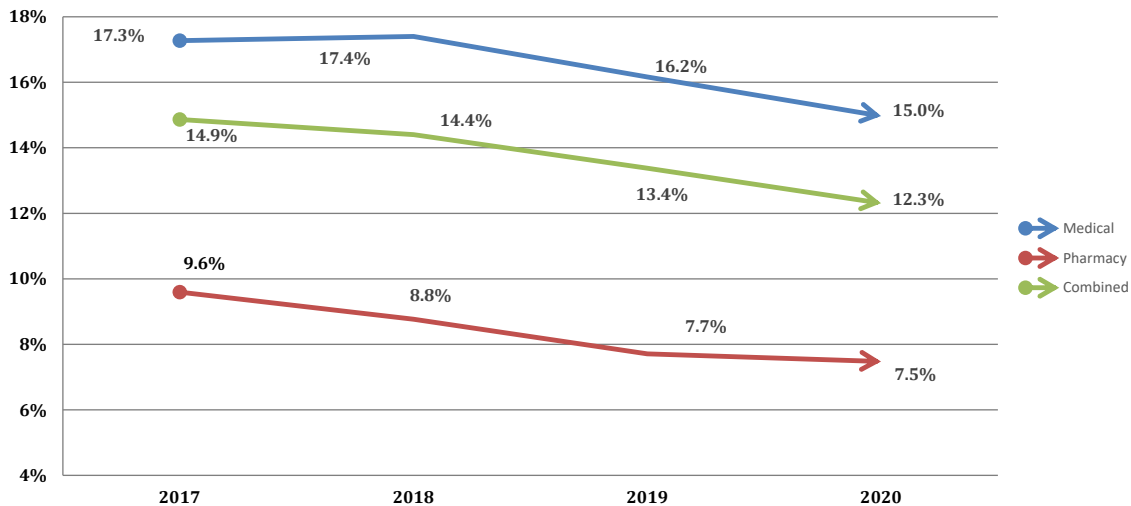
*Numbers may not add up to 100% due to rounding

- 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 result in high cost care and increased severity
- Struggling** Higher disease severity, heavy use of healthcare services
Costs well above average; poor health adversely influences day to day life
Lack of management may result in extreme high cost and overall decline in health
- In Crisis** Highest severity of illness, significant use of healthcare services

Medical, cont'd

Cost Share per Member 2017-2020

Medical trend continues to increase. Without benefit changes, the percentage of total costs that members pay continues to decline.



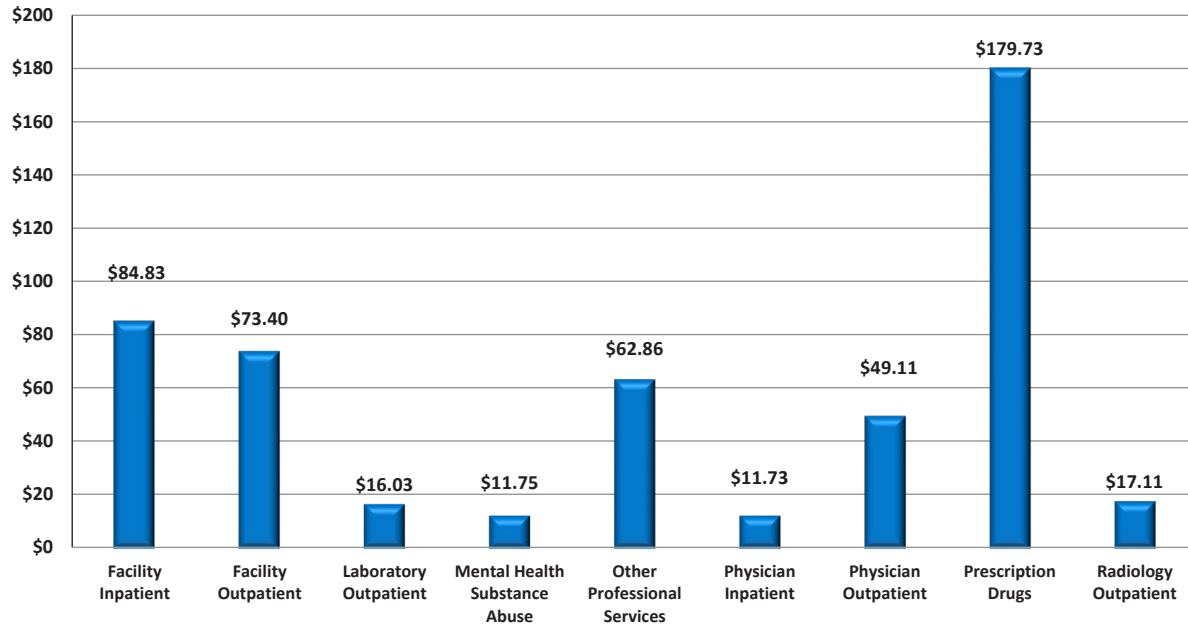
The “Top Ten” list combined represents 59.22% of total plan expenses in 2020.

"Top Ten" Medical and Pharmacy Plan Expenses		
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. TRULICITY-diabetes
3. Specialty drugs (other than chemotherapy)	3. Neurological disorders	3. STELARA-plaque psoriasis and psoriatic arthritis
4. Anesthesia services	4. Renal function failure	4. OZEMPIC - diabetes
5. Chemotherapy	5. Infections	5. ENBREL - rheumatoid arthritis
6. Major musculoskeletal surgery	6. Diabetes	6. SAXENDA-obesity
7. Physical medicine: other procedures	7. Newborns, w/wo complication	7. JARDIANCE-diabetes
8. Preventative care visits	8. Cancer - breast	8. VICTOZA - diabetes
9. Medical supplies and devices	9. Hypertension	9. COSENTYX - plaque psoriasis and psoriatic arthritis
10. Facility visits	10. Cerebrovascular disease	10. CRESTOR (Rosuvastatin Calcium) cholesterol

Medical, cont'd

Cost per Member per Month by Service Category

Pharmacy continues to have the highest cost per member per month among all service categories. It slightly decreased over last year. While a small cost per member, mental health/substance abuse also experienced an increase of 16% over last year.



* Pharmacy does not include rebates.

Utilization Trends

The utilization trends were impacted in March and April of 2020 due to Covid-19. However, by June 2020, the utilization trend returned to a more normal pattern.

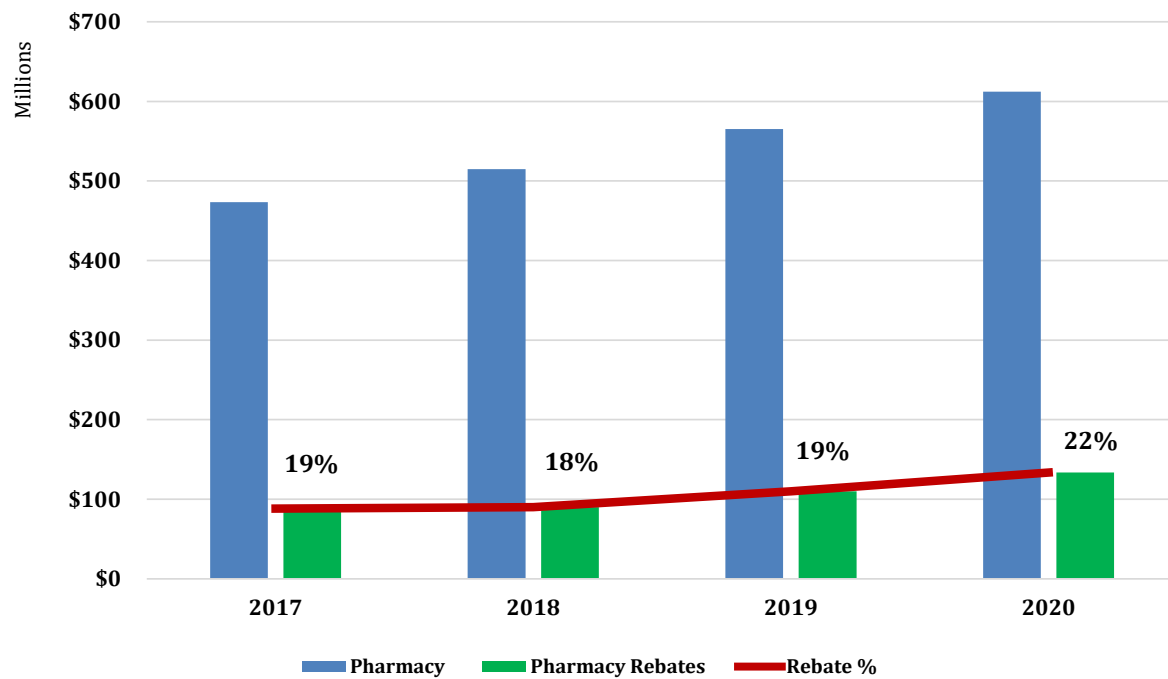
	Local Education			Local Government		
	2017	2020	% Chg	2017	2020	% Chg
Admissions per 1,000	53	48	-9.4%	71	61	-14.1%
OP Facility Visits Per 1,000	1,191	1,075	-9.7%	1,328	1,250	-5.9%
Office Visits Per 1,000	8,428	7,816	-7.3%	7,902	7,345	-7.0%
ER Visits Per 1,000	181	156	-13.8%	276	250	-9.4%
Scripts Per 1000	15,654	15,328	-2.1%	18,420	17,856	-3.1%
Patients Per 1,000 Complications	22	22	0.0%	24	24	0.0%
Readmissions Per 1,000	2	2	0.0%	5	3	-40.0%

