



2021 ANNUAL REPORT

Tennessee State Group
Insurance Program

PAR**TN****ERS**
FOR HEALTH



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

Jim Bryson
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

December 31, 2022

We are pleased to submit the 2021 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 374,258 members from public sector organizations in Tennessee. This number includes members enrolled in the state-sponsored health, dental, vision, life and disability insurance coverage as well supplemental medical insurance for retirees with Medicare coverage.

The data presented here demonstrate program, statistical and financial trends for the plans. The financial statements reflect the fiscal year ended June 30, 2021.

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

Jim Bryson, Commissioner



WHO WE ARE

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 2021 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.

OUR MISSION

Deliver comprehensive,
affordable, dependable and
sustainable benefits

OUR VISION

Healthy members; peace of mind

Contract Partners



Fast Facts



2021 INSURANCE COMMITTEES

Butch Eley — S, E, G

Commissioner,

Department of Finance and Administration

Jason Mumpower — S, E, G

Comptroller of the Treasury

David Lillard — S, E, G

State Treasurer

Carter Lawrence — 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

Holly Girgics — S

Higher Education Representative

Randy Stamps — S

Tennessee State Employees Association

Senator Bo Watson — S

Chair, Senate Finance, Ways and Means Committee

Representative Patsy Hazlewood — 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

Jennifer Downing — 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

WHO WE ARE

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

Providing benefits and actuarial consultant services to the division.

BlueCross BlueShield of Tennessee

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

CIGNA

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



CVS Caremark

Providing pharmacy benefits for all members enrolled in State Group Insurance Program health coverage.

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 State Group Insurance Program members enrolled in health coverage.

Optum Financial

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

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

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

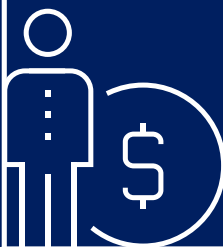
University Community Health Service

Providing employee health clinic services to state and higher education employees enrolled in the State Group Insurance Program.

FAST FACTS

\$1.8

billion
total
health
plan
expenses



\$66 million
supplemental
Medicare claims paid

46,524

supplemental
Medicare members



44% of total
pharmacy spend is
for specialty drugs



283,117

health plan
members



35%
of health
plan
spend is
pharmacy



WHAT WE DO

Benefits Administration administers state-sponsored health, dental, vision, life and disability insurance coverage as well as supplemental medical insurance for retirees with Medicare coverage for approximately **374,258** 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 2021, the SGIP offered all members three health insurance options — the Premier Preferred Provider Organization, Standard PPO and Consumer-driven Health Plan.

A fourth option, the Limited PPO, was available to participants in the local education and local government plans.

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

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

Participants in all plans may enroll in voluntary dental coverage if coverage is offered by the employing agency. Participants may choose either the dental preferred provider organization administered by 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.

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

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

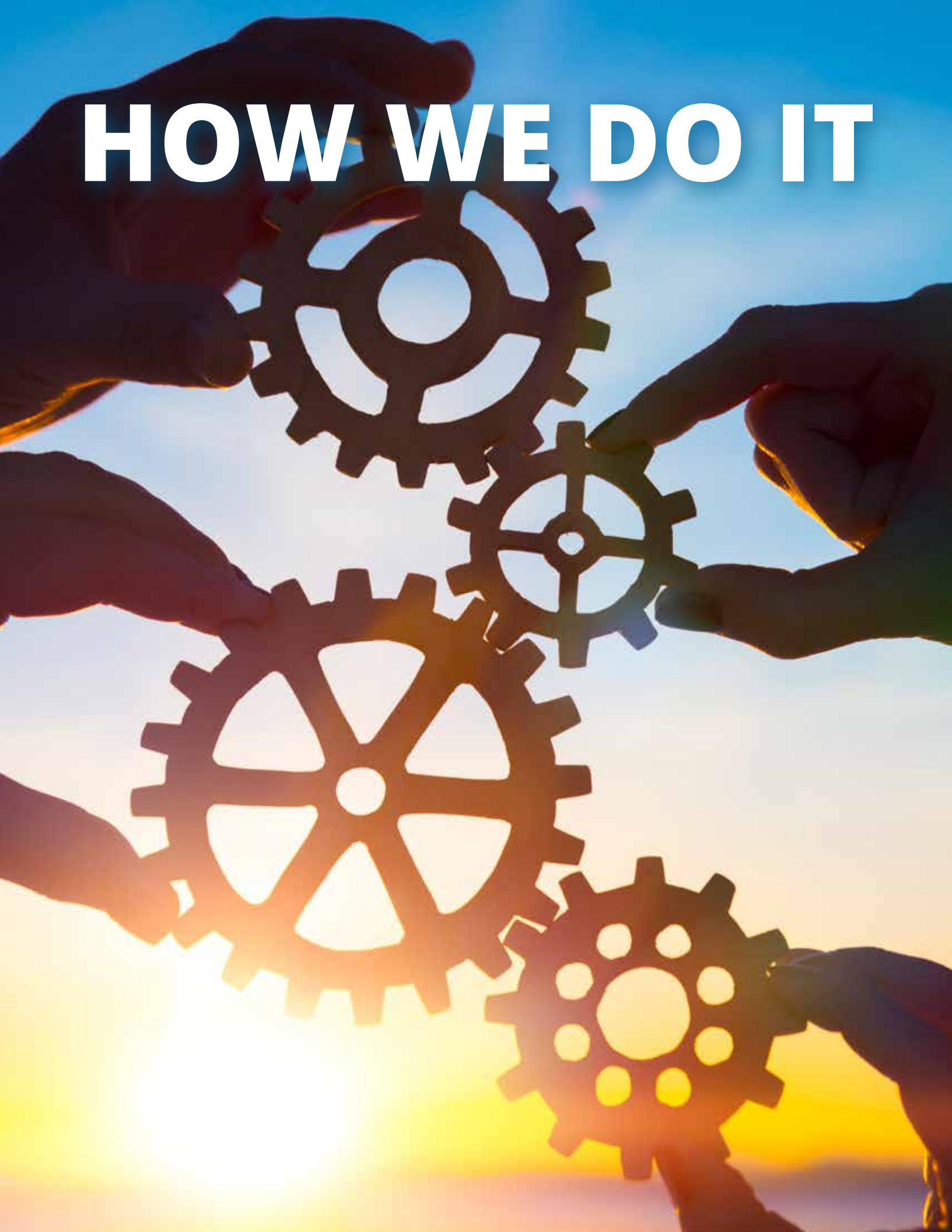
Health Plan Enrollment

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

	Employee/Retiree		Spouse		Child/Dependent		Total	
Local Education	56,302	49%	19,011	17%	38,908	34%	114,221	40%
Local Government	17,035	65%	3,106	12%	6,120	23%	26,261	9%
State Government	67,180	47%	29,435	21%	46,020	32%	142,635	50%
Total							283,117	

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

HOW WE DO IT



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 2018–2021 have averaged **-0.7%**, **3.6%**, **2.9%** and **3.0%**, respectively, well below the industry average. The plans' financial performance reflects the success of this strategy.

In 2021, the following key initiatives were accomplished.

Vendor Services



2021 Procurements



Operations



Communications



Financial Management
& Program Integrity



Communications and Marketing

The Benefits Administration Communications and Marketing team helps members of our State Group Insurance Program and member agencies understand their benefit options, make informed choices and get the most from their benefits. This team takes a customer-first approach to improve delivery of benefits information across multiple platforms, including email, the ParTNers for Health website, webinars, social media and direct mail.

In 2021, BA reached more than **218,000** program members via U.S. mail, the ParTNers for Health website and email messages sent to more than 148,000 members. Data show growth in unique visitors and page views to the ParTNers for Health website through 2021, and the team uses analytics and customer feedback to guide improvements to the site. The Communications and Marketing team collaborated with the Working for a Healthier Tennessee initiative to enhance and update their website, www.tn.gov/wfhtn.html, for an improved user experience as part of ongoing work to increase participation in this workplace wellness program.

The local agency outreach initiative to recruit and retain local education and government agencies was reignited in August 2021. Through a focused strategy to identify and build relationships with key partners, decision makers and organizations using both digital and in-person outreach, BA added **17** new agencies with almost **1,400** members to our local education and government insurance plans in 2021. Direct contact with local agency plan members made through the outreach effort has provided valuable feedback to help inform plan design and identify customer needs.

BA Communications and Marketing team members work closely with Vendor Services colleagues and agency vendor partners to educate and inform members about their benefits. All vendors are now required to develop communications plans, with this approach resulting in more targeted messaging to members to better support use of new and existing services. As in-person benefits fairs were not held due to COVID-19 considerations,

the communications team collaborated with vendors to offer webinars for members to hear directly from vendor representatives and ask questions about their benefit options. These vendor webinars were provided in addition to BA webinars leading up to the October annual enrollment period. The communications team conducted an after-action review of annual enrollment materials and activities in November 2021. This helped develop actionable goals for continued improvement of processes and products.

Each year we survey our agency benefits coordinators' customer satisfaction as a measure of our performance. In 2021, **99.5%** of those responding rated their overall satisfaction with the communications team meets or exceeds expectations. When asked to rate their overall satisfaction with services provided by Benefits Administration, 99.1% responded with meets or exceeds expectations.



HOW WE DO IT

Procurements

All Contracts were competitively procured. Contracts procured in the previous year with service delivery go-live dates beginning in January 2021 included:

- pharmacy benefits manager (CVS Caremark)
- health savings account/flexible spending account (Optum Financial)
- dental health maintenance organization (Cigna).

Contracts procured, awarded and implemented in 2021 and with a service delivery go-live date in January 2022 included:

- medical third-party administration (BCBST and Cigna)
- behavioral health organization and employee assistance program (Optum)
- dental preferred provider organization (Delta Dental)
- short- and long-term disability (MetLife)
- supplemental medical insurance for retirees with Medicare (UMR)



Financial Management & Program Integrity

The Benefits Administration Financial Management and Program Integrity team promotes compliance, transparency and accountability throughout the division. In 2021, this group successfully implemented both a comprehensive audit plan and the Flexible Savings Account debt resolution process with a new vendor.

The comprehensive audit plan enhances vendor accountability by identifying areas to be audited, increasing the number of audits and the timeframe in which these audits will occur. Five audits from this plan were either completed or in process during 2021. 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 group 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 unit 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 team performed reviews of ineligible members and assisted the third-party administrators in collecting from subrogation cases, totaling more than **\$439,000** in collections. The Risk Management area continued to evaluate and mitigate divisional risks.

As a covered entity, Benefits Administration must adhere to the Health Insurance Portability and Accountability Act, or HIPAA. The division's responsibility is to make sure our staff members and the employees of our participating agencies are properly trained in protecting member information. During 2021, the director of HIPAA compliance developed a training program and ensured more than **1,600** people were trained.



Vendor Services

The Benefits Administration Vendor Services team manages health plan benefits through the procurement and administration of contracts for health care services and programs and by researching, recommending and implementing innovative and competitive benefits.

COVID-19 continued to be a key focus for Vendor Services in 2021. In addition to tracking ongoing plan costs associated with COVID-19, benefits were updated as needed and communicated to members. This included reinstating member cost sharing related to COVID-19 treatment and telehealth and covering several antiviral medications.

Benefit changes in 2021 focused on pharmacy coverage. To continue driving increased use of high value medications, non-specialty osteoporosis drugs were added to the maintenance drug tier. The maintenance tier offers members lower cost sharing when they receive a 90-day fill of certain ongoing chronic condition medications. We adopted a more streamlined formulary, which we estimate will provide significant member and plan savings. 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.

Based on the positive results of the diabetes reversal pilot program implemented in 2020, services for the initial pilot participants were approved for a one-year extension. This virtual diabetes reversal program focused on eliminating diabetes-specific medications while getting and keeping patients reversed and below 6.5 A1c threshold. Pilot results are being used to plan for a future expansion of similar benefits to the entire population.

Following the passage of the Consolidated Appropriations Act and the Transparency in Coverage rules in late 2020, work began to implement the numerous requirements focused on eliminating surprise billing and expanding the transparency of health care costs. Work included implementing and communicating flexible spending account changes, drafting vendor compliance agreements, facilitating development of compliance documents related to mental health parity, ensuring vendor compliance with the requirements, and identifying needed plan document updates.

The implementation of the new health savings account/flexible spending account contract included the successful transition of almost **\$14M** in HSA funds from the prior vendor to the new vendor for almost **4,500** plan members.



Operations

The Benefits Administration Operations team focuses on providing excellent customer service to our members to support our mission and vision. In 2021, Operations implemented several process improvements to enhance our member experience. The team continued simplifying the log in process for members changing their benefits for 2022. The group implemented single sign-on with the Tennessee Board of Regents central office and the Tennessee Colleges of Applied Technology, two community colleges and three universities, which gave more higher education employees the ability to access the Edison system to enroll in benefits. Operations continued efforts to obtain accurate email addresses for our member population to better communicate with members.

The Operations team implemented new databases for Other Postemployment Benefits, or OPEB, reporting and our internal agency benefits coordinator database that houses agency information to help provide quick and accurate information to members. BA will continue expanding our use of these new systems.

Operations worked with new vendors Optum Financial and Delta Dental to set up enrollment files for timely processing. The team implemented the federal COBRA Subsidy provided under the American Rescue Plan Act of 2021. This program provided a **100%** COBRA premium subsidy for up to six months to assist eligible individuals as defined in the act. From our member agencies, **144** former employees participated in the subsidy program.

BA began participation in the State's Process Automation project to review processes that are rules-based and time consuming for staff to complete. The Operations team identified more than **20** processes across multiple areas of the division as potential candidates for automation.

The Education and Outreach team onboarded **17** new agencies onto our plan in 2021. This effort involved working with the new agencies one-on-one to teach them how to process enrollments, run reports and communicate with our service center. The team attended seven conferences and presented at four agency meetings to support our education and outreach efforts.

The most recent customer satisfaction survey of our agency benefits coordinators showed our customers rated their overall satisfaction with our service center at **98.3%**. Based on feedback from this survey, Operations implemented a change to link to commonly used websites and pages. Our Zendesk customer service satisfaction rate in 2021 was **95.8%**. Operations hosted **12** virtual ABC training sessions throughout the month of August to give important updates and reminders, training an average of 350 Agency Benefits Coordinators each week. The team also created new employee orientations for all member agencies based on the benefits they offer through the state insurance plan.





OVERVIEW OF PLAN OPTIONS

Plan options were unchanged in 2021 and included three Preferred Provider Organizations, or PPOs, and a high deductible plan:

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

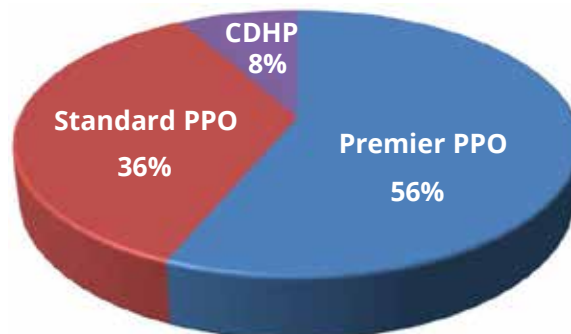
Networks

- All members had a choice of BlueCross BlueShield Network S, Cigna Local Plus, or Cigna Open Access Plus, or OAP. 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 2021, **16,057** members enrolled in the OAP network, an increase from **12,267** in 2020.

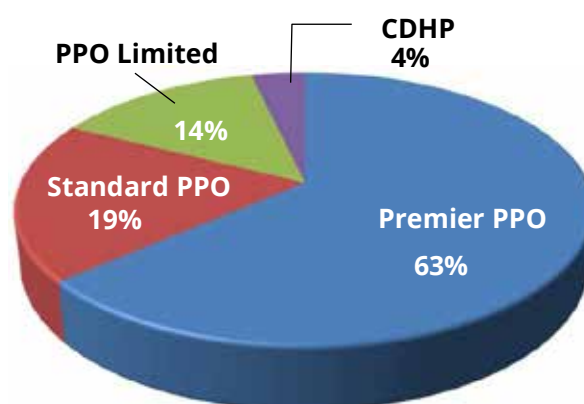
Coverage by Plan

- The Premier PPO remained the most popular plan option among all groups.
- While CDHP enrollment in the state plan increased **3%** over 2020, decreased enrollment in the local education and local government plans meant overall enrollment in the CDHP option was relatively unchanged.
- Employees contributed approximately **\$9.5** million to their health savings accounts, or HSA, which is an average of **\$1,167** per account.
- Employers (state, higher education, and some local education and local government agencies) contributed approximately **\$4.9** million to employee HSAs.

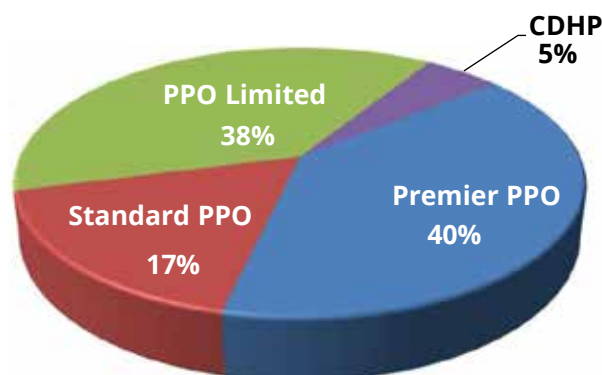
STATE



LOCAL EDUCATION

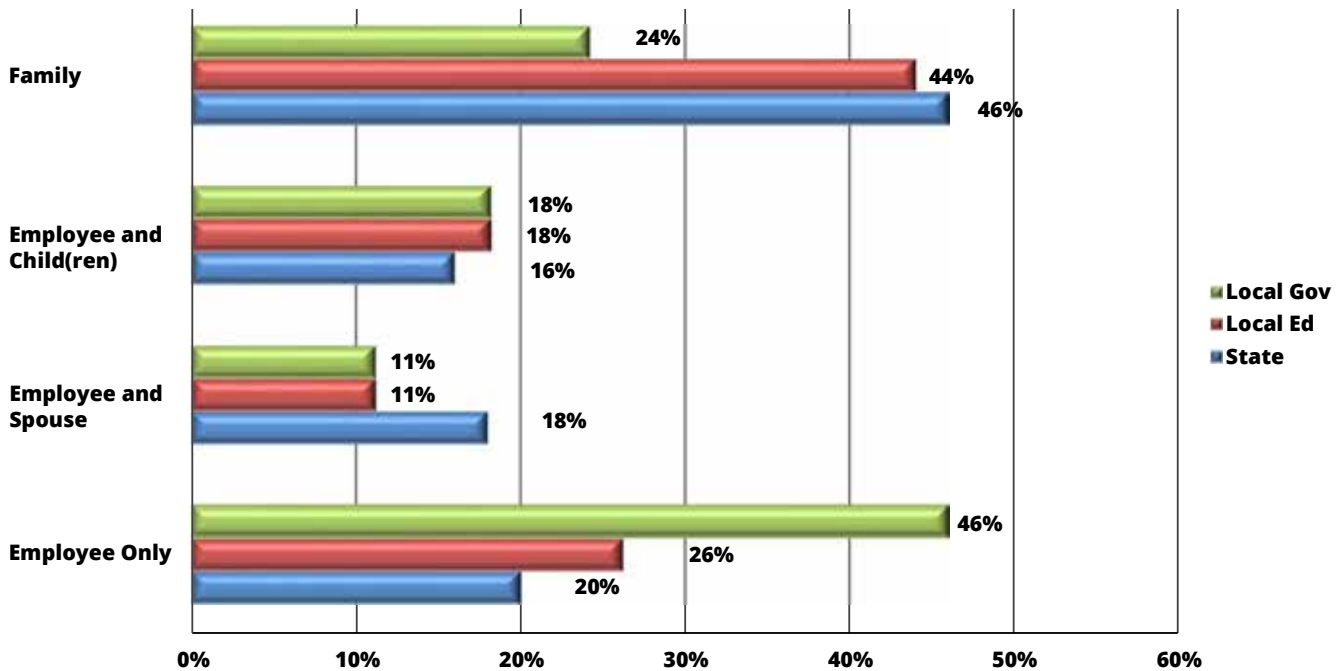


LOCAL GOVERNMENT



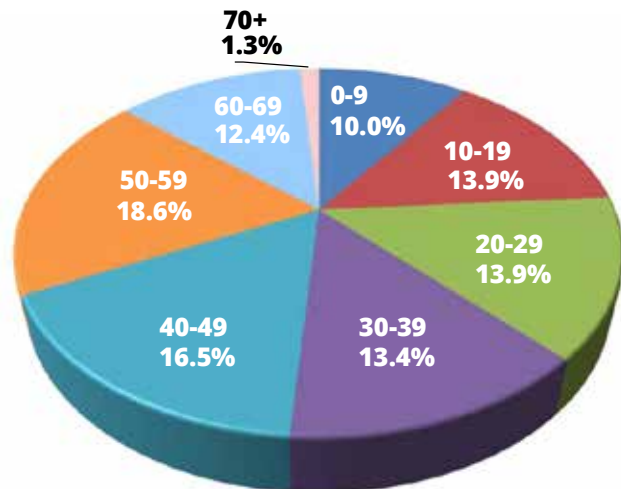
Enrollment Coverage by Tier

- 2021 enrollment by tier is very similar to 2018.
- 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.



Coverage by Age

- The average age among all members is **36.8**, which is slightly lower than in 2018 (**36.9**).
- The average age remained the same for State and Local Education while Local Government had a slight decrease.
 - State **37.3** (37.5 in 2018)
 - Local education **35.7** (35.6 in 2018)
 - Local government **38.8** (39.2 in 2018)



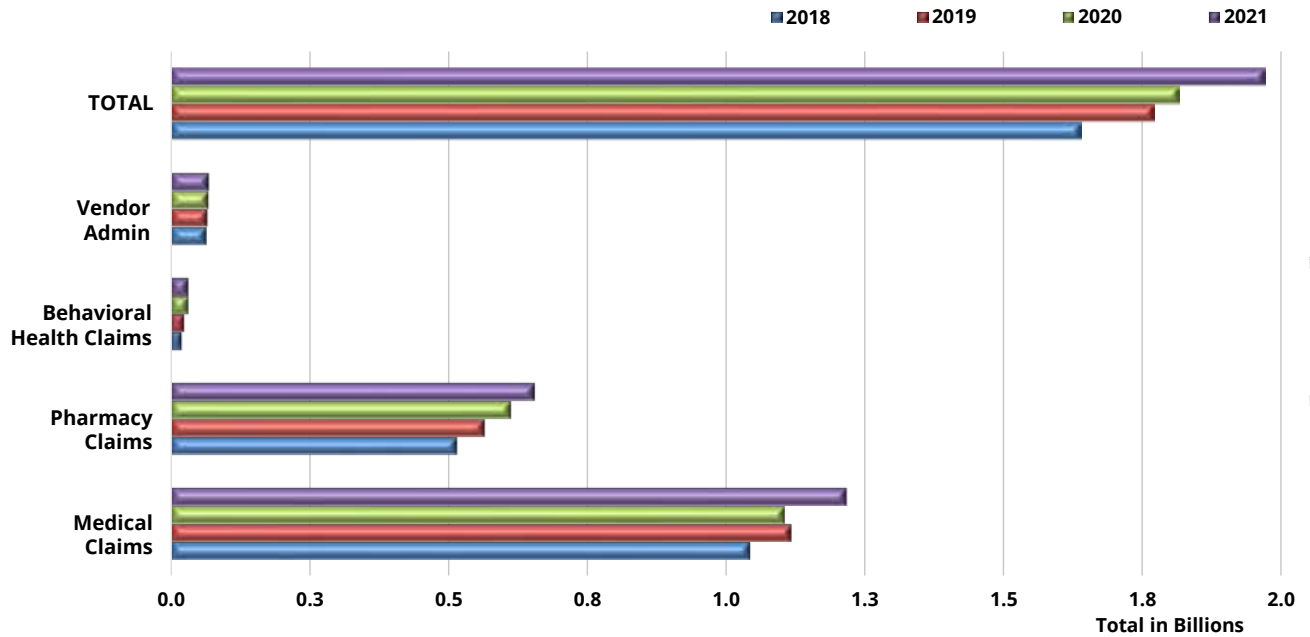
	Female	Male
State	54%	46%
Local Education	59%	41%
Local Government	51%	49%
Total	56%	44%

Gender

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

Plan Expenses 2018-2021

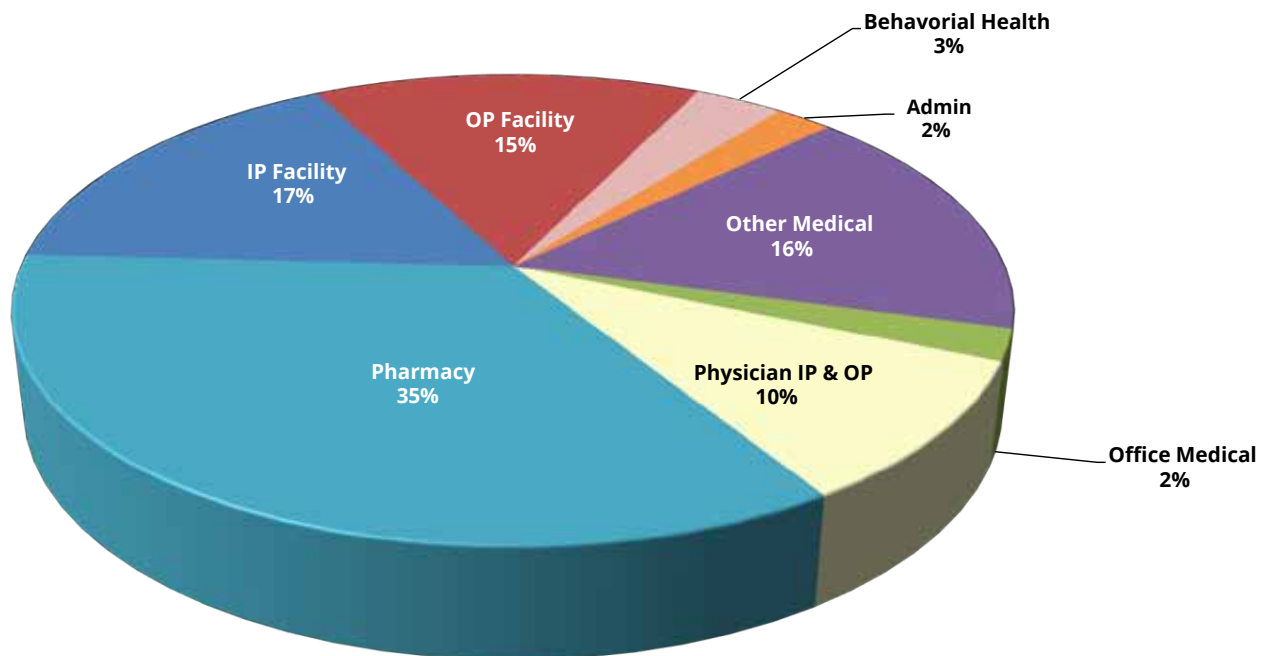
- Total plan expenses were **\$1.8** billion in 2021 and increased **19.7%** between 2018 and 2021. Additionally, there was a increase of **7.5%** between 2020 and 2021.
- Pharmacy claims increased **21.4%** between 2018 and 2021, with a **6.5%** increase between 2020 and 2021.



Wellness expense and pharmacy rebates are excluded in Total / Graph.

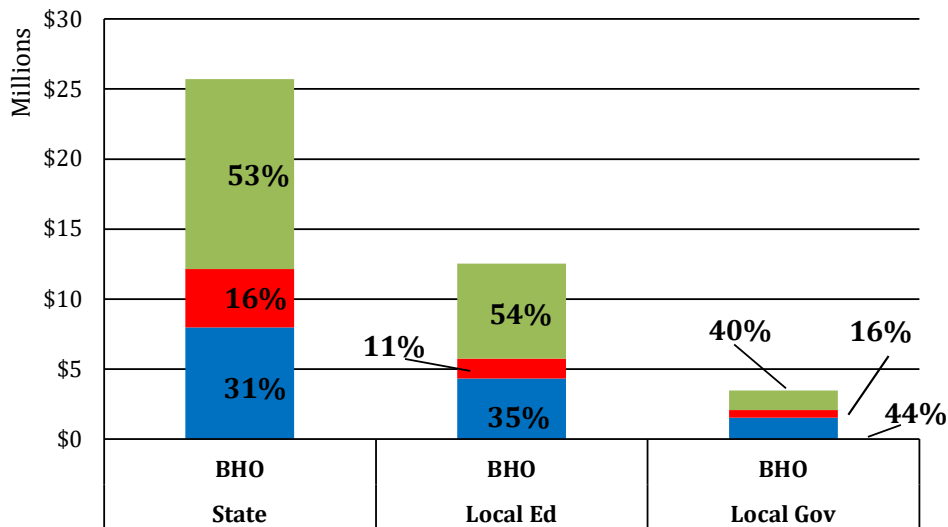
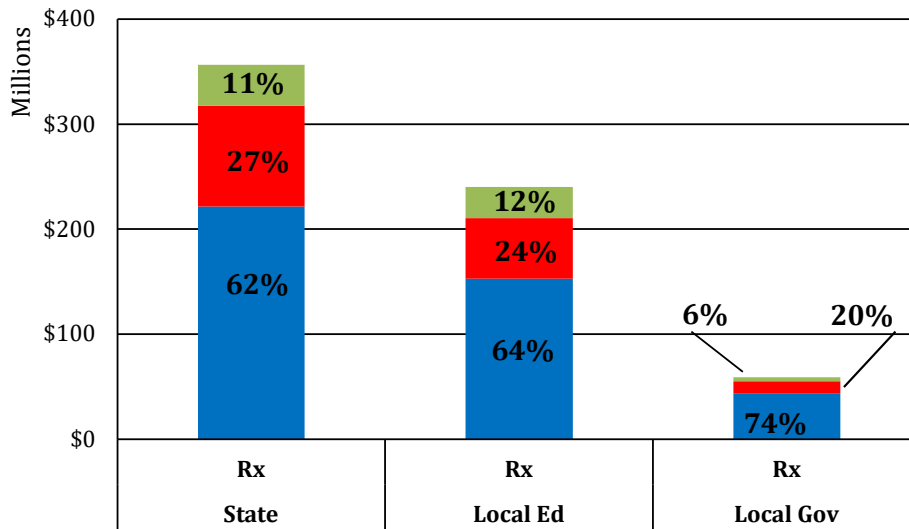
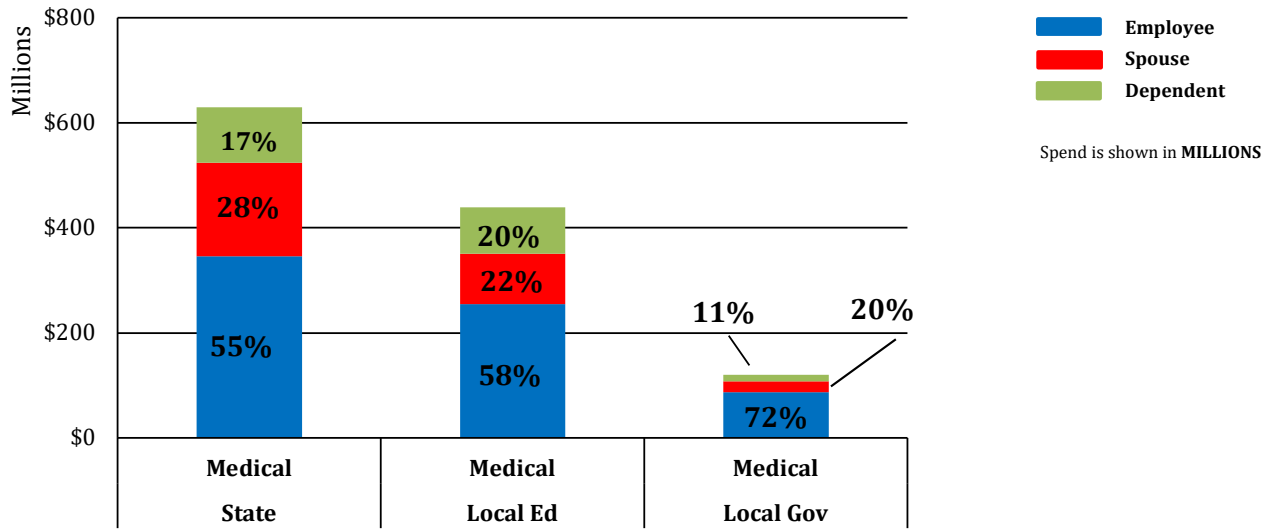
2021 Plan Expenses

Pharmacy claims accounted for the largest single category of health plan spend (**35%**).