	State			All		
	2017	2020	% Chg	2017	2020	% Chg
Admissions per 1,000	62	55	-11.3%	59	53	-10.2%
OP Facility Visits Per 1,000	1,349	1,208	-10.5%	1,289	1,162	-9.9%
Office Visits Per 1,000	8,446	7,897	-6.5%	8,416	7,826	-7.0%
ER Visits Per 1,000	230	193	-16.1%	215	184	-14.4%
Scripts Per 1000	16,062	15,699	-2.3%	16,136	15,610	-3.3%
Patients Per 1,000 Complications	24	25	4.2%	24	23	-4.2%
Readmissions Per 1,000	3	3	0.0%	3	3	0.0%

Medical, cont'd

Pharmacy Rebates

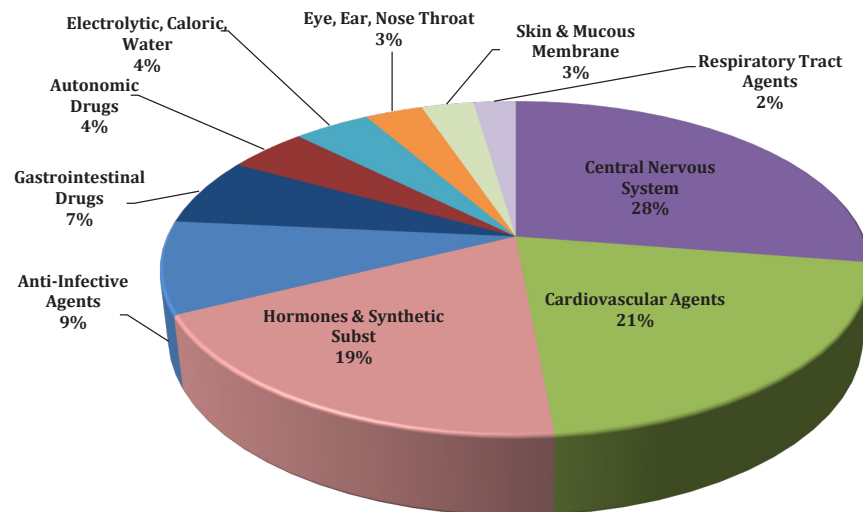
Rebates have increased year over year and 100% of all rebates are passed back to the plan.



Pharmacy*

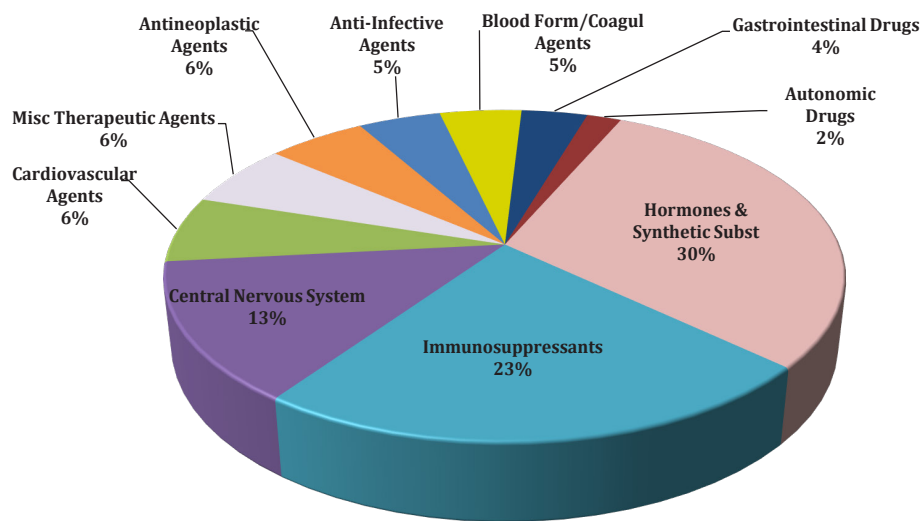
Top 10 Therapeutic Class by Number of Prescriptions, 2020

- 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, 2020

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

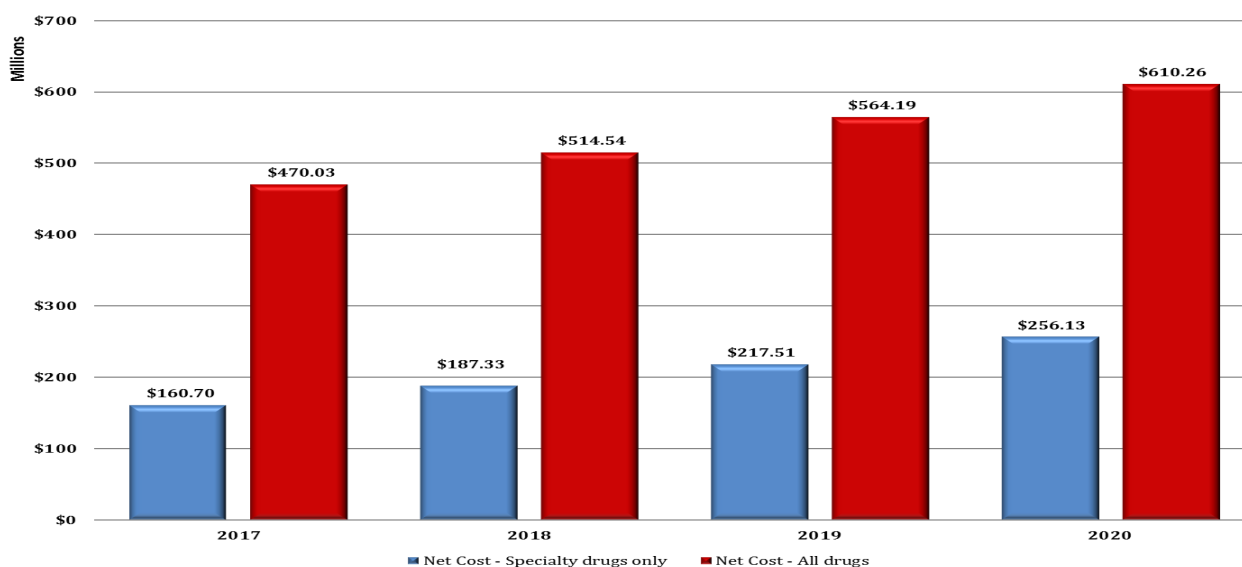


*Includes prescriptions filled through the pharmacy benefit manager, not prescriptions filled through the medical benefit.