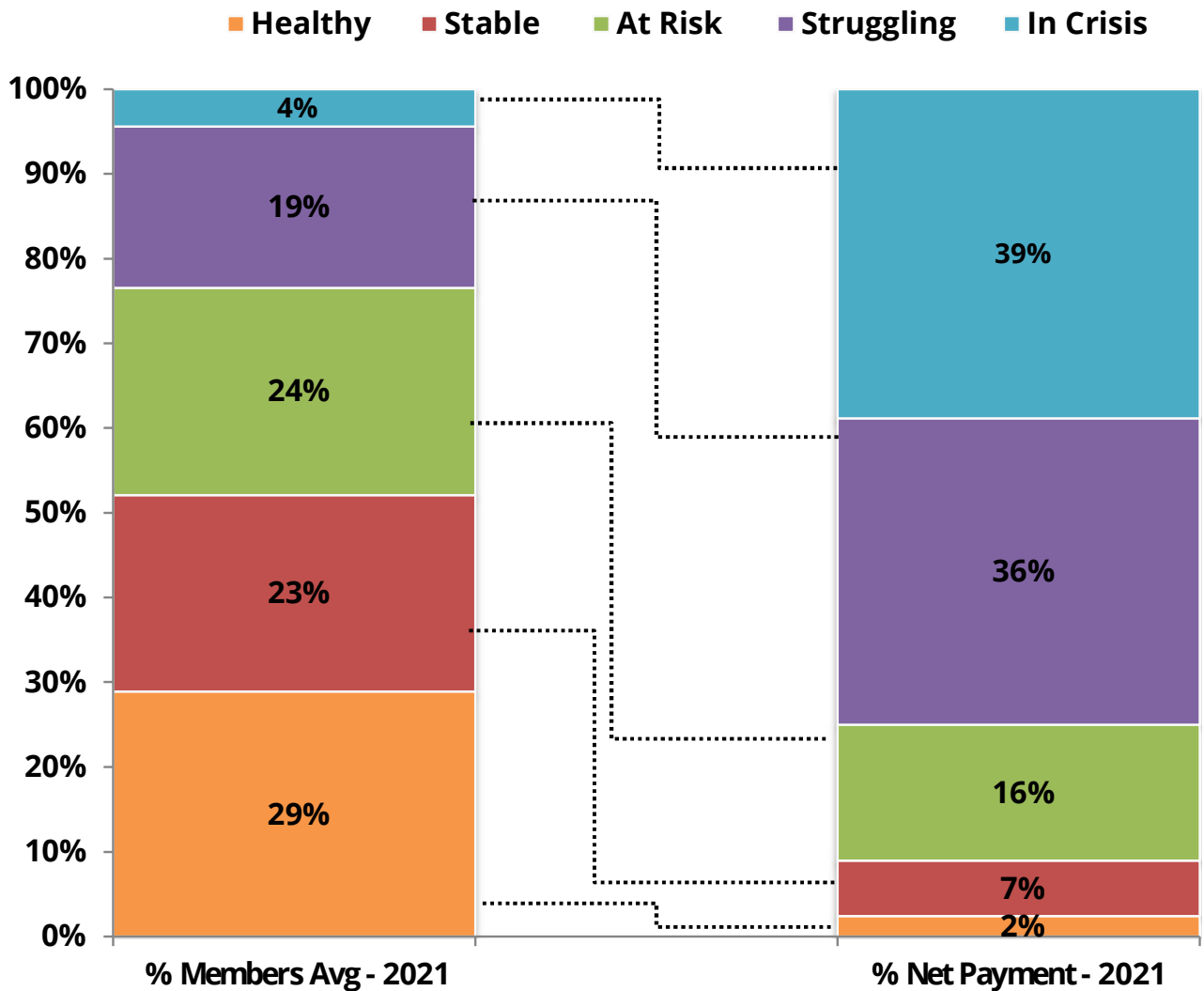
Spend by Relationship

Behavioral health costs are disproportionately higher for dependents.



PLAN PAYMENTS BY MEMBER RISK

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



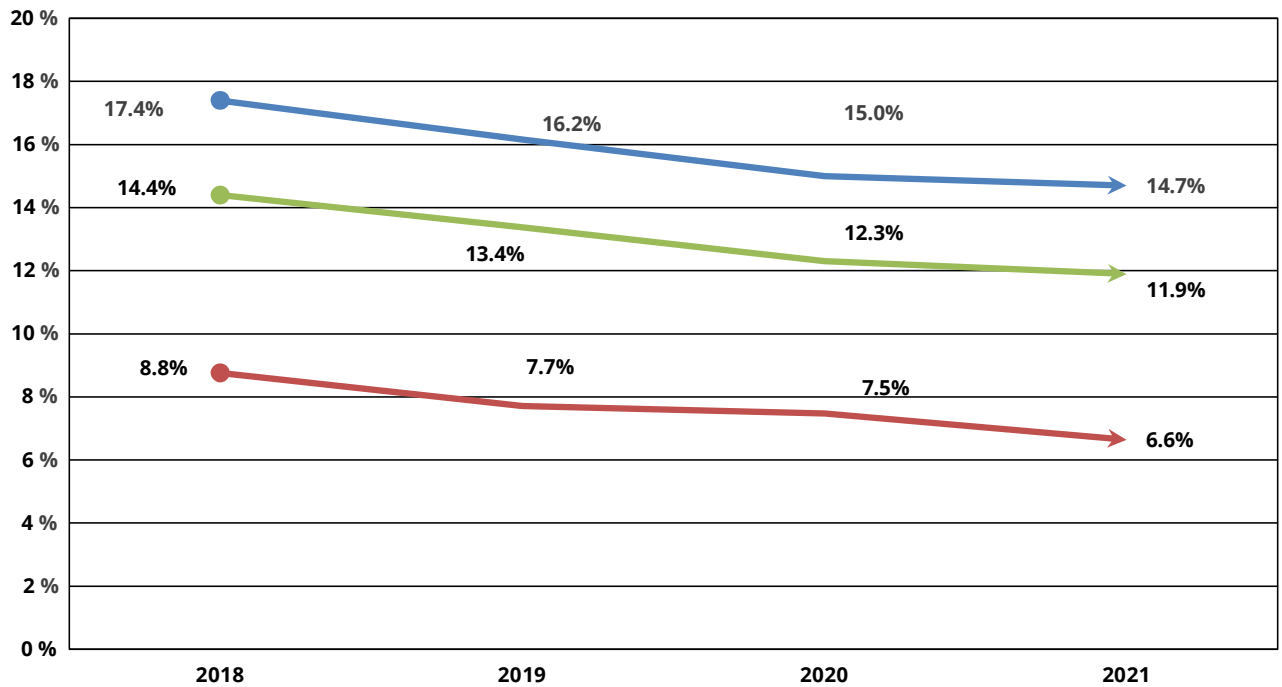
% Members Avg - 2021

% Net Payment - 2021

- Healthy** Very healthy, minimum use of health care services
Interventions should focus on preventive care
- Stable** Fairly healthy, low use of health care services
Monitor health to mitigate risk
- At Risk** Primarily acute conditions, moderate use of health care services
Health influences day to day life but is still manageable
Lack of management may result in high cost care and increased severity
- Struggling** Higher disease severity, heavy use of health care services
Costs well above average; poor health adversely influences day to day life
Lack of management may result in extreme high cost and overall decline in health
- In Crisis** Highest severity of illness, significant use of health care services
Highest costs, poor health negatively impacts quality of life
Aggressive care management needed

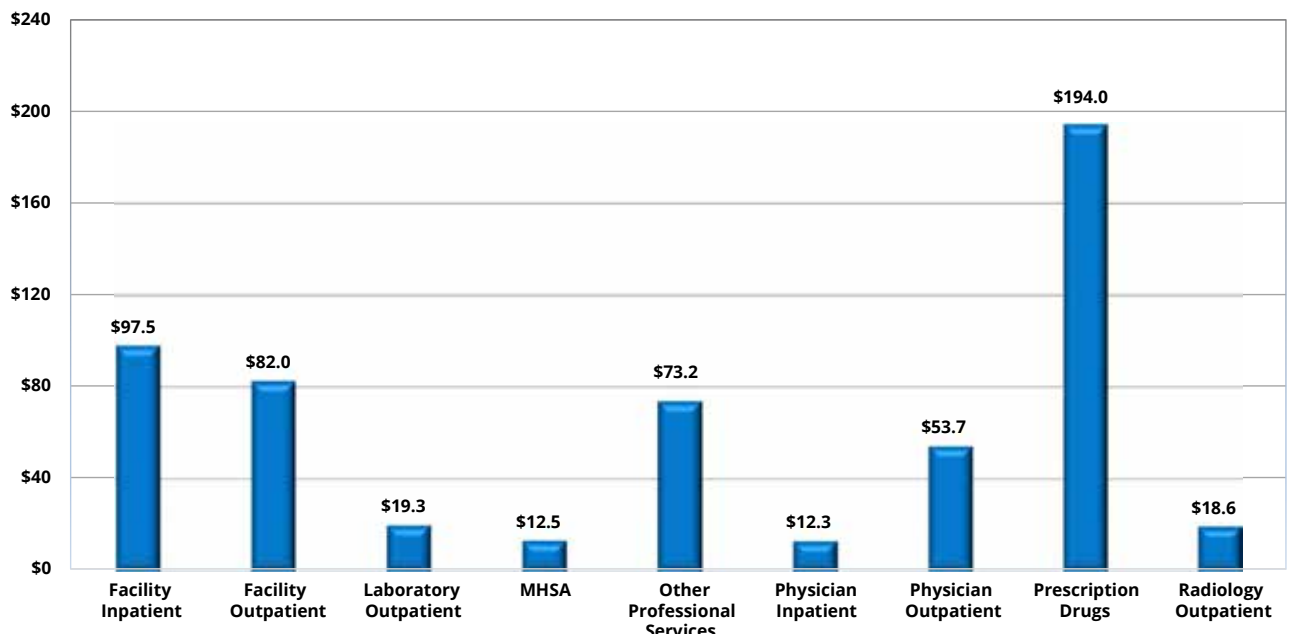
Cost Share per Member 2018-2021

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



Cost per Member per Month by Service Category

Pharmacy* continues to have the highest cost per member per month among all service categories. While a small cost per member, outpatient laboratory services experienced the highest percentage increase (**20%**) from 2020 to 2021.



*Pharmacy does not include rebates

The Top Ten list combined represents **61.6 %** of total plan expenses in 2021.

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. Anesthesia services	3. Signs/Symptoms necrotizing enterocolitis	3. STELARA-plaque psoriasis and psoriatic arthritis
4. Major musculoskeletal surgery	4. Renal function failure	4. ENBREL - rheumatoid arthritis
5. Physical medicine	5. Newborns, w/wo complication	5. OZEMPIC - diabetes
6. Specialty drugs (other than chemotherapy)	6. Diabetes	6. JARDIANCE-diabetes
7. Chemotherapy	7. Infections	7. SAXENDA-obesity
8. Preventive care visits	8. Cancer - breast	8. FARXIGA - diabetes
9. Medical supplies and devices	9. Cerebrovascular disease	9. DUPIXENT - asthma
10. Other microbiology tests	10. Hypertension	10. ELIQUIS - anticoagulant for atrial fibrillation

Utilization Trends

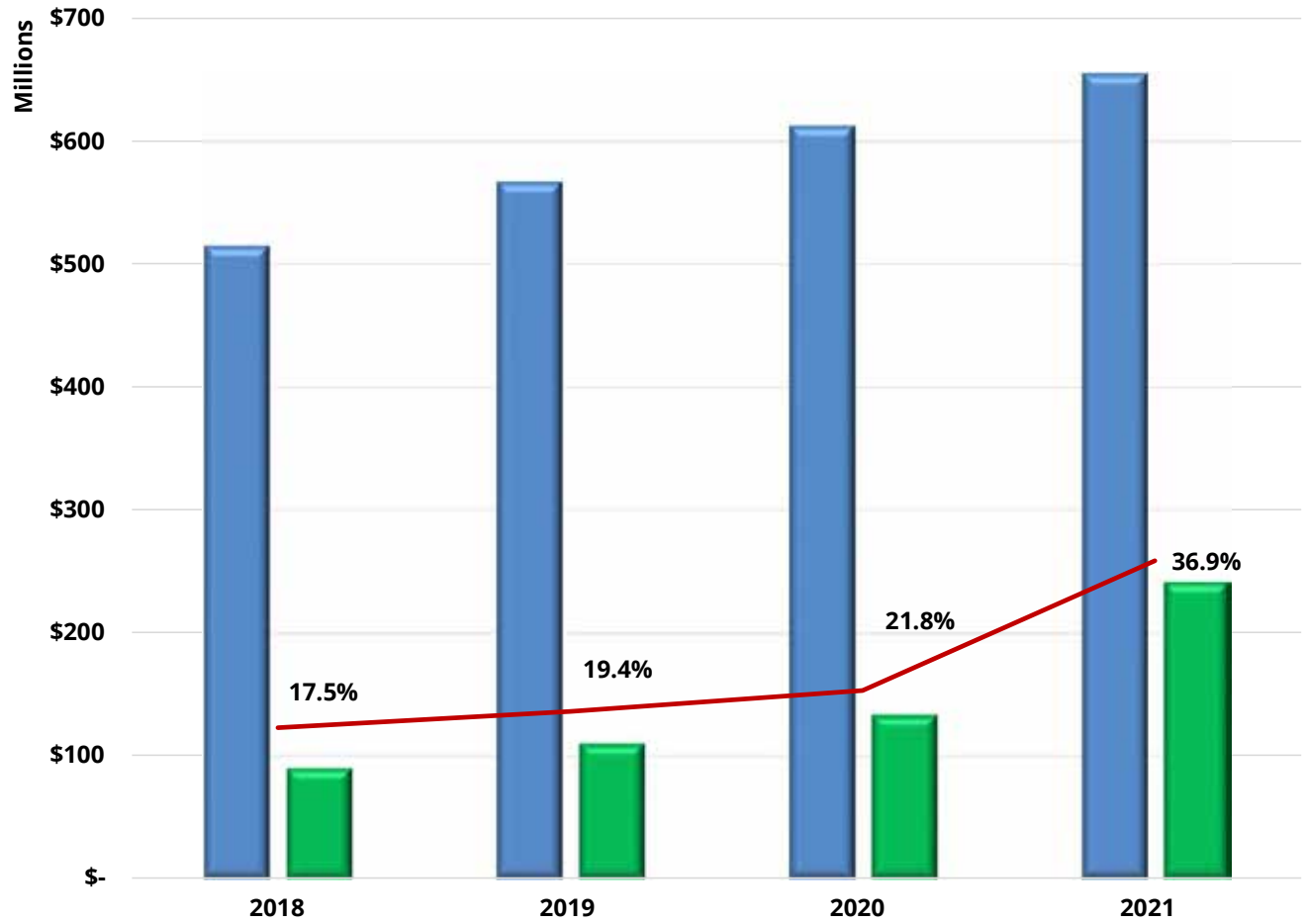
Admissions and ER visits per **1,000** in all plans continued to drop below pre-COVID levels while office visits seem to rebound for local education and local government.