Pharmacy*, cont'd

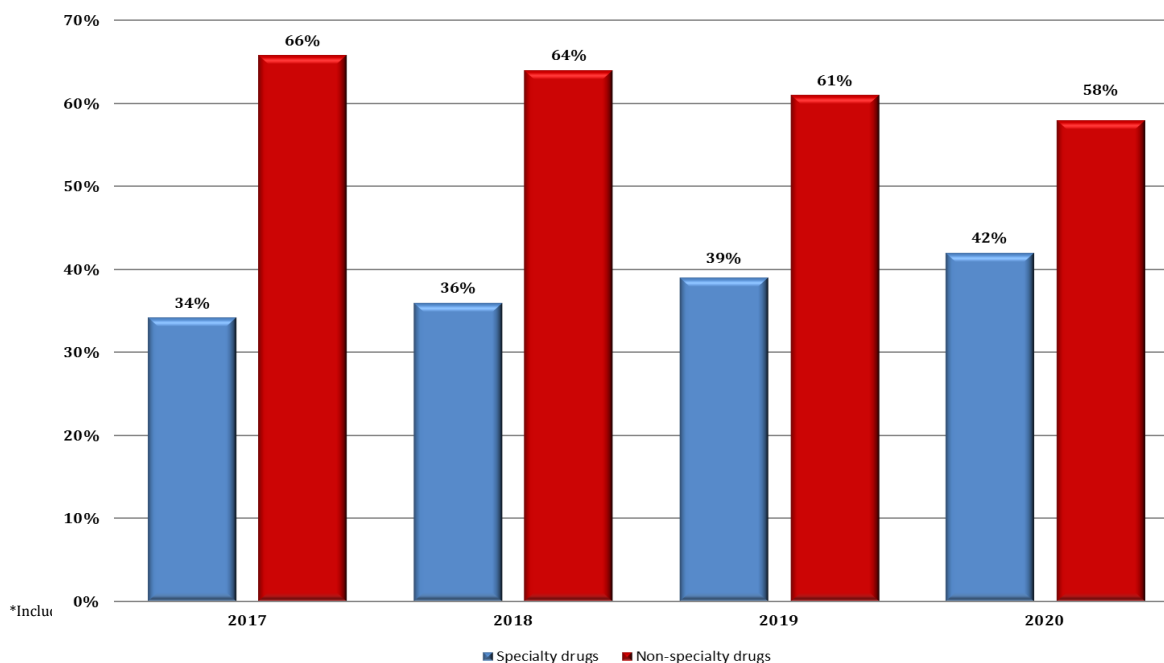
Net (Plan) Cost of Drugs Over Time

- 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 59% since 2017 versus 30% for all drugs.



Percent of Total Net (Plan) Cost of Drugs

The cost of specialty drugs continues to increase and now accounts for 42% of total plan pharmacy spend but only accounts for 1% of total prescriptions.



Health Plan – Behavioral Health

Utilization

- Member utilization of behavioral health services was 6.8%. This is a 6.2% increase over 2019 utilization.
- In-network utilization (as a percentage of claims) was 73.9%. This is 5.3% less than in-network utilization in 2019.
- In-network utilization (as a percent of claimants) was 84.3%, which is also slightly more than in 2019.

Network Summary

- 605 new clinicians at 576 locations were added in 2020:
 - 43 MDs
 - 46 PhDs
 - 119 advanced practice registered nurses
 - 397 master's level clinicians
- 107 providers left the network

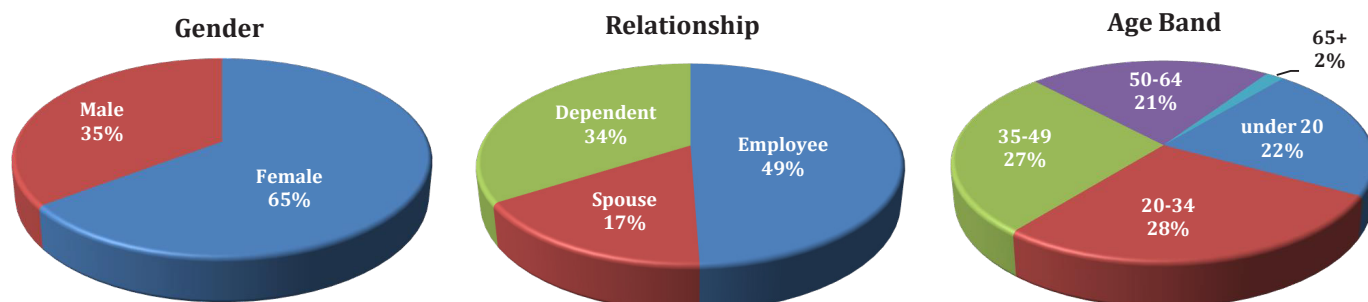
Key Diagnoses

- Depression, trauma/stress and anxiety were the top three diagnostic categories by utilizer volume in 2020. These were unchanged from 2019.
- Utilizers per 1,000: Depression= 23.1, Trauma/Stress = 18.5, Anxiety = 18.3, Substance Use = 2.8

Use by Level of Care

Utilizers per 1,000: Outpatient = 56.2, Medication Services = 15.1, Other = 5.2, Acute Inpatient = 2.5, Structured Outpatient = 1.7, Day Treatment = 1.2, Residential = 1.1

BH Utilizer Demographics

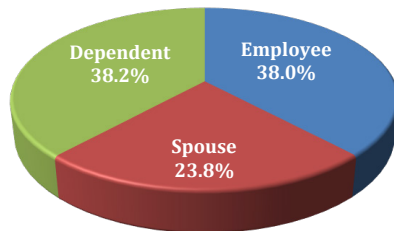


Health Plan – Behavioral Health, cont'd

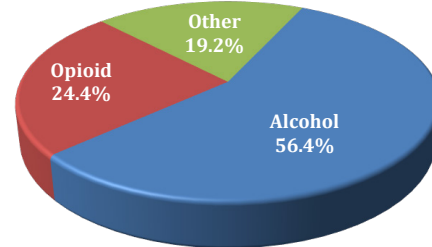
Substance Use

- In 2020, 803 members sought care for substance use, which is a 15.9% increase over 2019.
- Dependents have historically been the most likely to seek care for substance use. In 2020, employees seeking care increased by 4.5%, while the number of dependents decreased by 5.5%.

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>71%</u>	<u>19%</u>	<u>10%</u>	<u>68%</u>	<u>21%</u>	<u>11%</u>	<u>35%</u>	<u>32%</u>	<u>33%</u>
Acute IP	8%	5%	4%	10%	3%	4%	8%	5%	5%
Residential	53%	25%	43%	54%	15%	48%	55%	62%	40%
Day Treat.	20%	8%	10%	18%	14%	31%	21%	13%	19%
Structured OP	18%	10%	39%	16%	24%	11%	14%	15%	35%

Employee Assistance Program

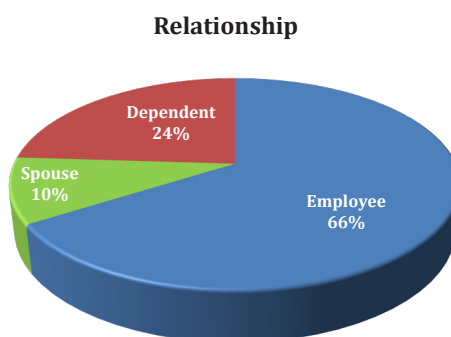
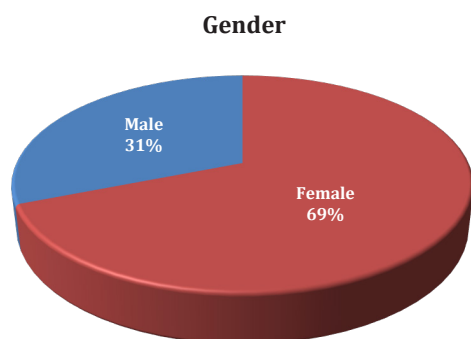
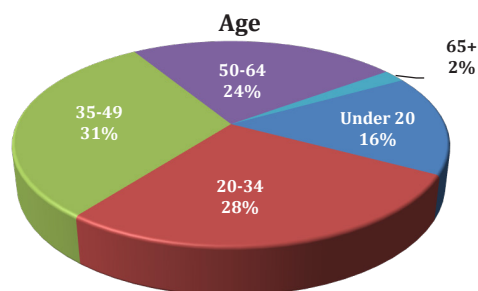
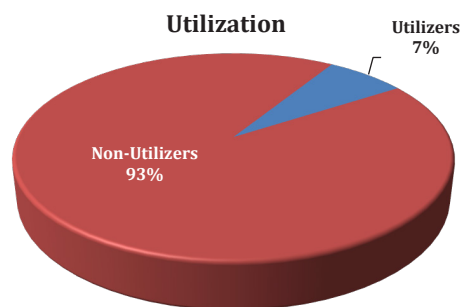
Optum provides EAP services for the state group insurance plan. Eligible employees and their dependents may receive up to five counseling visits, per situation, per year at no cost to them. Master's level specialists are available 24/7 to assist with stress, legal, financial, mediation and work/life 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

- 96% think the staff was helpful
- 94% are satisfied and would use EAP again
- 93% received information requested in a reasonable time
- 90% have seen improvement in self (or family)
- 90% feel more confident about being able to manage issues
- 90% feel less stress or worry
- 90% believed information/services were helpful
- 86% were able to see a clinician within acceptable timeframe
- 85% feel more effective at work

Utilization Rate

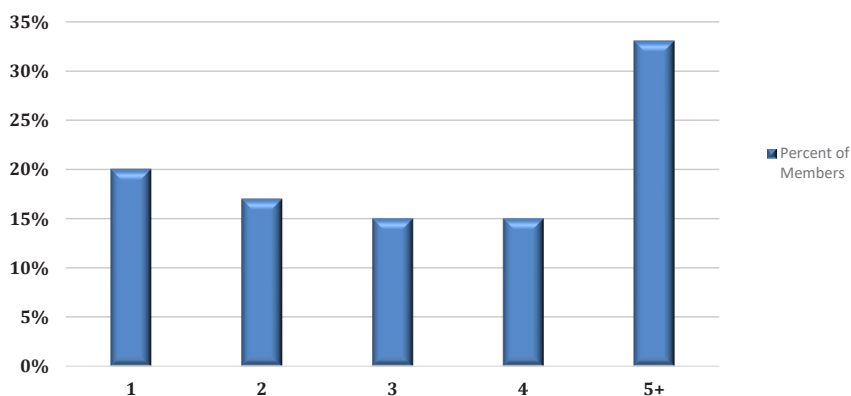
In 2020, 7.0% of members used the EAP (9,831 unique members out of 143,490 employees). This is a 1.4% decrease over the prior year. The majority of utilizers are female and tend to be employees.



EAP, cont'd

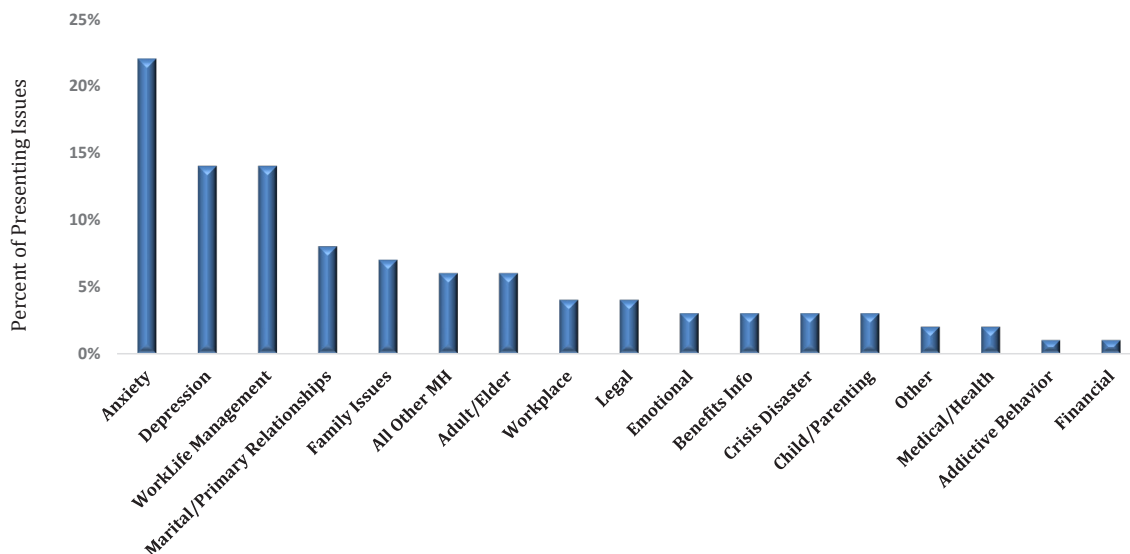
EAP Visits per Member

Of those who used EAP in 2020, 33% used all five visits included in their benefits. This is a 7% decrease over 2019.



Presenting Issues

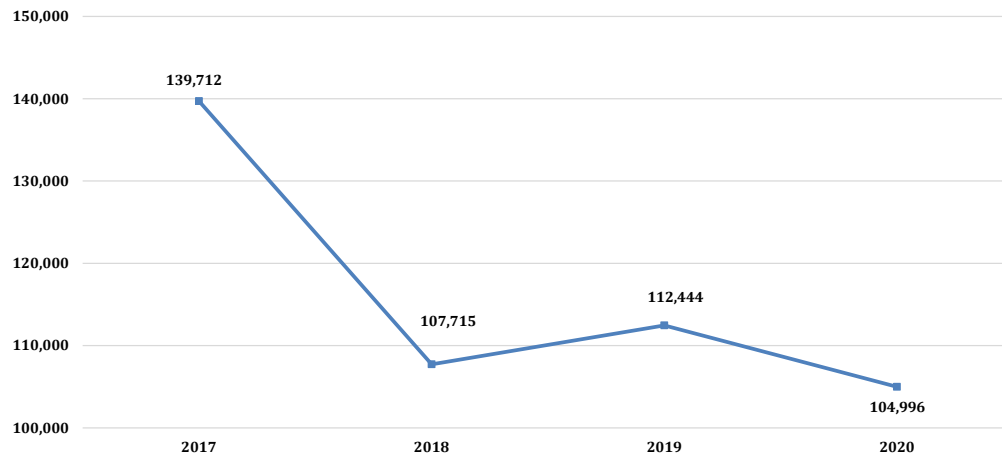
EAP presenting issues for 2020 were led by anxiety, depression, work life management, marital/primary relationships and family issues. The top five issues were consistent with 2019.



Population Health

Preventive Visits 2017-2020

While preventive visits increased in 2019 after the re-introduction of the wellness program, they decreased again in 2020, likely due to COVID-19.



The ParTNers for Health Wellness Program was temporarily suspended in 2018

2020 Chronic Conditions

Forty-two 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	74,073	60.77%	25.78%
Two	31,803	26.09%	11.07%
Three	11,318	9.28%	3.94%
Four	3,491	2.86%	1.21%
Five +	1,212	0.99%	0.42%
# With Any Condition	121,897	100.0%	42.42%

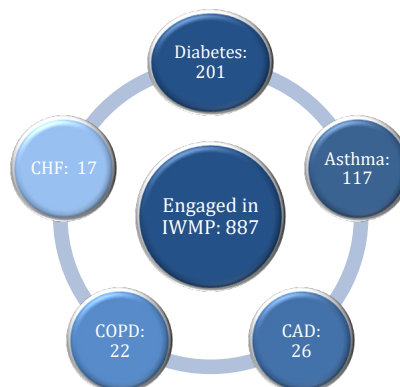
Conditions included: asthma, coronary artery disease, congestive heart failure, chronic obstructive pulmonary disease, diabetes, hypertension, mental health – depression, osteoarthritis, spinal/back disorder/low back