	Local Education			Local Government		
	2018	2021	% Chg	2018	2021	% Chg
Admissions per 1,000	53	51	-4.0%	64	62	-2.5%
OP Facility Visits Per 1,000	1,171	1,282	9.5%	1,289	1,443	12.0%
Office Visits Per 1,000	8,307	8,556	3.0%	7,828	8,246	5.3%
ER Visits Per 1,000	184	175	-4.8%	290	265	-8.5%
Scripts Per 1,000	15,459	15,954	3.2%	18,114	18,389	1.5%
Patients Per 1,000 Complications	22	24	11.4%	25	26	3.6%
Readmissions Per 1,000	2	2	17.4%	4	4	-6.4%

	State			All		
	2018	2021	% Chg	2018	2021	% Chg
Admissions per 1,000	59	55	-7.1%	57	53	-6.6%
OP Facility Visits Per 1,000	1,319	1,208	-8.4%	1,261	1,358	7.7%
Office Visits Per 1,000	8,417	7,897	-6.2%	8,342	8,697	4.3%
ER Visits Per 1,000	233	193	-17.1%	219	200	-8.7%
Scripts Per 1,000	15,731	15,699	-0.2%	15,861	16,190	2.1%
Patients Per 1,000 Complications	25	25	0.3%	24	26	8.1%
Readmissions Per 1,000	3	3	-14.1%	3	3	-0.3%

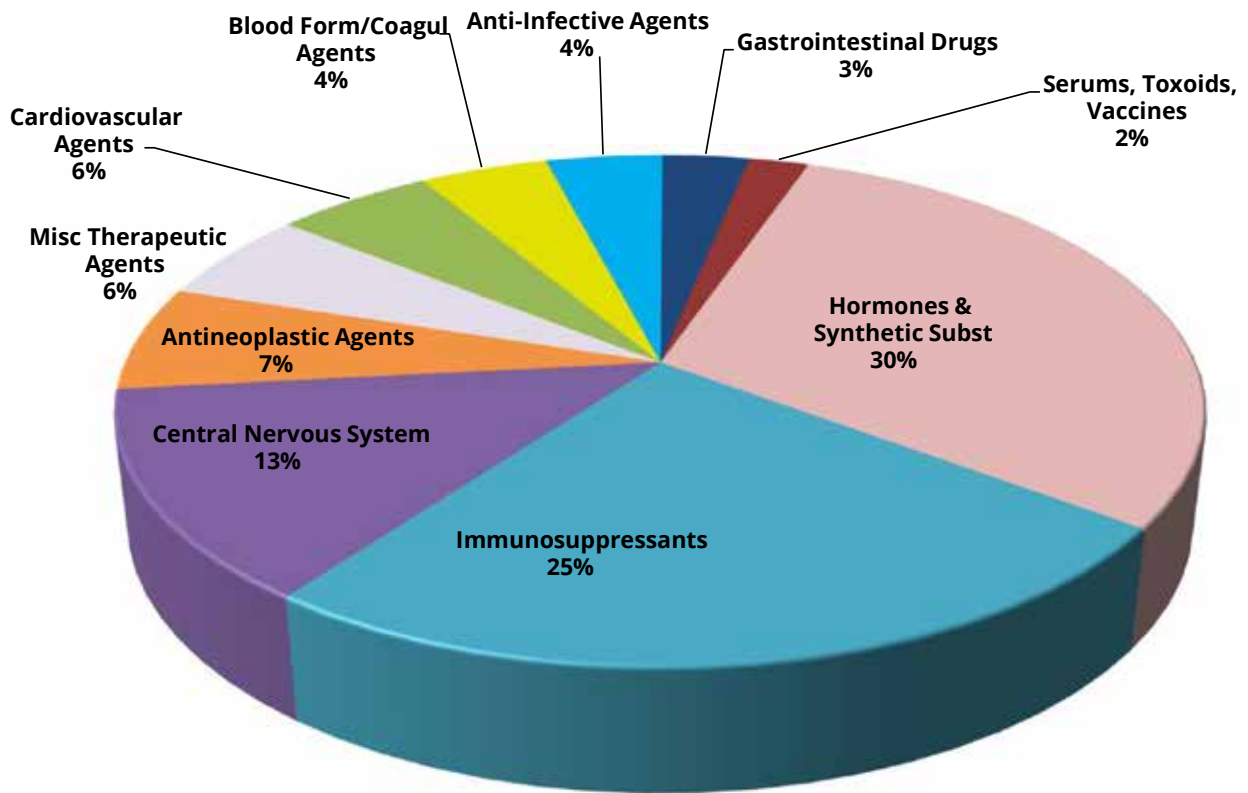
Pharmacy Rebates

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



Top 10 Therapeutic Class by Net Pay Rx, 2021*

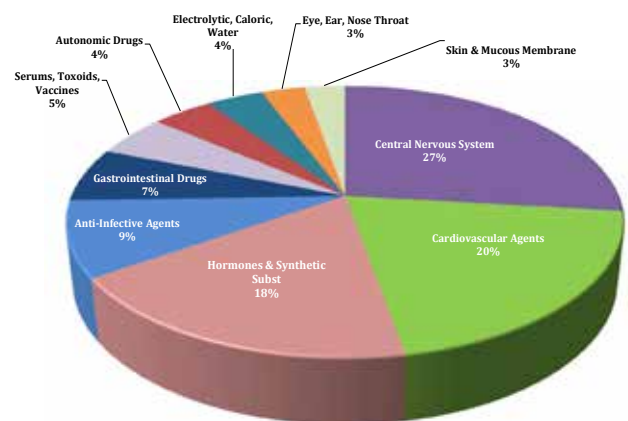
- Drugs used to treat diabetes are the top drugs in the Hormones & Synthetic Substances class by net pay



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

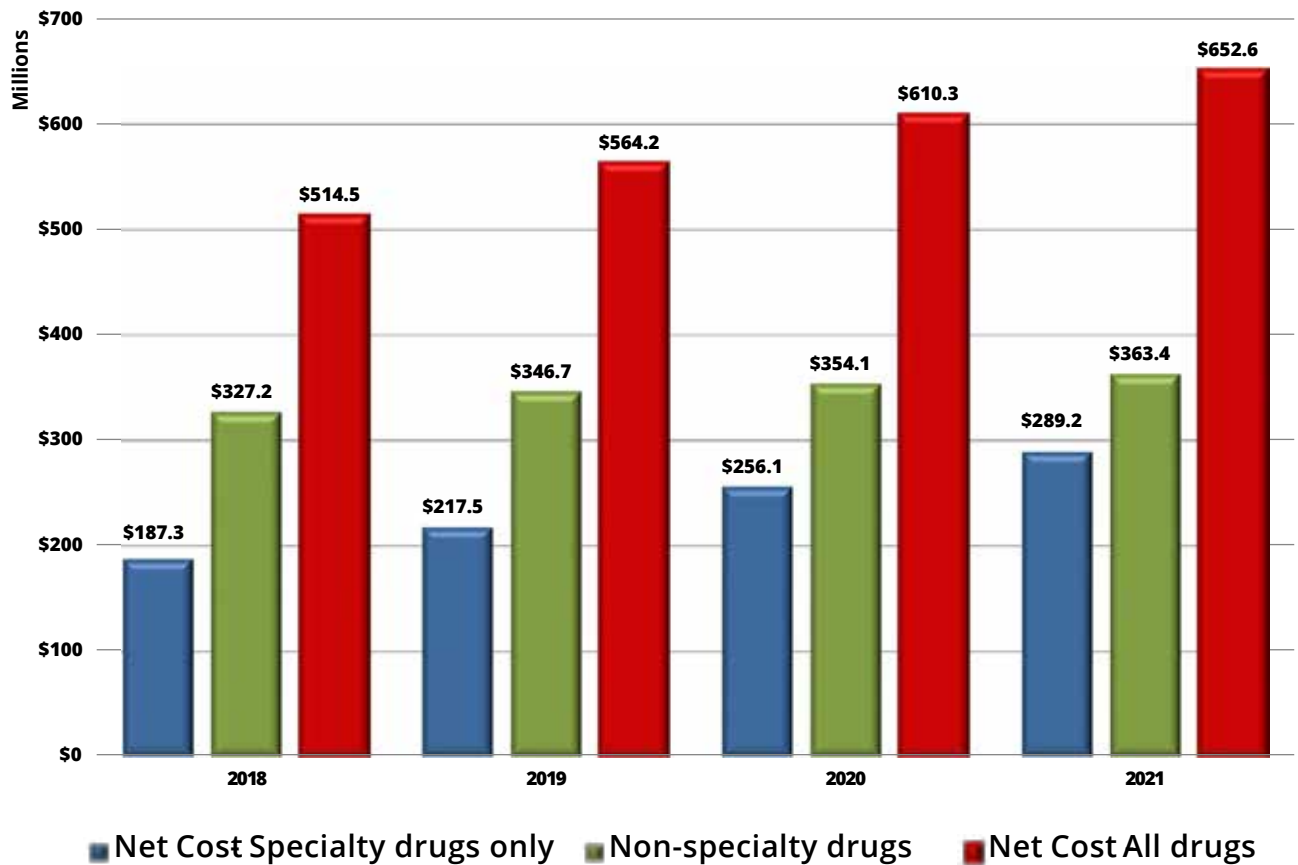
Top 10 Therapeutic Class by Scripts Rx, 2021

- Drugs used to treat conditions like depression are the top central nervous system drugs by number of scripts while those used to treat attention-deficit/hyperactivity disorder and binge eating disorder and cataplexy/narcolepsy are the top CNS drugs by net pay.
- Drugs used to treat hypertension/high blood pressure and high cholesterol 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 in this category was Trulicity (a diabetes medication).



Net Plan Cost of Drugs Over Time

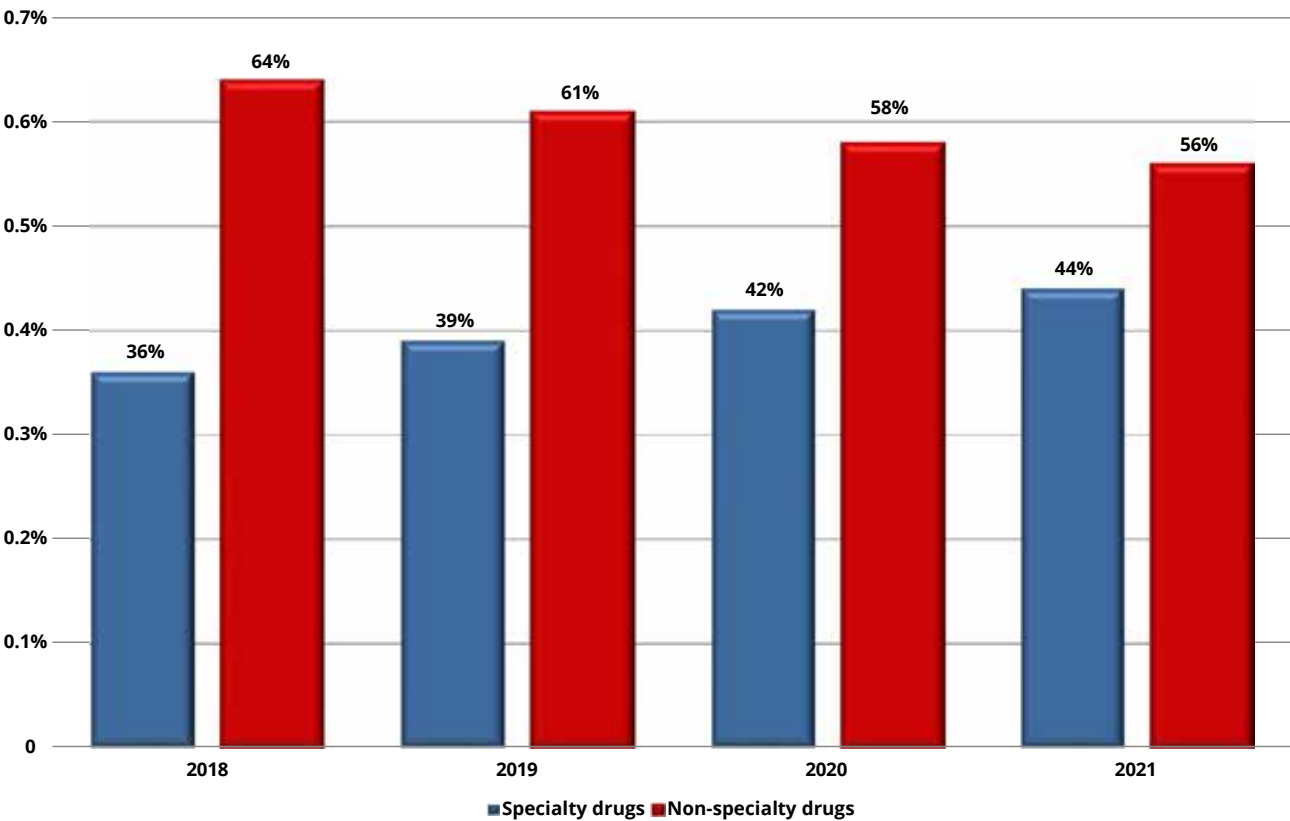
- Specialty drugs are used to treat complex, chronic or rare conditions; are high cost; and may require special handling. Patients on specialty drugs may need ongoing supervision and monitoring. The number of drugs in the specialty pipeline has increased and has been a driver of pharmaceutical spending over the past few years.
- The net cost of specialty drugs increased **54%** since 2018 versus **27%** for all drugs.



**The RX charts are pharmacy benefits manager, or PBM only and do not include rebates.*

Percent of Total Net Plan Cost of Drugs*

- The cost of specialty drugs continues to increase and now accounts for **44%** of total plan pharmacy spend but only accounts for **1%** of total prescriptions.



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

Utilization

- Member utilization of behavioral health services was **7.5%**. This is a **10.3%** increase over 2020 utilization.
- In-network utilization (as a percentage of claims) was **82.9%**. This is a **12.2%** increase over in-network utilization in 2020.
- In-network utilization (as a percent of claimants) was **88.0%**, which is **4.4%** more than in 2020.