Population Health, cont'd

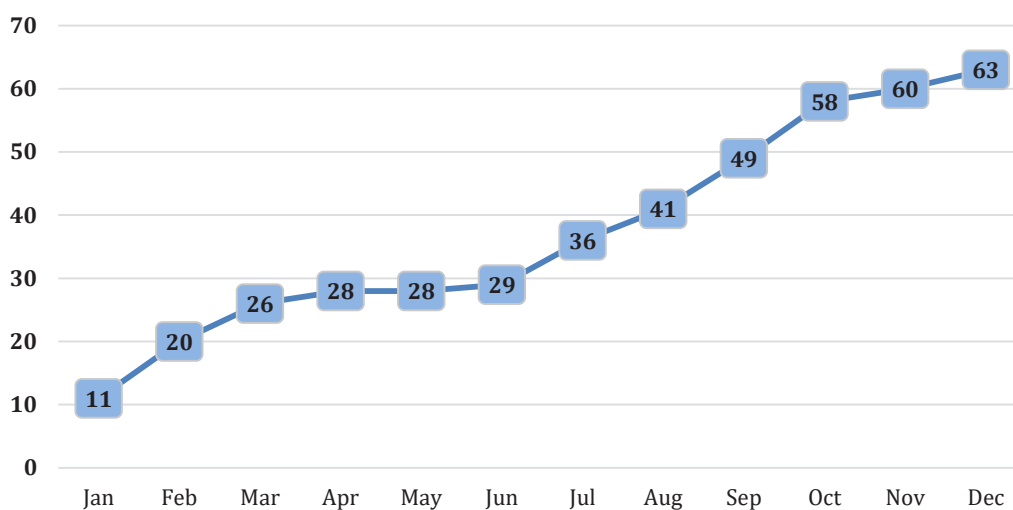
2020 Weight Management

- Total pounds lost 687
- 887 engaged members
- 404 attended 8 sessions
- 111 attended 16 sessions
- 62 with 5% or more body weight loss

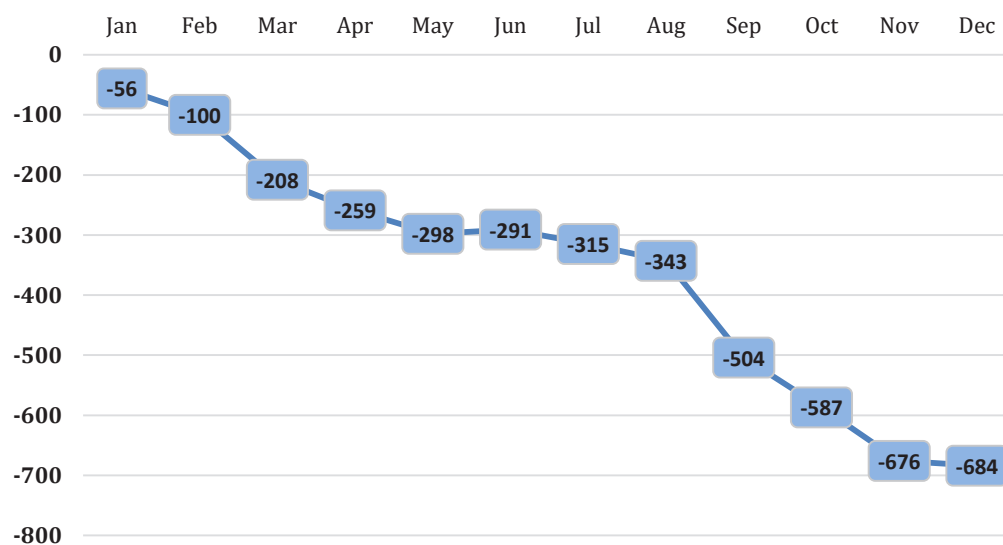
Engaged Participants with Chronic Conditions



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 99%.
- Coaching satisfaction was 95%.



Members received more than \$2.3 million in incentive payments for their participation in various wellness activities.

- 12,140 members earned an incentive.
- 5,889 employees (49%) earned the maximum incentive amount.
- 1,355 spouses (11%) earned the maximum incentive amount.

Members continue to engage in various ways with the program.

- 16% engaged in two or more coaching modalities.
- 4% engaged in three or more coaching modalities.

Coaching Engagement Options

The digital coaching was the most popular coaching modality.

	Total
One on One Coaching	7,202
Group Coaching	1,236
Digital Coaching	21,642
Onsite Coaching	52
	30,132

Clinical Outcomes

The percentage of the total population compliant with evidence-based care measures improved in all of the categories below from 2019 to 2020 with the exception of one, which decreased slightly.

Outcome Measure	2019	2020
Diabetes - hbA1C < 8	65%	78%
Hypertension-- blood pressure at target	75%	76%
Diabetes statin use	64%	67%
Diabetes nephropathy monitoring	90%	91%
Diabetes hbA1C monitoring	92%	91%
Coronary artery disease - statin use	83%	85%
Asthma controller medication	95%	96%

2020 Condition Prevalence

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

15% 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
Asthma Adult	13,089	5.8%
Chronic Obstructive Pulmonary Disease	4,162	1.8%
Coronary Artery Disease	6,604	2.9%
Diabetes Adult	26,632	11.7%
Heart Failure	2,329	1.0%
Total Membership	226,827	

*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, depression, sleep apnea, high cholesterol.
Had a goal of better glucose management and to reduce A1c.

Nurse's Care Plan:

Discussed the importance of taking medications as prescribed, reviewed a diabetic friendly diet/portion sizes.
Educated the member on the benefits of using a continuous glucose monitor.

Results:

Member is now using a continuous glucose monitor after discussing with provider.
Fasting glucose decreased from over 300 to 120.
A1c decreased more than 7 points.
Member is making better food/portion size choices and has lost 15 pounds.

Lifestyle Coaching Program

Member Overview:

Member smoking a pack a day.
Member has BMI over 30, high cholesterol and pre-diabetes.

Coach's Care Plan:

Coach provided tobacco cessation education and a care plan to include

- quit plan tailored to the member;
- identified main triggers for smoking;
- encouraged the member to speak with provider about nicotine replacement.

Results:

Member set a quit date.
Member focusing on ways to manage triggers and stress.

Weight Management Program

Member Overview:

Member enrolled May 2020.
Member sought help with emotional eating.
Member gained 40 pounds in last year and considered bariatric surgery.

Coach's Care Plan:

Shared mindful eating techniques and ways to stay motivated.
Provided ways to identify support for lifestyle changes and problem-solving skills to prevent relapses.

Results:

Member utilized MyPlate method and added exercise into daily routine.
Member lost 15 pounds and dropped down 2 sizes.
Member now walks instead of eating due to food cravings or boredom.

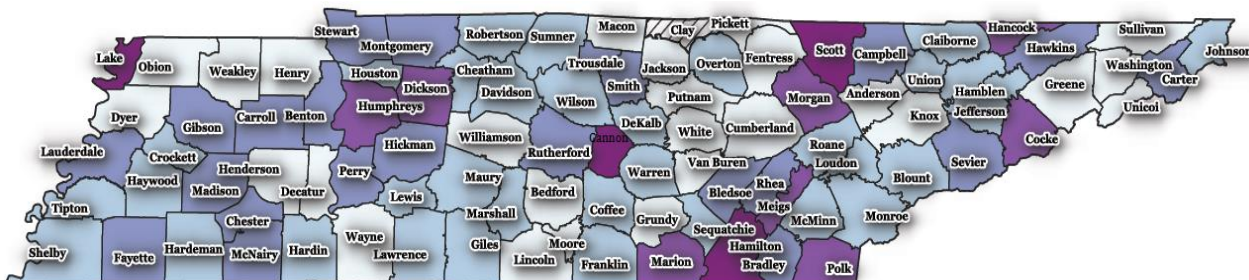
Population Health, cont'd

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 1,000 by County, 2020

- Lewis, Moore, Sequatchie, Hamilton and Hawkins counties had the largest decrease from 2019.
- Scott, Cannon, Meigs, Polk and Dickson had the largest increase over 2019.

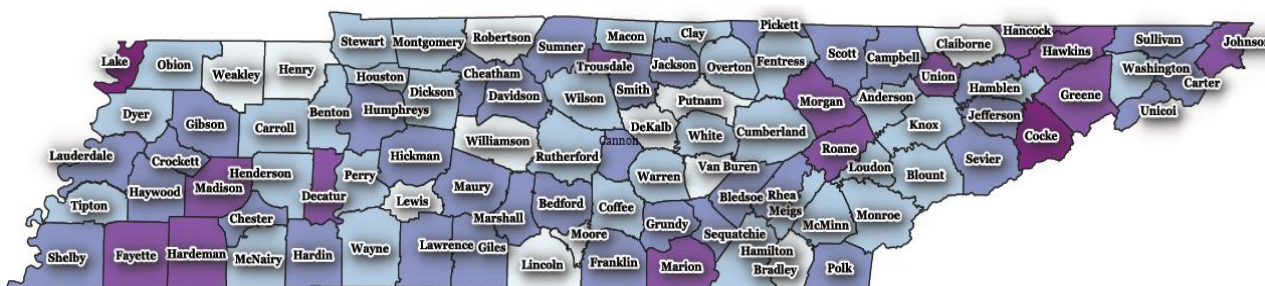


Legend

Patients Per 1,000
TN Counties
0 - 10.6
10.6 - 15.3
15.3 - 22.9
22.9 - 34.6
34.6 - 50.9
TN Counties - Missing or No Data

Diabetes Patients per 1,000 by County, 2020

- Moore, Hancock, Pickett, Perry and Lake counties had the largest decrease from 2019.
- Smith, Meigs, Cocke, Giles and Johnson had the largest increase over 2019.



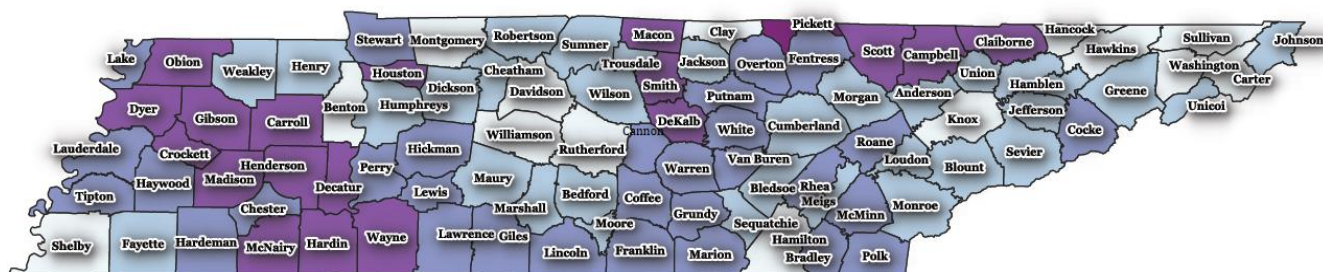
Legend

Patients Per 1,000
TN Counties
61 - 76
76 - 91
91 - 109
109 - 128
128 - 148

* Data source State Decision Support System

Population Health, cont'd

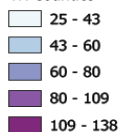
Covid-19 Patients per 1,000 by County, 2020



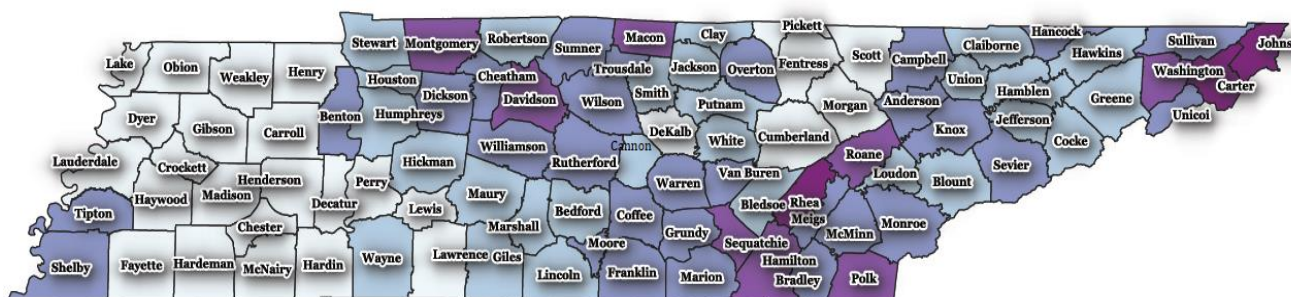
Legend

Patients Per 1,000

TN Counties



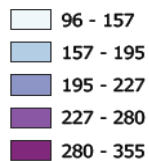
Telemedicine per 1,000 by County, 2020



Legend

Patients Per 1,000

TN Counties



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 2020, the center had 2,909 encounters (a decrease from 2019 due to COVID-19) and 353 EAP/BHO visits.
- Due to COVID-19 the center did not hold annual downtown flu shot clinic events.
- The center had a return on investment of 0.46 during 2020, reflecting the impact of COVID-19 as well as a change in the ROI calculation methodology which has been applied historically.

Telehealth

- In 2020, 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 until March when the copay became \$0 during the COVID-19 public health emergency. BlueCross BlueShield of Tennessee and Cigna both had contracts with MDLive, marketed as PhysicianNow and MDLive respectively.
- By the end of 2020, telehealth registrations had increased 38.9% from 2019 to 26,443.
- In 2020, there were a total of 9,655 encounters.
- Top diagnoses included sinusitis, upper respiratory infections, urinary tract infections and contact with a suspected viral disease.

Flexible Spending Accounts

- Approximately 4,861 state employees contributed \$6.0 million to flexible spending accounts.

Annual Election

Healthcare FSA — \$4,574,381

Dependent care FSA — \$1,399,329

Limited FSA — \$ 91,556

- This resulted in an estimated \$417K of FICA savings for the state.

Overview of Voluntary Products

Dental Insurance

- State employees have two dental options from which to choose. The Dental Health Maintenance Organization (prepaid) is administered by Cigna, and the Dental Preferred Provider Organization 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	2020 Total
Prepaid	39,456	4,285	2,893	46,634
DPPO	92,462	29,348	9,969	131,779
Total	131,918	33,633	12,862	178,413

Enrollment in the DHMO decreased by 6,500 lives between 2019 and 2020, while enrollment in DPPO increased by more than 9,380 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: basic plan and expanded plan.
- Enrollment in the vision plan increased 4.9% from 2019 to 2020.

Vision Enrollment

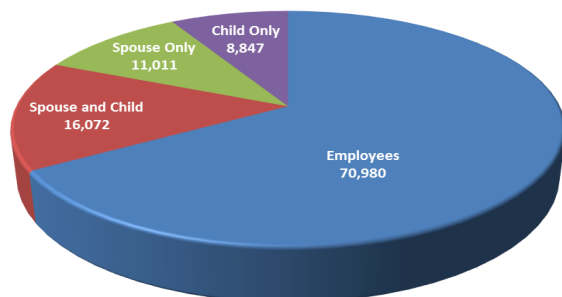
	State	Local Education	Local Government	2020 Total
Basic Plan	29,951	6,533	3,081	39,565
Expanded Plan	73,455	19,826	11,063	104,344
Total	103,406	26,359	14,144	143,909

Overview of Voluntary Products, cont'd

Life Insurance

State employees are provided with basic term life and accidental death and dismemberment 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	\$3.083 billion
Basic AD&D	\$7.281 billion

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

	Premiums	Paid Benefit Amount	# Enrollees Receiving Benefits	Administration Fees	IBNR Reserves	Conversion Charges
Basic Term Life	\$7.167 million	\$6.675 million	154	\$114,807	\$32,724	\$96,475
Basic AD&D	\$393,066	\$364,905	4			N/A

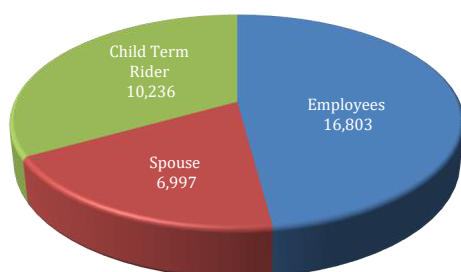
Overview of Voluntary Products, cont'd

Voluntary AD&D (State Only)

Enrollment in voluntary AD&D increased 3.4% from 2019 to 2020.