Network Summary

- 634** new clinicians at **737** locations were added in 2021:
 - 52** MDs
 - 29** PhDs
 - 178** advanced practice registered nurses
 - 375** master's level clinicians
- 164** providers left the network

Key Diagnoses

- Depression, trauma/stress and anxiety continue to be the top three diagnostic categories by utilizer volume. These have not changed since 2019.
- Utilizers per **1,000**:
 - Depression = **25.3**,
 - Trauma/Stress = **20.8**
 - Anxiety = **21.9**,
 - Substance Use = **2.7**

Use by Level of Care

Utilizers per **1,000**:

Outpatient = **64.2**

Medication Services = **15.8**

Other = **3.8**

Acute Inpatient = **2.5**

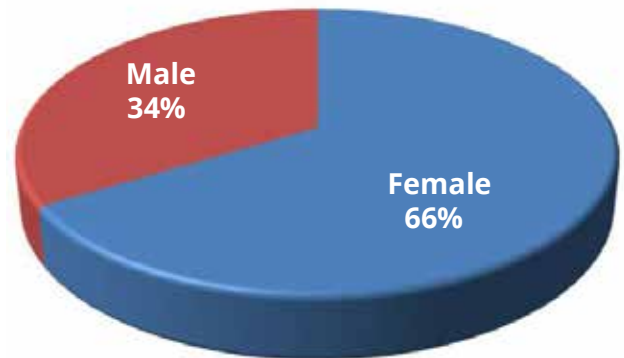
Structured Outpatient = **1.8**

Day Treatment = **1.1**

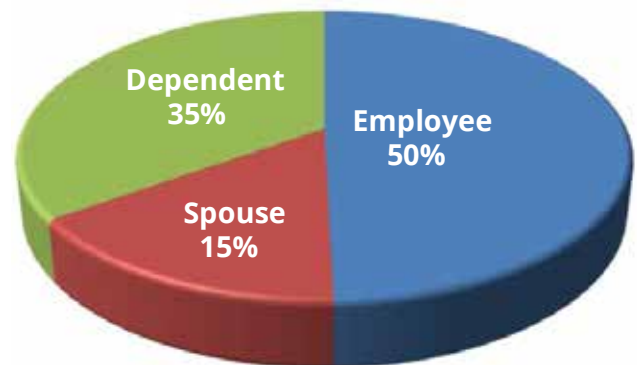
Residential = **1.0**

BH Utilizer Demographics

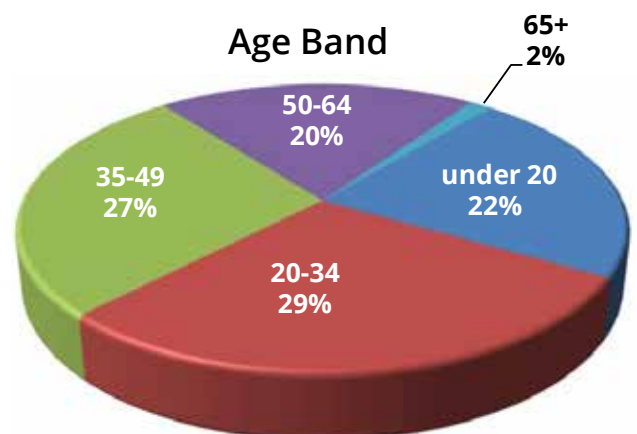
Gender



Relationship



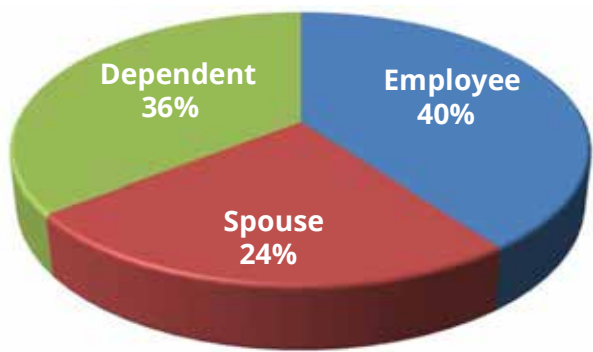
Age Band



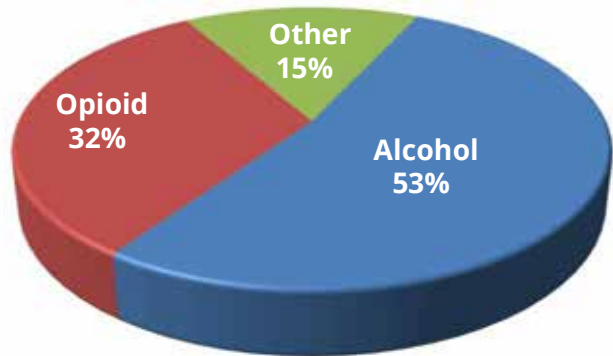
Substance Use

- In 2021, **750** members sought care for substance use, which is a **6.6%** decrease from 2020.
- Dependents have historically been the most likely to seek care for substance use. In 2021, employees and spouses seeking care increased while the number of dependents decreased for the second year.
- Opioid-related disorders increased from **24%** of cases in 2020 to **32%** in 2021, while alcohol-related cases declined **3%**

Substance Use Demographics



Substance Use Disorders



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

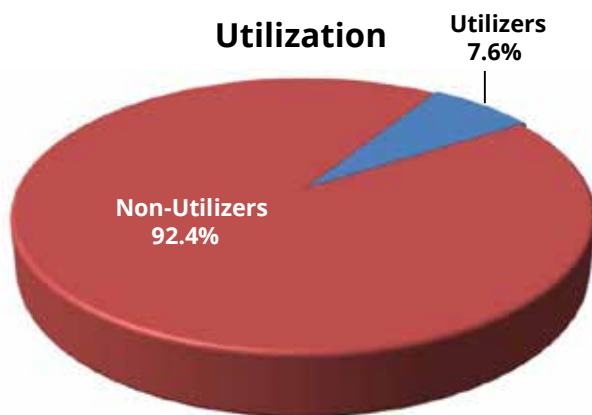
	Employee			Spouse			Dependent		
	Alcohol 65%	Opioid 28%	Other 7%	Alcohol 60%	Opioid 31%	Other 9%	Alcohol 34%	Opioid 37%	Other 29%
Acute Inpatient	11%	2%	11%	11%	3%	15%	6%	5%	6%
Residential	59%	31%	43%	56%	24%	69%	66%	67%	58%
Day Treatment	16%	4%	25%	15%	5%	9%	16%	12%	16%
Structured Outpatient	11%	4%	13%	14%	6%	6%	10%	7%	17%

Through the Employee Assistance Program, 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

- **97%** think the staff was helpful
- **95%** are satisfied and would use EAP again
- **95%** received info requested in a reasonable time
- **92%** believed info/services were helpful
- **88%** have seen improvement in self (or family)
- **88%** feel more confident about being able to manage issues
- **86%** feel less stress or worry
- **84%** feel more effective at work
- **83%** were able to see a clinician within acceptable timeframe

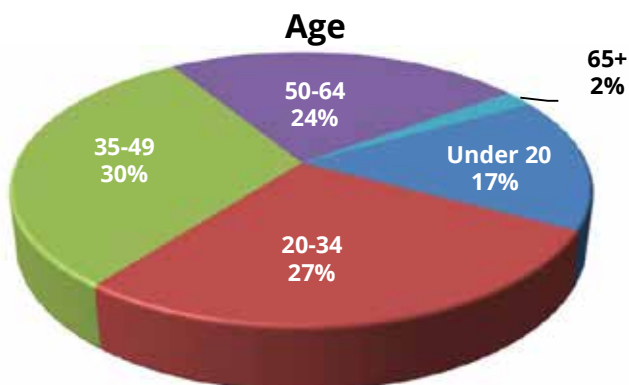
Utilization



Utilization

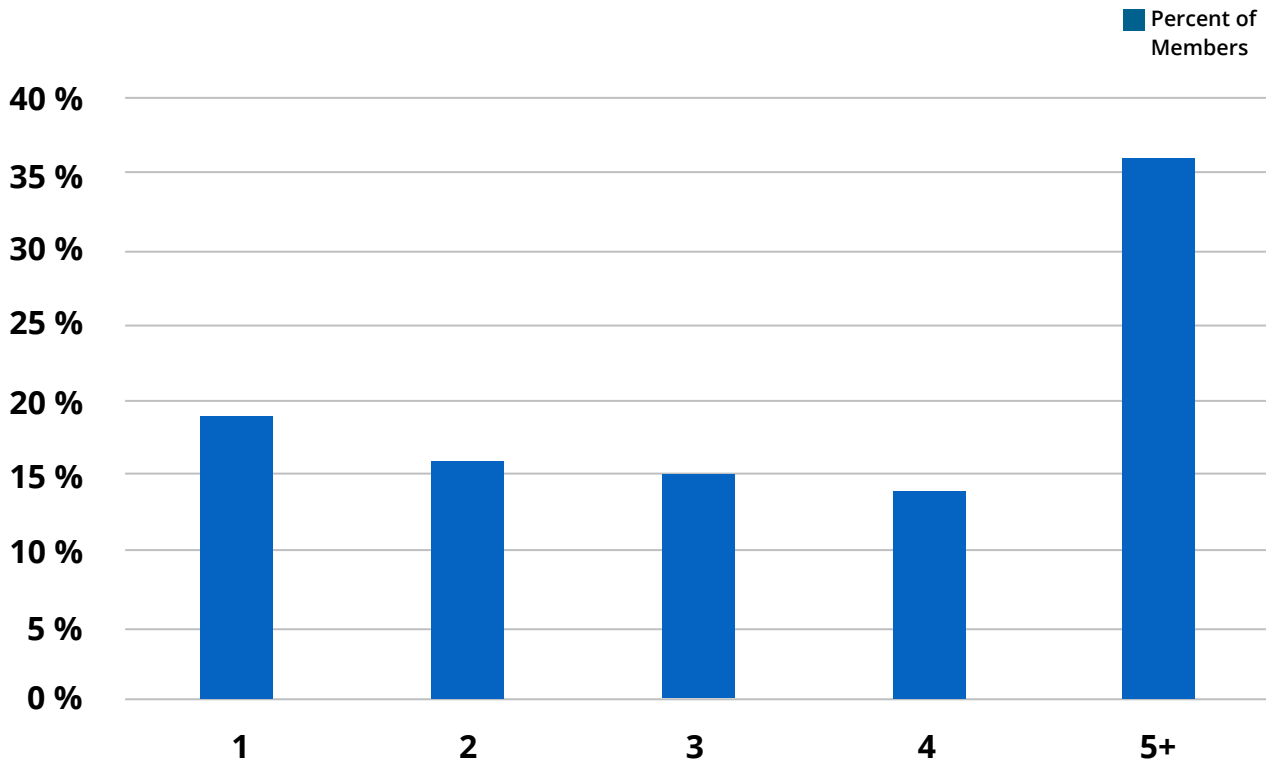
In 2021, **7.6%** of members used the EAP (**10,563** unique members out of **138,576** employees). This is a **0.6%** increase over the prior year. The majority of utilizers are female and tend to be employees.

Age



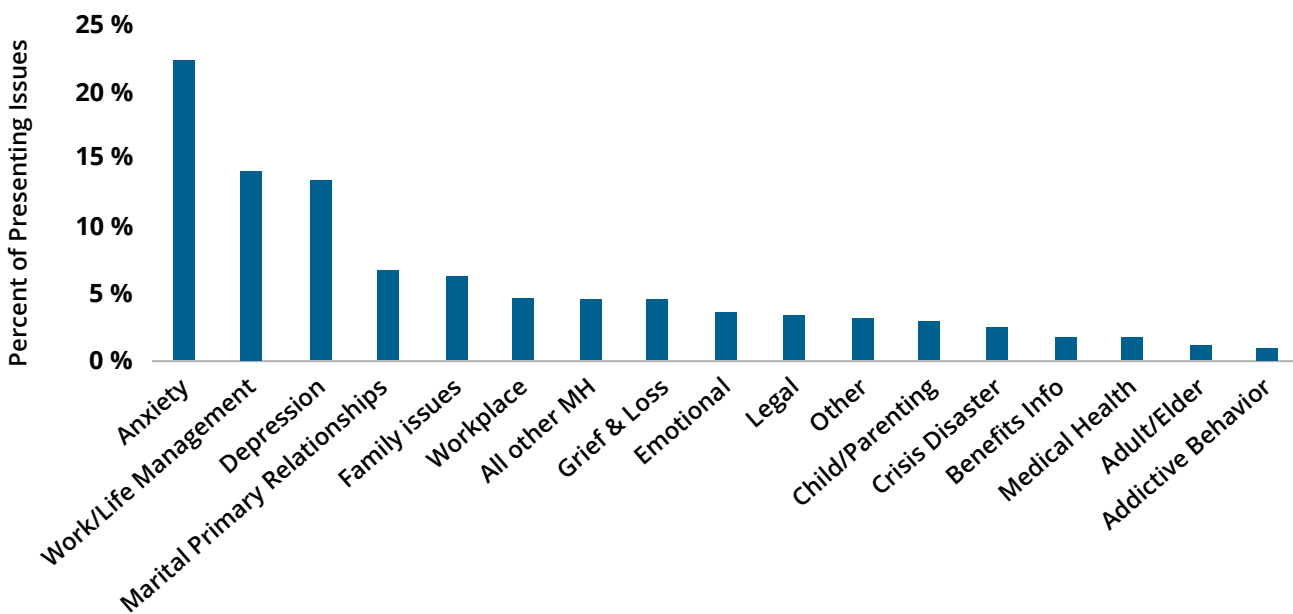
EAP Visits per Member

Of those who used EAP in 2021, **36%** used all five visits included in their benefits. This is a **3%** increase over 2020.



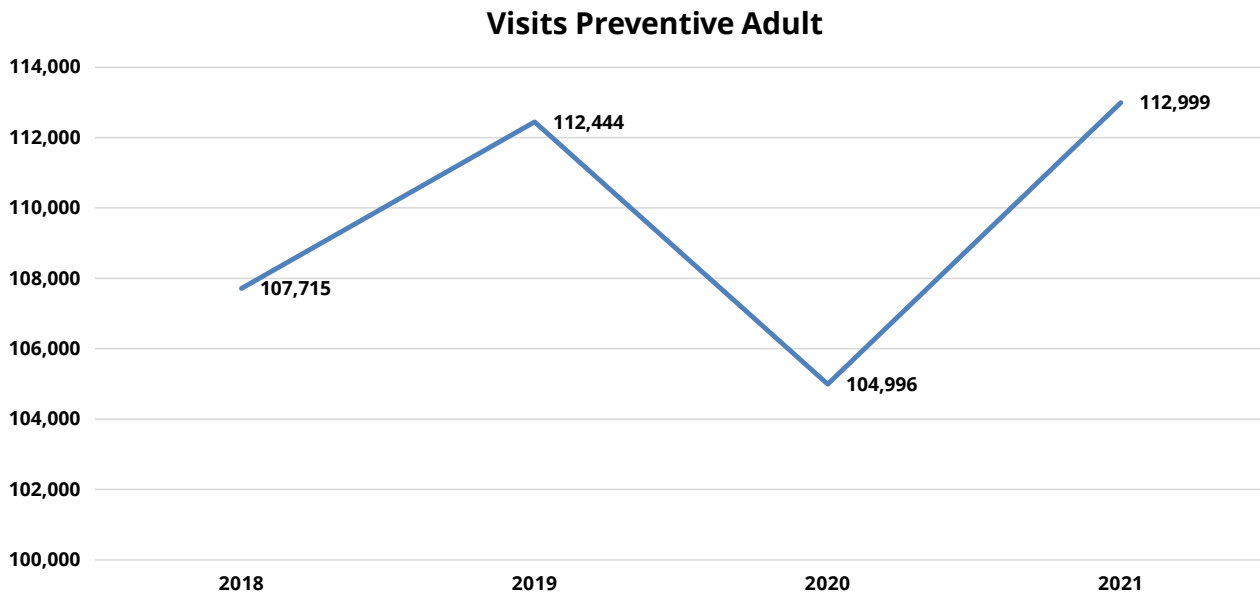
Presenting Issues

EAP presenting issues for 2021 were led by anxiety, work life management, depression, marital/primary relationships and family issues. The top five issues were consistent with 2020.



Preventive Visits 2018-2021

Preventive visits have increased to pre-Covid levels in 2021 after decreasing in 2020.



The ParTNers for Health Wellness Program was temporarily suspended in 2018

2021 Chronic Conditions

Forty-eight percent of plan members have one or more of the chronic conditions listed below. This is a **5.5%** increase from 2020.

# of Chronic Conditions	Number of Patients	Percentage of Total with Chronic Disease	Percentage of Total Members
One	65,939	60.98%	29.23%
Two	30,477	28.18%	13.51%
Three	9,180	8.49%	4.07%
Four	2,096	1.94%	0.93%
Five +	446	0.41%	0.20%
# With Any Condition	108,13	100.0%	47.93%

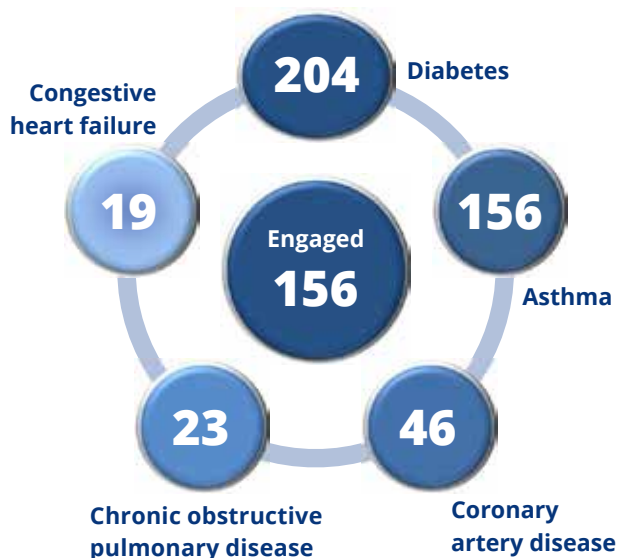
Conditions included: asthma, coronary artery disease, congestive heart failure, chronic obstructive pulmonary disease, diabetes, hypertension, mental health – depression, osteoarthritis, spinal/back disorder/low back.

2021 Weight Management Program

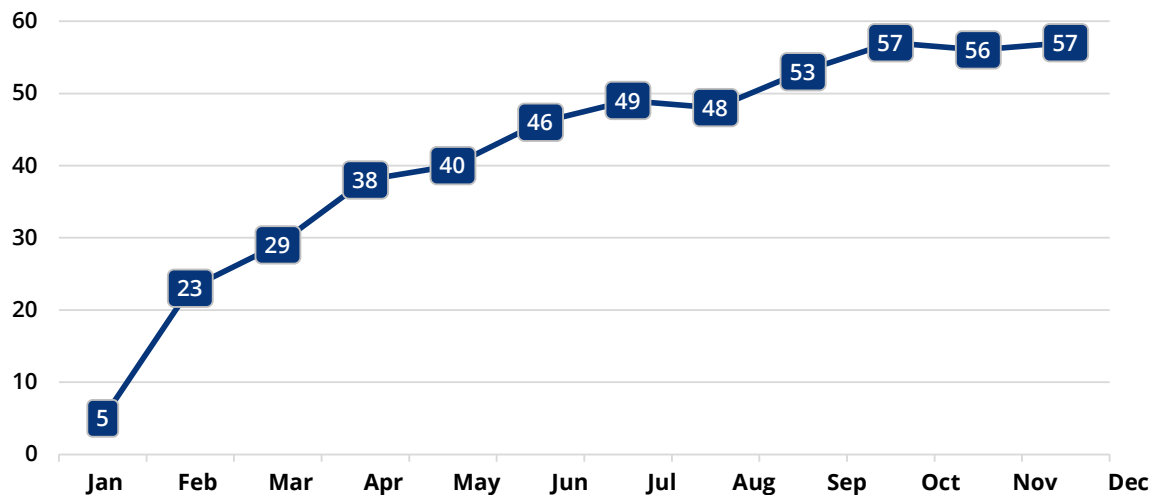
- Total pounds lost **813**
- **916** engaged members
- **520** attended **8** sessions, or **50%** of classes
- **219** attended all **16** sessions
- **68** with **5%** or more body weight loss, which is considered clinically significant weight loss

Weight Management Program

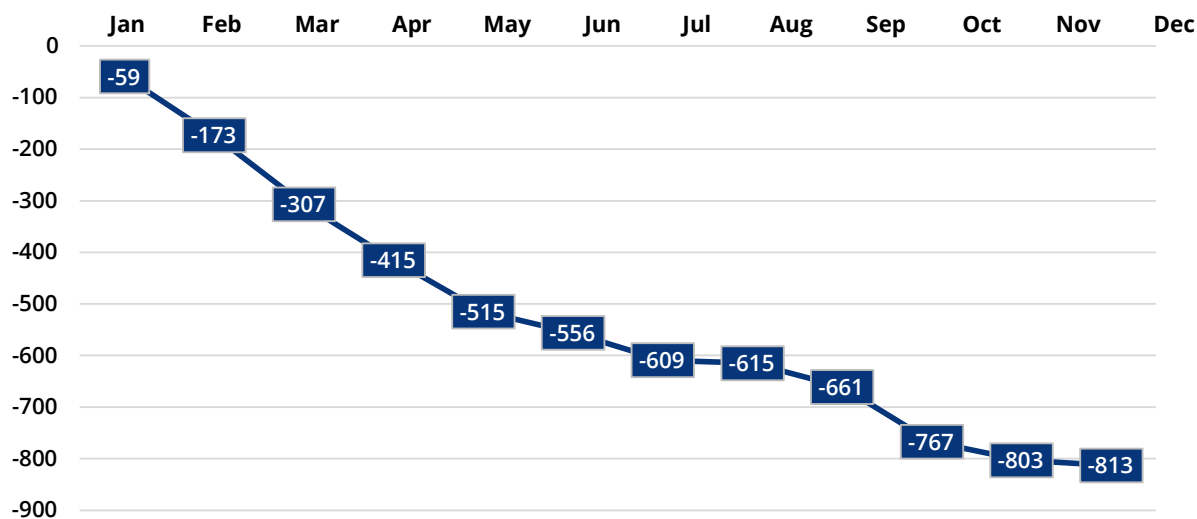
- Engaged participants with chronic conditions



Cumulative Count of Members who Decreased their BMI from Last Session Date



Cumulative Total Pounds Lost by Members from Last Session Date



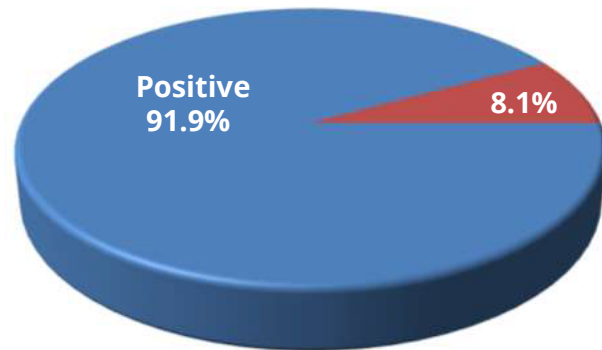
Program Survey Results

- Overall Population Health program satisfaction, as reported in the annual survey, was **92%**
- High customer satisfaction remains a primary goal of the program
- Weight Management Program satisfaction was **91%**
- Coaching satisfaction was **95%**.

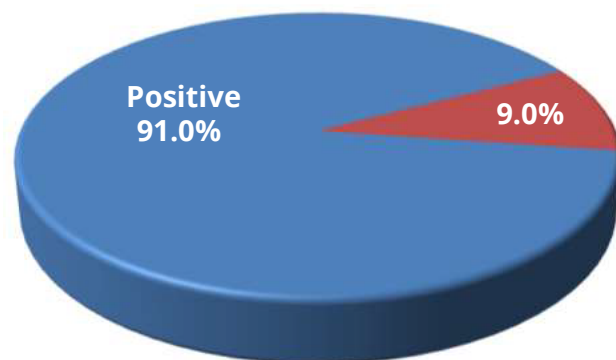
Members received more than **\$2.2** million in incentive payments for their participation in various wellness activities.

- **11,310** members earned an incentive.
- **5,501** employees (**59%**) earned the maximum incentive amount.
- **1,282** spouses (**63%**) earned the maximum incentive amount.

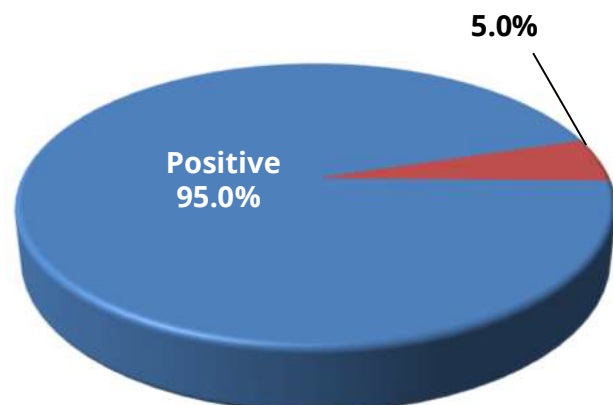
Overall Population Health Satisfaction



Weight Management Satisfaction



Coaching Satisfaction



Member Engagement

ActiveHealth has reached at least one member in every county across Tennessee.

State of Tennessee Program Engagement by County



Clinical Outcomes

The percentage of the total population compliant with evidence-based care measures improved in several categories below from 2020 to 2021. Compliance dropped slightly for Coronary Artery Disease and Asthma and more significantly for HbA1c <8.

Outcome Measure	2020	2021
Diabetes - hbA1C < 8	78%	66%
Hypertension- blood pressure at target	76%	78%
Diabetes statin use	67%	71%
Diabetes nephropathy monitoring	91%	92%
Diabetes hbA1C monitoring	91%	95%
Coronary artery disease - statin use	85%	84%
Asthma controller medication	95%	94%

2021 Condition Prevalence

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

- 19.3% of total adult members had at least one of these conditions.

	Eligible Adult Members*	Prevalence
Asthma - Adult	13,803	6.09%
Diabetes - Adult	26,034	11.48%
Chronic Obstructive Pulmonary Disease	4,048	1.79%
Coronary artery disease	6,745	2.97%
Congestive Heart Failure (CHF)	2,405	1.06%
Total Membership	226,735	

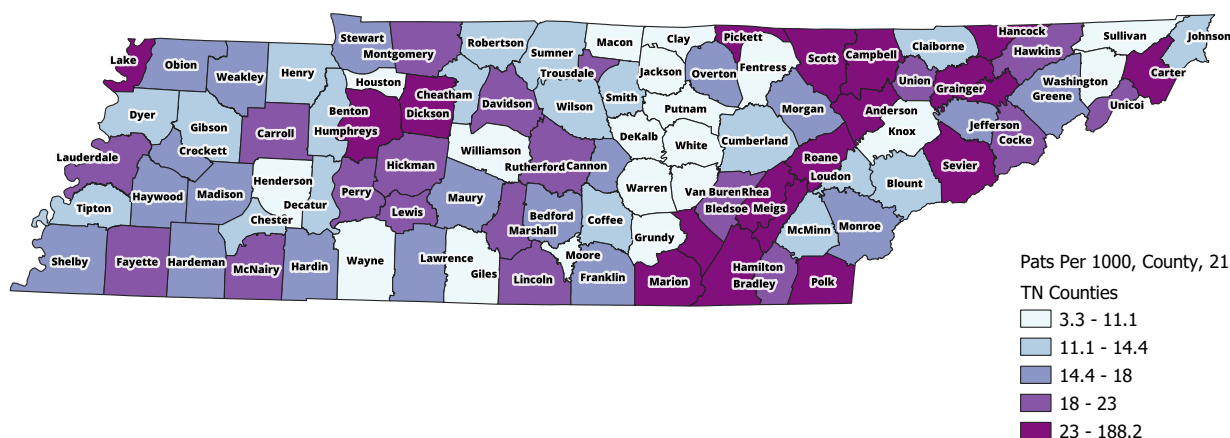
**Individuals may be included in more than one category*

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.

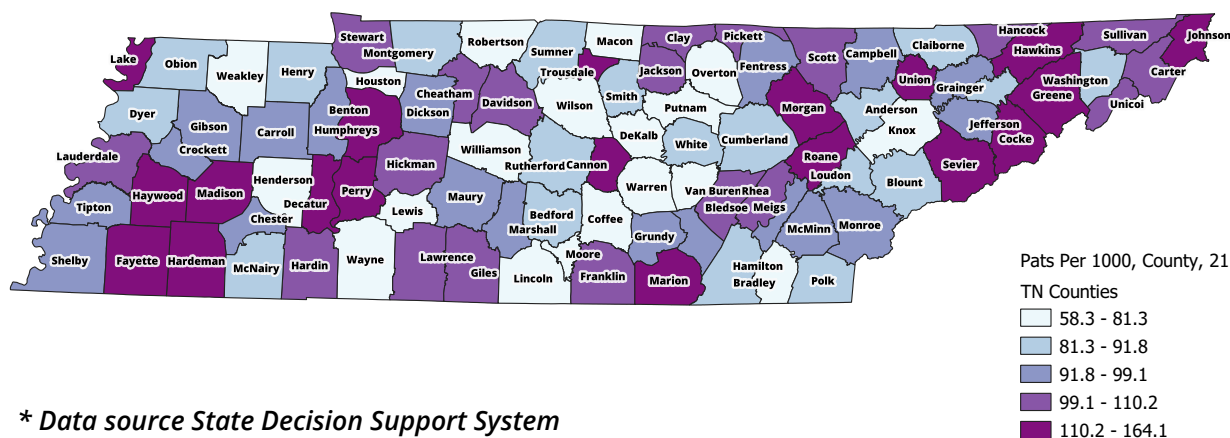
Obesity Patients per 1,000 by County, 2021

- Lake, Scott, Humphreys, Cannon and Morgan counties had the largest decrease from 2020.
- Hardeman, Roane, Sequatchie, Hancock and Shelby counties had the largest increase over 2020.