Coverage Type	State Enrollees	Coverage Volume	Paid Benefit Amount
Single	11,364	\$680,831,000	\$295,722
Family	16,856	\$1,173,905,000	\$69,183
Totals	28,220	\$1,854,736,000	\$364,905

Voluntary Term Life (State Only)



Coverage Level	Coverage Volume	Combined Paid Benefit Amount
Employees	\$2.313 billion	\$8.317 million
Spouse	\$172.2 million	
Child Term Rider	\$86.40 million	

Voluntary Universal Life (State Only)

- The voluntary universal life covered 6,857 current and former state employees and 1,280 spouses.
- Enrollment closed to new members at the end of 2012.

Voluntary Universal Life Financials

Coverage Amount	\$343.9 million
Gross Claims Payments	\$5.75 million
Net Claims Payments	\$2.94 million
Employee Cash Value	\$67.59 million
Spouse Cash Value	\$3.60 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.)

2020

	STD Enrollment	STD Benefits Paid
State Employees	4,356	\$663,707
Higher Education Employees	2,583	\$209,407
Total	6,939	\$873,114

	LTD Enrollment	LTD Benefits Paid
State Employees	7,292	\$605,524
Total	7,292	\$605,524

* Higher Education Employees have a separate contract.

The Tennessee Plan

- The state maintains a Supplemental Medical Insurance program for Medicare-eligible retirees (The Tennessee Plan.) It includes retired teachers and 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 16,960 calls in 2020. 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	45,501	\$65,826,242	1,207,710

Enrollment increased slightly (2.9%) between 2019 and 2020.

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
Dyersburg City Schools
Elizabethton City Schools
Etowah City Schools
Fayette County Schools
Fayetteville City Schools
Fentress County Schools
Franklin County Schools
Franklin Special School District
Frayser Community Schools
Gibson County Schools
Giles County Schools

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
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

What is the Basic Education Program?

The Basic Education Program is the funding formula through which state education dollars are generated and distributed to Tennessee schools. To receive the health insurance component of 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.

McKenzie Special School District	Rogersville City Schools
McMinn County Schools	Scott County Schools
McNairy County School System	Sequatchie County Schools
Meigs County Board of Education	Sevier County Schools
Milan Special School District	Smith County Schools
Millington Municipal Schools	South Carroll Special School District
Monroe County Board of Education	Stewart County Schools
Moore County Schools	Sullivan County Board of Education
Morgan County Schools	Sweetwater City Schools
Murfreesboro City Schools	Tipton County Schools
Newport City Schools	Trenton Special School District
Oak Ridge City Schools	Trousdale County Schools
Obion County Schools	Tullahoma City Schools
Oneida Special School District	Unicoi County Schools
Overton County Schools	Union City Schools
Paris Special School District	Union County Schools
Perry County Schools	Van Buren County Schools
Pickett County Schools	Warren County Schools
Polk County Board of Education	Washington County Schools
Putnam County Schools	Wayne County Schools
Rhea County Schools	Weakley County Schools
Richard Hardy Memorial School	West Carroll Special School District
Roane County Schools	White County Schools
Robertson County Schools	

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
 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
 Greenfield, City of
 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
 Huntland, 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
 Lexington Housing Authority
 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
 Maury City, Town of
 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
 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
 Oakland, Town of
 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 911
 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 County Government
 Unicoi County Highway Department
 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, 2020 and 2019. 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 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-20	30-JUN-19
Assets		
Cash	\$ 338,035	\$ 370,712
Accounts receivable, net	11,869	9,314
Total assets	\$ 349,904	\$ 380,026
Liabilities		
Accounts payable and accruals	\$ 60,574	\$ 73,708
Unearned revenue	41,989	41,188
Total liabilities	\$ 102,563	\$ 114,896
Net position		
Unrestricted	\$ 247,341	\$ 265,130
Total net position	\$ 247,341	\$ 265,130

Statements of Revenues, Expenses and Changes in Fund Net Position

	YEAR ENDED 30-JUN-20	YEAR ENDED 30-JUN-19
Operating revenues		
Premiums	\$ 768,453	\$ 747,584
Other	1,000	1,000
Total operating revenues	\$ 769,453	\$ 748,584
Operating expenses		
Medical and mental health claims	\$ 750,546	\$ 750,587
Administrative services	4,854	4,210
Contractual services	37,031	34,933
Total operating expenses	\$ 792,431	\$ 789,730
Operating income (loss)	\$ (22,978)	\$ (41,146)
Non-operating revenues		
Interest income	\$ 5,189	\$ 7,614
Total non-operating revenues	\$ 5,189	\$ 7,614
Change in net position	\$ (17,789)	\$ (33,532)
Net position, July 1	265,130	298,662
Net position, June 30	\$ 247,341	\$ 265,130

Statements of Cash Flows

	YEAR ENDED 30-JUN-20	YEAR ENDED 30-JUN-19
Cash flows from operating activities		
Receipts from interfund services provided	\$ 460,055	\$ 422,871
Receipts from fund members	352,552	365,573
Payments to suppliers	(848,800)	(825,919)
Payments for interfund services used	(13,676)	(1,840)
Net cash provided by (used for) operating activities	\$ (49,869)	\$ (39,315)
Cash flows from investing activities		
Interest received	\$ 5,189	\$ 7,614
Net cash from investing activities	\$ 5,189	\$ 7,614
Net increase (decrease) in cash	\$ (44,680)	\$ (31,701)
Cash, July 1	370,712	402,413
Cash, June 30	\$ 326,032	\$ 370,712
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ (22,978)	\$ (41,146)
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,555)	(3,104)
Increase (decrease) in accounts payable and accruals	(13,134)	8,869
Increase (decrease) in unearned revenue	801	(3,934)
Net cash provided by (used for) operating activities	\$ (37,866)	\$ (39,315)

Local Education Plan

Statements of Net Position

	30-JUN-20	30-JUN-19
Assets		
Cash	\$ 247,645	\$ 215,534
Accounts receivable, net	8,028	6,451
Total assets	\$ 255,673	\$ 221,985
Liabilities		
Accounts payable and accruals	\$ 39,633	\$ 44,962
Unearned revenue	72	87
Total liabilities	\$ 39,705	\$ 45,049
Net position		
Unrestricted	\$ 215,968	\$ 176,936
Total net position	\$ 215,968	\$ 176,936

Statements of Revenues, Expenses and Changes in Fund Net Position

	YEAR ENDED 30-JUN-20	YEAR ENDED 30-JUN-19
Operating revenues		
Premiums	\$ 562,772	\$ 551,476
Total operating revenues	\$ 562,772	\$ 551,476
Operating expenses		
Medical and mental health claims	\$ 498,062	\$ 495,941
Administrative services	3,793	3,797
Contractual services	24,919	24,384
Total operating expenses	\$ 526,774	\$ 524,122
Operating income (loss)	\$ 35,998	\$ 27,354
Non-operating revenues		
Interest income	\$ 3,034	\$ 3,879
Total non-operating revenues	\$ 3,034	\$ 3,879
Change in net position	\$ 39,032	\$ 31,233
Net position, July 1	176,936	145,703
Net position, June 30	\$ 215,968	\$ 176,936

Statements of Cash Flows

	YEAR ENDED 30-JUN-20	YEAR ENDED 30-JUN-19
Cash flows from operating activities		
Receipts from fund members	\$ 568,940	\$ 557,587
Payments to insurance companies and healthcare providers	(539,352)	(533,095)
Payments for state services	(511)	(572)
Net cash from (used for) operating activities	\$ 29,077	\$ 23,920
Cash flows from investing activities		
Interest received	\$ 3,034	\$ 3,879
Net cash from investing activities	\$ 3,034	\$ 3,879
Net increase (decrease) in cash	\$ 32,111	\$ 27,799
Cash, July 1	215,534	187,735
Cash, June 30	\$ 247,645	\$ 215,534
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ 35,998	\$ 27,354
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,577)	(3,129)
Increase (decrease) in accounts payable	(5,329)	(301)
Increase (decrease) in unearned revenue	(15)	(4)
Net cash provided by (used for) operating activities	\$ 29,077	\$ 23,920