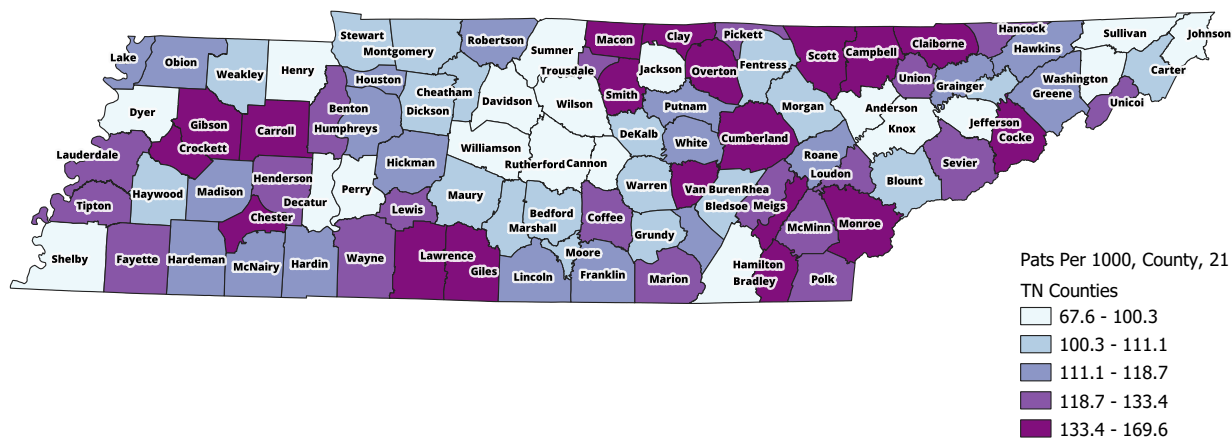
Diabetes Patients per 1,000 by County, 2021

- Trousdale, Granger, Sequatchie, Houston and Macon counties had the largest decrease from 2020.
- Perry, Stewart, Meigs, Lake and Cannon counties had the largest increase over 2020.

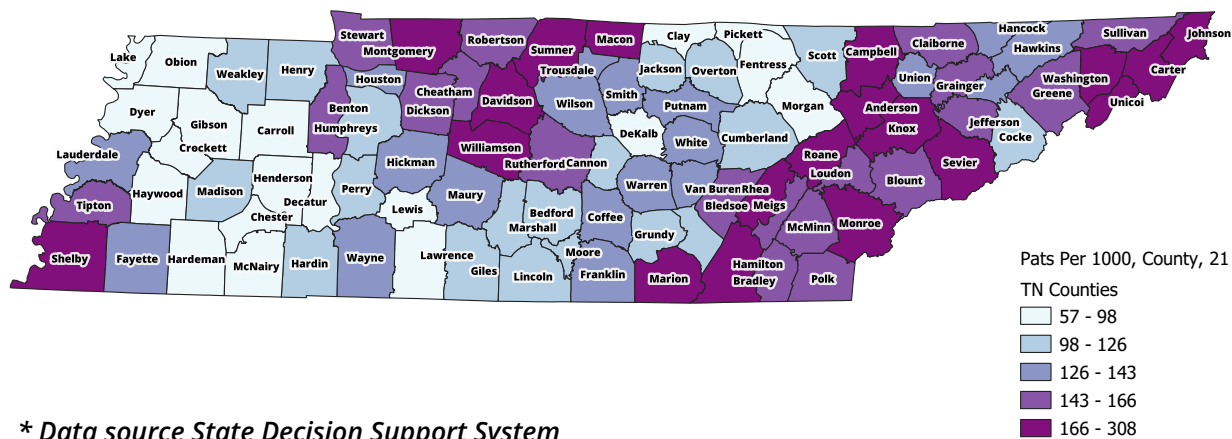


* Data source State Decision Support System

COVID-19 Patients per 1,000 by County, 2021



Telemedicine per 1,000 by County, 2021



* 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 the state health plan.
- In 2021, the Center had **2,095** encounters (a decrease from 2020 due to a decrease in COVID-19 testing and the continuation of employees working from home) and **287** EAP/BHO visits (a decrease from 2020 due to staff turnover).
- Due to COVID-19 the Center held only one annual downtown flu shot clinic event which provided **340** flu shots.

Flexible Spending Accounts

- Approximately **4,676** state employees contributed **\$5.6** million to flexible spending accounts.

Annual Election

Health care FSA — **\$4,408,045**

Dependent care FSA — **\$1,143,973**

Limited FSA — **\$121,734**

- This resulted in an estimated \$434k of FICA savings for the state.



Telehealth

- In 2021, 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 consumer-directed health plan. BlueCross BlueShield of Tennessee and Cigna both had contracts with MDLive marketed as PhysicianNow and MDLive respectively.
- By the end of 2021, telehealth registrations had increased **38.9%** from 2019 to **26,443**.
- In 2021, there were a total of **9,655** encounters.
- Top diagnoses included sinusitis, upper respiratory infections, urinary tract infections, acute pharyngitis and allergies.

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	2021 Total
Prepaid	35,858	4,203	2,671	42,732
DPPO	97,622	31,119	10,967	139,708
Total	133,480	35,322	13,638	182,440

Enrollment between 2019 and 2021 decreased **2.9%** in the Prepaid dental plan with enrollment in DPPO increasing by **4.8%**. Overall, the enrollment increased **5.9%** between the same period.

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 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.

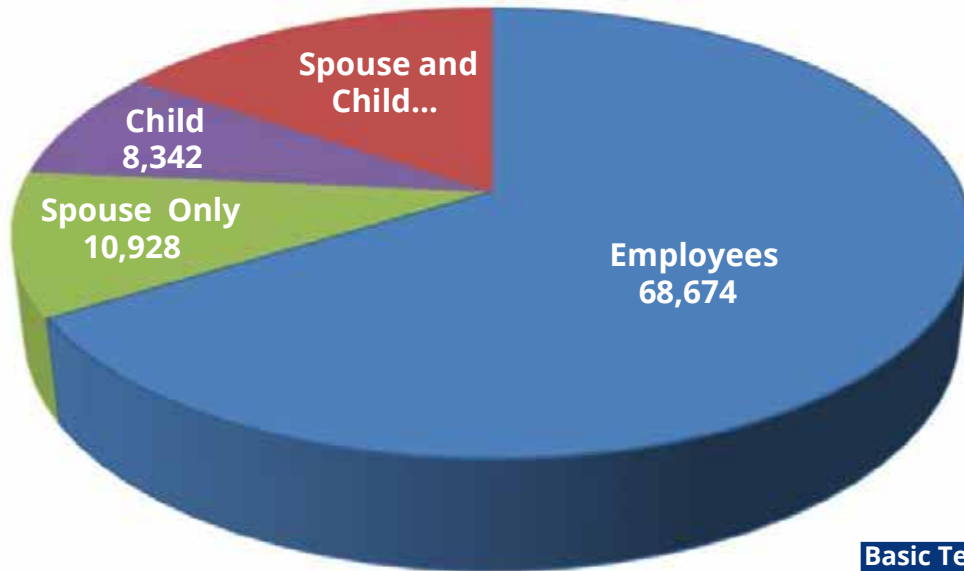
Vision Enrollment

	State	Local Education	Local Government	2020 Total
Basic Plan	30,899	7,283	3,409	41,591
Expanded Plan	73,259	19,985	11,628	104,872
Total	104,158	27,268	15,037	146,463

Enrollment in the vision plan increased **6.3%** between 2019 and 2021.

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. This coverage is underwritten by Minnesota Life Insurance Company, a Securian Financial company.



	Covered Volume
Basic Term Life	\$3.029 billion
Basic AD&D	\$7.747 billion

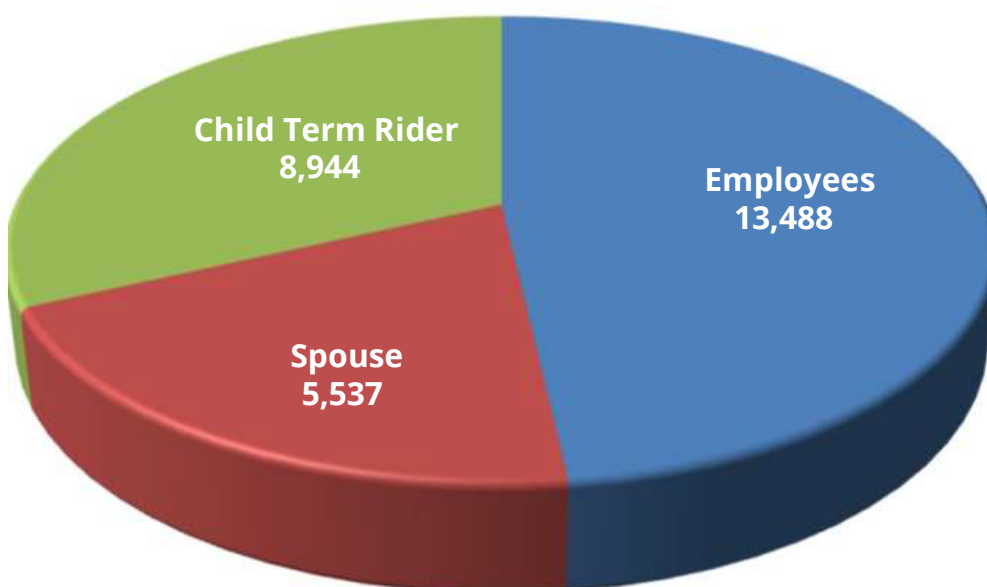
Basic Term Life & Basic AD&D Enrollees (State Only)

	Premiums	Paid Benefit Amount	# Enrollees Receiving Benefits	Administration Fees	IBNR Reserves	Conversion Charges
Basic Term Life	\$8.204 million	\$8.085 million	350	\$115,770	\$367,036	\$74,683
Basic AD&D	\$1.064 million	\$905,850	21			N/A

Voluntary AD&D (State Only)

Enrollment in voluntary AD&D increased **4.5%** from 2019 to 2021

Coverage Type	State Enrollees	Coverage Volume	Paid Benefit Amount
Single	11,457	\$686,451,000	\$352,996
Family	17,092	\$1,195,633,000	\$133,823
Totals	28,549	\$1,882,084,000	\$486,819



Coverage Level	Coverage Volume	Combined Paid Benefit Amount
Employees	\$2.2 billion	\$8.6 million
Spouse	\$160.3 million	
Child Term Rider	\$81.1 million	

Voluntary Universal Life (State Only)

- The voluntary universal life covered **6,399** current and former state employees and **1,203** spouses.
- Enrollment closed to new members at the end of 2012.

Voluntary Universal Life Financials

Coverage Amount	\$321.9 million
Gross Claims Payments	\$5.9 million
Net Claims Payments	\$3.0 million
Employee Cash Value	\$63.7 million
Spouse Cash Value	\$3.5 million

Disability Insurance

- Disability insurance was offered beginning January 1, 2018, as an employee pay option.
- Short-term disability insurance is available for state government and higher education employees.
- Long-term disability insurance is available for state government employees. (Higher education employees have a separate long term disability insurance plan.)

2021

	STD Enrollment	STD Benefits Paid
State Employees	4,440	\$553,233
Higher Education Employees	3,119	\$167,705
Total	7,559	\$720,938

	LTD Enrollment	LTD Benefits Paid
State Employees	4,530	\$2,125,896
Total	4,530	\$2,125,896

* 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, state and local government employees who participate in the Tennessee Consolidated Retirement System or a higher education Optional Retirement Plans. 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 received **\$50** per month for **30** or more years of service; **\$37.50** for **20** to **29** years of service and **\$25** per month for **15** to **19** years of service. 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 **22,500** calls in 2021. 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	46,403	\$70,440,337	1,254,981

Enrollment increased **6.0%** between 2019 and 2021.

Local Education Participants

Achievement School District	Hardin County Schools	Murfreesboro City Schools
Alamo City Schools	Hawkins County Schools	Newport City Schools
Alcoa City Schools	Haywood County Schools	Oak Ridge City Schools
Anderson County Schools	Henderson County Schools	Obion County Schools
Athens City Schools	Henry County Board of Education	Oneida Special School District
Bedford County Board of Education	Hickman County Schools	Overton County Schools
Bells City Schools	Hollow Rock – Bruceton Special School District	Paris Special School District
Benton County Schools	Houston County Schools	Perry County Schools
Bledsoe County Schools	Humboldt City Schools	Pickett County Schools
Bradford Special School District	Humphreys County Schools	Polk County Board of Education
Bradley County Board of Education	Huntingdon Special Schools	Putnam County Schools
Bristol City Schools	Jackson County Schools	Rhea County Schools
Campbell County Schools	Jackson-Madison County Board of Education	Richard Hardy Memorial School
Cannon County Schools	Jefferson County Schools	Roane County Schools
Carroll County Schools	Johnson City (LE)	Robertson County Schools
Carter County Schools	Johnson County Board of Education	Rogersville City Schools
Chattanooga Girls Leadership	Kingsport City Schools	Scott County Schools
Cheatham County Schools	Knox County Schools	Sequatchie County Schools
Cleveland City Schools	Lake County Schools	Sevier County Schools
Clinton City Schools	Lauderdale County Schools	Smith County Schools
Cocke County Schools	Lawrence County Schools	South Carroll Special School District
Coffee County Schools	Lebanon Special School District	Stewart County Schools
Cumberland County Schools	Lenoir City Schools	Sullivan County Board of Education
Dayton City Schools	Lewis County Schools	Sweetwater City Schools
Decatur County Schools	Lexington City Schools	Tipton County Schools
Dekalb County Schools	Lincoln County Schools	Trenton Special School District
Dickson County Board of Education	Little TN Valley Education Co-op	Trousdale County Schools
Dyer County Schools	Loudon County Schools	Tullahoma City Schools
Dyersburg City Schools	Macon County Schools	Unicoi County Schools
Elizabethton City Schools	Manchester City Schools	Union City Schools
Etowah City Schools	Marion County Schools	Union County Schools
Fayette County Schools	Marshall County Board of Education	Van Buren County Schools
Fayetteville City Schools	Maury County Schools	Warren County Schools
Fentress County Schools	McKenzie Special School District	Washington County Schools
Franklin County Schools	McMinn County Schools	Wayne County Schools
Franklin Special School District	McNairy County School System	Weakley County Schools
Frayser Community Schools	Meigs County Board of Education	West Carroll Special School District
Gibson County Schools	Milan Special School District	White County Schools
Giles County Schools	Millington Municipal Schools	
Grainger County Schools	Monroe County Board of Education	
Greene County Schools	Montessori Elementary at Highland Park	
Greeneville City Schools	Moore County Schools	
Grundy County Schools	Morgan County Schools	
Hamblen County Schools		
Hancock County Schools		
Hardeman County Schools		

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.

What is the Basic Education Program?



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
Bradford, City of
Bradley/Cleveland Services
Bridges of Williamson County
Brownsville Housing Authority
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
Erwin, Town of
Estill Springs, Town of
Etheridge, City of
Fairview Utility District
Farragut, Town of
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

(continued on next page)

Local Government Participants (continued)

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 EMS
 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 Housing Authority
 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 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
 Jackson County 911
 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
 Kenton, City of
 Kimball, Town of
 Kings Daughters Day Home
 Kingston, City of
 Kingston Springs, Town of
 Knoxville Community Development Corporation
 Knoxville-Knox County CAC
 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
 Macon County Government
 Manchester, City of
 Manchester Housing Authority
 Manchester Public Building Authority
 Marion County
 Marion County Highway
 Marion County 911
 Marion Natural Gas
 Marshall County
 Maury City, Town of
 McKenzie, City of
 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.
 Metro Lynchburg-Moore County
 Michie, City of
 Mid-Cumberland CAA
 Mid-Cumberland HRA
 Mid-East CAA
 Minor Hill Water Utility District
 Monteagle, Town of
 Mosheim, Town of
 Murfreesboro Housing Authority
 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

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Local Government Participants (continued)

Perry County Highway	Southwest Human Resource Agency	TN Voices for Children
Perry County Medical Center	Southwest TN Development District	Tracy City Public Utility
Petersburg, Town of	St. Joseph, City of	Troy, Town of
Pikeville, City of	Statewide Independent	Tuckaleechee Utility District
Pleasant View, Town of	Living Council of TN	Tulahoma Housing Authority
Portland, City of	Stewart County	Tulahoma Utilities Board
Prevent Child Abuse TN	Stewart County Highway	Unicoi County Government
Professional Care Services of West TN	Sullivan County 911	Unicoi County Highway Department
Progress, Inc.	Sullivan County Government	Unicoi, Town of
Project Return	Surgoinsville Utility District	Union City, City of
Puryear, City of	TARP, Inc.	Union City Energy Authority
Reelfoot Lake Regional Utility	Technology Access Center	United Neighborhood Health Services
and Planning District	The Development Corp of Knox County	Upper Cumberland CSA
Renewal House	Tipton County	Upper Cumberland
Rhea County	Tipton County 911 District	Development District
Riceville Utility District	Tiptonville, City of	Upper Cumberland
Roane County	TN Alliance for Legal Services	Human Resource Agency
Roane County 911	TN Association of Alcohol, Drug	Upper East TN Human
Rutherford, Town of	Addiction Services	Development Agency
Samaritan Recovery Community, Inc.	TN Association of Assessing Officers	Urban Housing Solutions
Savannah, City of	TN Association of County Executives	Vision Coordination
Scott County 911	TN Association of Craft Artists	Walden, Town of
Scott County Government	TN Association of Rescue Squads	Warren County
Scotts Hill, Town of	TN Association of Utility Districts	Wartburg, City of
Second South Cheatham Utility District	TN Business Enterprises	Wartrace, Town of
Sequatchie County	TN Central Economic Authority	Watertown, City of
Sequatchie County Highway	TN Community Services Agency	Watertown Sewer Operative
Sequatchie Valley Planning	TN County Highway Officials	and Maintenance, City of
Serenity Recovery Center	TN County Services Association	Waynesboro, City of
Sexual Assault Center	TN Education Association	WDVX Cumberland Communications
Sharon, City of	TN Historical Society	Weakley County
Shelby County 911	TN Municipal Bond Fund	Weakley County 911
Shelby Residential and Vocational	TN Municipal League	West Overton Utility
Services, Inc.	TN Organization of School	West TN Forensic Services
Signal Mountain, Town of	Superintendents	West TN Legal Services, Inc.
Skills Development Services, Inc.	TN Primary Care Association	West TN Regional Art Center
Smith County	TN School Boards Association	West Warren-Viola Utility
Smith County Highway	TN Secondary School Athletic	Westmoreland, Town of
South Carthage, Town of	Association	White Bluff, City of
South Central TN Development District	TN Sports Hall of Fame	Whiteville, Town of
South Central TN Workforce Alliance	TN State Employees Association	Whitwell, City of
South Pittsburg, City of	TN State Veterans Home – Clarksville	Williamson County
South Pittsburg Housing Authority	TN State Veterans Home –	Child Advocacy Center
Southeast Mental Health Center	Executive Office	Wilson County ECD 911
Southeast TN Development District	TN State Veterans Home – Humboldt	Witt Utility District
Southeast Tennessee Human	TN State Veterans Home – Knoxville	Woodbury Housing Authority
Resource Agency	TN State Veterans Home –	Woodlawn Utility District
	Murfreesboro	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, 2021 and 2020. The state plan, local education plan and local government plan financial statements include only active employees — retirees are disclosed separately. The Department of Finance and Administration, Benefits Administration prepared these statements which summarize transactions

for all coverages available through each plan. The complete financial statements, accompanying notes and supplemental schedules are included in the Annual Comprehensive Financial Report for the State of Tennessee. The ACFR was prepared by the Department of Finance and Administration, Division of Accounts and was audited by the Comptroller of the Treasury, Division of State Audit.

NOTE: Financial data in this section expressed in thousands

State Plan

Statements of Net Position

	30-JUN-21	30-JUN-20
Assets		
Cash	\$ 271,864	\$ 338,035
Accounts receivable, net	2,720	11,869
Total assets	\$ 274,584	\$ 349,904
Liabilities		
Accounts payable and accruals	\$ 74,336	\$ 60,574
Unearned revenue	42,212	41,989
Total liabilities	\$ 116,548	\$ 102,563
Net position		
Unrestricted	\$ 158,036	\$ 247,341
Total net position	\$ 158,036	\$ 247,341

Statements of Revenues, Expenses and Changes in Fund Net Position

	YEAR ENDED 30-JUN-21	YEAR ENDED 30-JUN-20
Operating revenues		
Premiums	\$ 777,737	\$ 768,453
Other	1,000	1,000
Total operating revenues	\$ 778,737	\$ 769,453
Operating expenses		
Medical and mental health claims	\$ 826,058	\$ 750,546
Administrative services	4,963	4,854
Contractual services	37,253	37,031
Total operating expenses	\$ 868,274	\$ 792,431
Operating income (loss)	\$ (89,537)	\$ (22,978)
Non-operating revenues		
Interest income	\$ 232	\$ 5,189
Total non-operating revenues	\$ 232	\$ 5,189
Change in net position	\$ (89,305)	\$ (17,789)
Net position, July 1	247,341	265,130
Net position, June 30	\$ 158,036	\$ 247,341

Statements of Cash Flows

	YEAR ENDED 30-JUN-21	YEAR ENDED 30-JUN-20
Cash flows from operating activities		
Receipts from interfund services provided	\$ 464,817	\$ 460,055
Receipts from fund members	360,906	354,916
Payments to suppliers	(888,178)	(848,800)
Payments to employees	(2,385)	(2,364)
Payments for interfund services used	(1,563)	(1,673)
Net cash provided by (used for) operating activities	\$ (66,403)	\$ (37,866)
Cash flows from investing activities		
Interest received	\$ 232	\$ 5,189
Net cash from investing activities	\$ 232	\$ 5,189
Net increase (decrease) in cash	\$ (66,171)	\$ (32,677)
Cash, July 1	338,035	370,712
Cash, June 30	\$ 271,864	\$ 338,035
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ (89,537)	\$ (22,978)
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	9,149	(2,555)
Increase (decrease) in accounts payable and accruals	13,762	(13,135)
Increase (decrease) in unearned revenue	223	802
Net cash provided by (used for) operating activities	\$ (66,403)	\$ (37,866)

Local Education Plan**Statements of Net Position**

	30-JUN-21	30-JUN-20
Assets		
Cash	\$ 255,203	\$ 247,645
Accounts receivable, net	1,954	8,028
Total assets	\$ 257,157	\$ 255,673
Liabilities		
Accounts payable and accruals	\$ 48,903	\$ 39,633
Unearned revenue	101	72
Total liabilities	\$ 49,004	\$ 39,705
Net position		
Unrestricted	\$ 208,153	\$ 215,968
Total net position	\$ 208,153	\$ 215,968

Statements of Revenues, Expenses and Changes in Fund Net Position

	YEAR ENDED 30-JUN-21	YEAR ENDED 30-JUN-20
Operating revenues		
Premiums	\$ 566,354	\$ 562,772
Total operating revenues	\$ 566,354	\$ 562,772
Operating expenses		
Medical and mental health claims	\$ 544,612	\$ 498,062
Administrative services	3,997	3,793
Contractural services	25,734	24,919
Total operating expenses	\$ 574,343	\$ 526,774
Operating income (loss)	\$ (7,989)	\$ 35,998
Non-operating revenues		
Interest income	\$ 174	\$ 3,034
Total non-operating revenues	\$ 174	\$ 3,034
Change in net position	\$ (7,815)	\$ 39,032
Net position, July 1	215,968	176,936
Net position, June 30	\$ 208,153	\$ 215,968

Statements of Cash Flows

	YEAR ENDED 30-JUN-21	YEAR ENDED 30-JUN-20
Cash flows from operating activities		
Receipts from fund members	\$ 573,037	\$ 568,940
Payments to insurance companies and health care providers	(565,054)	(539,352)
Payments for state services	(599)	(511)
Net cash from (used for) operating activities	\$ 7,384	\$ 29,077
Cash flows from investing activities		
Interest received	\$ 174	\$ 3,034
Net cash from investing activities	\$ 174	\$ 3,034
Net increase (decrease) in cash	\$ 7,558	\$ 32,111
Cash, July 1	247,645	215,534
Cash, June 30	\$ 255,203	\$ 247,645
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ (7,989)	\$ 35,998
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	6,074	(1,577)
Increase (decrease) in accounts payable	9,271	(5,329)
Increase (decrease) in unearned revenue	28	(15)
Net cash provided by (used for) operating activities	\$ 7,384	\$ 29,077

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(1) Required contribution and investment revenue earned (fiscal year)	439,640	463,986	488,113	471,353	449,965	472,022	517,083	555,355	565,806	566,528
(2) Unallocated expenses (fiscal year)	26,473	27,384	29,831	34,261	35,026	32,188	28,531	28,181	28,712	29,731
(3) Estimated incurred claims and expenses, end of policy year	429,252	432,425	435,832	456,600	473,999	483,123	509,290	555,674	563,776	*
(4) Paid (cumulative) as of:										
End of policy year	401,000	404,145	408,147	426,939	442,712	452,836	477,344	522,981	526,547	*
One year later	428,201	432,124	435,790	457,219	473,195	482,543	509,167	555,101	*	
Two years later	427,657	431,697	435,667	457,210	473,329	482,976	510,018	*		
Three years later	427,597	431,374	435,684	457,013	473,372	483,044	*			
Four years later	427,582	431,389	435,514	457,012	473,365	*				
Five years later	427,581	431,377	435,514	457,011	*					
Six years later	427,581	431,371	435,514	*						
Seven years later	427,581	431,371	*							
Eight years later	427,581	*								
Nine years later	*									
(5) Reestimated incurred claims and expenses:										
End of policy year	429,252	432,425	435,832	456,600	473,999	483,123	509,290	555,674	563,776	*
One year later	427,805	431,846	435,706	457,246	473,331	482,788	509,690	555,180	*	
Two years later	427,624	431,469	435,643	457,121	473,299	483,066	510,067	*		
Three years later	427,582	431,450	435,583	457,013	473,328	483,126	*			
Four years later	427,582	431,450	435,514	457,012	473,328	*				
Five years later	427,582	431,377	435,514	457,011	*					
Six years later	427,581	431,371	435,514	*						
Seven years later	427,581	431,371	*							
Eight years later	427,581	*								
Nine years later	*									
(6) Increase (decrease) in estimated incurred claims and expenses from end of policy year	(1,671)	(1,054)	(318)	411	(671)	3	777	(494)	-	*

* Data not available

Local Government Plan**Statements of Net Position**

	30-JUN-21	30-JUN-20
Assets		
Cash	\$ 53,954	\$ 63,525
Accounts receivable, net	610	2,489
Total assets	\$ 54,564	\$ 66,014
Liabilities		
Accounts payable and accruals	\$ 16,210	\$ 11,126
Unearned revenue	71	43
Total liabilities	\$ 16,281	\$ 11,169
Net position		
Unrestricted	\$ 38,283	\$ 54,845
Total net position	\$ 38,283	\$ 54,845

Statements of Revenues, Expenses and Changes in Fund Net Position

	YEAEER ENDED 30-JUN-21	YEAR ENDED 30-JUN-20
Operating revenues		
Premiums	\$ 161,926	\$ 157,213
Total operating revenues	\$ 161,926	\$ 157,213
Operating expenses		
Medical and mental health claims	\$ 169,060	\$ 141,430
Administrative services	1,256	1,019
Contractual services	8,213	7,923
Total operating expenses	\$ 178,529	\$ 150,372
Operating income (loss)	\$ (16,603)	\$ 6,841
Non-operating revenues		
Interest income	\$ 41	\$ 826
Total non-operating revenues	\$ 41	\$ 826
Change in net position	\$ (16,562)	\$ 7,667
Net position, July 1	54,845	47,178
Net position, June 30	\$ 38,283	\$ 54,845

Statements of Cash Flows

	YEAR ENDED 30-JUN-21	YEAR ENDED 30-JUN-20
Cash flows from operating activities		
Receipts from fund members	\$ 165,452	\$ 160,588
Payments to insurance companies and health care providers	(174,933)	(156,564)
Payments for state services	(131)	(96)
Net cash from (used for) operating activities	\$ (9,612)	\$ 3,928
Cash flows from investing activities		
Interest received	\$ 41	\$ 826
Net cash from investing activities	\$ 41	\$ 826
Net increase (decrease) in cash	\$ (9,571)	\$ 4,754
Cash, July 1	63,525	58,771
Cash, June 30	\$ 53,954	\$ 63,525
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ (16,603)	\$ 6,841
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	1,879	(339)
Increase (decrease) in accounts payable	5,084	(2,560)
Increase (decrease) in unearned revenue	28	(14)
Net cash provided by (used for) operating activities	\$ (9,612)	\$ 3,928

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
(1) Required contribution and investment revenue earned (fiscal year)	103,278	105,973	108,834	108,860	114,373	127,183	136,992	150,764	158,039	161,967
(2) Unallocated expenses (fiscal year)	6,010	6,135	6,645	7,535	8,012	8,418	7,979	8,267	8,942	9,469
(3) Estimated incurred claims and expenses, end of policy year	94,738	96,152	99,097	103,694	118,900	126,741	135,195	155,172	169,981	*
(4) Paid (cumulative) as of:										
End of policy year	88,026	89,634	92,792	97,837	111,866	119,188	126,563	143,818	153,132	*
One year later	94,277	96,101	98,622	103,813	118,709	126,653	134,667	155,745	*	
Two years later	94,205	95,919	98,627	103,981	118,775	126,844	134,812	*		
Three years later	94,183	95,883	98,627	103,911	118,802	126,837	*			
Four years later	94,182	95,895	98,581	103,910	118,799	*				
Five years later	94,182	95,896	98,584	103,911	*					
Six years later	94,182	95,894	98,584	*						
Seven years later	94,182	95,894	*							
Eight years later	94,182	*								
Nine years later	*									
(5) Reestimated incurred claims and expenses:										
End of policy year	94,738	96,152	99,097	103,694	118,900	126,741	135,195	155,172	169,981	*
One year later	94,248	96,022	98,653	104,054	118,777	126,701	134,680	155,859	*	
Two years later	94,192	95,895	98,628	104,016	118,766	126,848	135,087	*		
Three years later	94,182	95,893	98,635	103,911	118,793	126,856	*			
Four years later	94,182	95,893	98,581	103,910	118,793	*				
Five years later	94,182	95,896	98,584	103,911	*					
Six years later	94,182	95,894	98,584	*						
Seven years later	94,182	95,894	*							
Eight years later	94,182	*								
Nine years later	*									
(6) Increase (decrease) in estimated incurred claims and expenses from end of policy year	(556)	(258)	(513)	217	(107)	115	(108)	687	-	*

* Data not available

Retiree Health Funds FY 2021 Financial Statements

Statement of Fiduciary Net Position

	30-JUN-21
Assets	
Cash and cash equivalents	\$ 23,791
Receivables	513
Total assets	\$ 24,304
Liabilities	
Accounts payable and accruals	\$ 5,618
Total liabilities	\$ 5,618
Net Position	
Restricted for individuals, organizations and other governments	\$ 18,686
Total net position	\$ 18,686

Statement of Changes in Fiduciary Net Position

	30-JUN-21
ADDITIONS	
Contributions	
Members	\$ 90,275
Total contributions	\$ 90,275
Investment income	
Interest	\$ 40
Total investment income	\$ 40
Member resources	\$ 19,035
Total additions	\$ 109,350
DEDUCTIONS	
Medical payments	\$ 98,951
Member/claimant distributions	3,903
Administrative expenses	5,554
Total deductions	\$ 108,408
Change in Net Position	\$ 942
Net position - July 1, restated	17,744
Net position - June 30	\$ 18,686



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