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(1) Required contribution and investment revenue earned (fiscal year)	444,773	439,640	463,986	488,113	471,353	449,965	472,022	517,083	555,355	565,806
(2) Unallocated expenses (fiscal year)	26,767	26,473	27,384	29,831	34,261	35,026	32,188	28,531	28,181	28,712
(3) Estimated incurred claims and expenses, end of policy year	413,568	429,252	432,425	435,832	456,600	473,999	483,123	509,290	555,674	*
(4) Paid (cumulative) as of:										
End of policy year	383,440	401,000	404,145	408,147	426,939	442,712	452,836	477,344	522,981	*
One year later	415,724	428,201	432,124	435,790	457,219	473,195	482,543	509,167	*	
Two years later	415,240	427,657	431,697	435,667	457,210	473,329	482,976	*		
Three years later	415,215	427,597	431,374	435,684	457,013	473,372	*			
Four years later	415,121	427,582	431,389	435,514	457,012	*				
Five years later	415,121	427,581	431,377	435,514	*					
Six years later	415,121	427,581	431,371	*						
Seven years later	415,118	427,581	*							
Eight years later	415,118	*								
Nine years later	*									
(5) Reestimated incurred claims and expenses:										
End of policy year	413,568	429,252	432,425	435,832	456,600	473,999	483,123	509,290	555,674	*
One year later	415,256	427,805	431,846	435,706	457,246	473,331	482,788	509,690	*	
Two years later	415,207	427,624	431,469	435,643	457,121	473,299	483,066	*		
Three years later	415,110	427,582	431,450	435,583	457,013	473,328	*			
Four years later	415,110	427,582	431,450	435,514	457,012	*				
Five years later	415,110	427,582	431,377	435,514	*					
Six years later	415,110	427,581	431,371	*						
Seven years later	415,118	427,581	*							
Eight years later	415,118	*								
Nine years later	*									
(6) Increase (decrease) in estimated incurred claims and expenses from end of policy year	1,550	(1,671)	(1,054)	(318)	412	(671)	(57)	400	-	*

* Data not available

Local Government Plan

Statements of Net Position

	30-JUN-20	30-JUN-19
Assets		
Cash	\$ 63,525	\$ 58,771
Accounts receivable, net	2,489	2,150
Total assets	\$ 60,014	\$ 60,921
Liabilities		
Accounts payable and accruals	\$ 11,126	\$ 13,685
Unearned revenue	43	58
Total liabilities	\$ 11,169	\$ 13,743
Net position		
Unrestricted	\$ 54,845	\$ 47,178
Total net position	\$ 54,845	\$ 47,178

Statements of Revenues, Expenses and Changes in Fund Net Position

	YEAEER ENDED 30-JUN-20	YEAR ENDED 30-JUN-19
Operating revenues		
Premiums	\$ 157,213	\$ 149,675
Total operating revenues	\$ 157,213	\$ 149,675
Operating expenses		
Medical and mental health claims	\$ 141,430	\$ 139,882
Administrative services	1,019	871
Contractual services	7,923	7,396
Total operating expenses	\$ 150,372	\$ 148,149
Operating income (loss)	\$ 6,841	\$ 1,526
Non-operating revenues		
Interest income	\$ 826	\$ 1,089
Total non-operating revenues	\$ 826	\$ 1,089
Change in net position	\$ 7,667	\$ 2,615
Net position, July 1	47,178	44,563
Net position, June 30	\$ 54,845	\$ 47,178

Statements of Cash Flows

	YEAR ENDED 30-JUN-20	YEAR ENDED 30-JUN-19
Cash flows from operating activities		
Receipts from fund members	\$ 160,588	\$ 152,530
Payments to insurance companies and healthcare providers	(156,564)	(149,000)
Payments for state services	(96)	(107)
Net cash from (used for) operating activities	\$ 3,928	\$ 3,423
Cash flows from investing activities		
Interest received	\$ 826	\$ 1,089
Net cash from investing activities	\$ 826	\$ 1,089
Net increase (decrease) in cash	\$ 4,754	\$ 4,512
Cash, July 1	58,771	54,259
Cash, June 30	\$ 63,525	\$ 58,771
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ 6,841	\$ 1,526
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(339)	(1,144)
Increase (decrease) in accounts payable	(2,559)	3,022
Increase (decrease) in unearned revenue	(15)	19
Net cash provided by (used for) operating activities	\$ 3,928	\$ 3,423

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(1) Required contribution and investment revenue earned (fiscal year)	102,710	103,278	105,973	108,834	108,860	114,373	127,183	136,992	150,764	158,039
(2) Unallocated expenses (fiscal year)	5,473	6,010	6,135	6,645	7,535	8,012	8,418	7,979	8,267	8,942
(3) Estimated incurred claims and expenses, end of policy year	91,699	94,738	96,152	99,097	103,694	118,900	126,741	135,195	155,172	*
(4) Paid (cumulative) as of:										
End of policy year	89,231	88,026	89,634	92,792	97,837	111,866	119,188	126,563	143,818	*
One year later	91,703	94,277	96,101	98,622	103,813	118,709	126,653	134,667	*	
Two years later	91,618	94,205	95,919	98,627	103,981	118,775	126,844	*		
Three years later	91,578	94,183	95,883	98,627	103,911	118,802	*			
Four years later	91,669	94,182	95,895	98,581	103,910	*				
Five years later	91,669	94,182	95,896	98,584	*					
Six years later	91,669	94,182	95,894	*						
Seven years later	91,669	94,182	*							
Eight years later	91,669	*								
Nine years later	*									
(5) Reestimated incurred claims and expenses:										
End of policy year	91,699	94,738	96,152	99,097	103,694	118,900	126,741	135,195	155,172	*
One year later	91,640	94,248	96,022	98,653	104,054	118,777	126,701	134,680	*	
Two years later	91,558	94,192	95,895	98,628	104,016	118,766	126,848	*		
Three years later	91,669	94,182	95,893	98,635	103,911	118,793	*			
Four years later	91,669	94,182	95,893	98,581	103,910	*				
Five years later	91,669	94,182	95,896	98,584	*					
Six years later	91,669	94,182	95,894	*						
Seven years later	91,669	94,182	*							
Eight years later	91,669	*								
Nine years later	*									
(6) Increase (decrease) in estimated incurred claims and expenses from end of policy year	(30)	(556)	(258)	(513)	216	(107)	107	(515)	-	*

* Data not available

Retiree Plans

Statements of Fiduciary Assets and Liabilities — June 30, 2020, and June 30, 2019

	30-JUN-20	30-JUN-19
Assets		
Current assets:		
Cash	\$ 20,006	\$ 18,263
Accounts receivable	1,810	1,489
Total assets	\$ 21,816	\$ 19,752
Liabilities		
Current liabilities:		
Accounts payable and accruals	\$ 3,737	\$ 4,747
Amounts held in custody for others	18,079	15,005
Total liabilities	\$ 21,816	\$ 19,752

Statements of Changes in Fiduciary Assets and Liabilities for the year ended June 30, 2020

	BALANCE 01-JUL-19	ADDITIONS	DEDUCTIONS	BALANCE 30-JUN-20
Assets				
Current assets:				
Cash	\$ 18,263	\$ 86,036	\$ 84,293	\$ 20,006
Accounts receivable	1,489	11,390	11,069	1,810
Total assets	\$ 19,752	\$ 97,426	\$ 95,362	\$ 21,816
Liabilities				
Current liabilities:				
Accounts payable and accruals	\$ 4,747	\$ 21,927	\$ 22,937	\$ 3,737
Amounts held in custody for others	15,005	84,452	81,378	18,079
Total liabilities	\$ 19,752	\$ 106,379	\$ 104,315	\$ 21,816

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	15,773	100,904	101,672	15,005
Total liabilities	\$ 25,210	\$ 126,681	\$ 132,139	\$ 19,752