

---

# 2019

## ANNUAL REPORT

Tennessee State Group Insurance Program



Healthy members; peace of mind

**PARTNERS**  
**FOR HEALTH**

---



Tennessee Department of Finance and Administration.  
Authorization Number 317238, 0 copies, November 2020.  
This public document was promulgated at a cost of \$0.01 per copy.



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

Butch Eley  
COMMISSIONER

Laurie Lee  
EXECUTIVE DIRECTOR

December 1, 2020

We are pleased to submit the 2019 Annual Program and Financial Report for Benefits Administration. Under the direction of the State, Local Education and Local Government Insurance Committees, this division of the Department of Finance and Administration manages insurance benefits for 143,923 employees/retirees and 44,293 Medicare-eligible retirees and their families from public sector organizations in Tennessee. At the end of 2019, the state-sponsored plans provided health, dental, vision and disability insurance coverage as well as supplemental medical insurance for retirees with Medicare coverage to 332,872 individuals.

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

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

Sincerely,

A handwritten signature in black ink that reads "Laurie S. Lee".

Laurie S. Lee, Executive Director

A handwritten signature in blue ink that reads "Butch Eley".

Butch Eley, Commissioner

# Who we are

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

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

The benefit plans authorized by this legislation are governed separately by three committees identified as the State, Local Education and Local Government Insurance Committees. Committee members for 2019 are listed at the right.

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

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

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

## Mission

Deliver comprehensive, affordable, dependable and sustainable benefits

## Vision

Healthy members; peace of mind

## Fast Facts→

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

## 2019 Insurance Committees

Stuart McWhorter, Chairman — S, E, G  
Commissioner, Department of Finance and Administration

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

David Lillard — S, E, G  
State Treasurer

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

Juan Williams — S  
Commissioner, Department of Human Resources

Vicki Burton — S  
Employee Representative

Michelle Consiglio-Young — S  
Employee Representative

Rob Chance — S  
Higher Education Representative

Randy Stamps — S  
Tennessee State Employees Association

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

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

Maryanne Durski — E  
Designee, Department of Education

Robert Langford — E  
Middle Tennessee Teacher Representative

Erin Johnson — E  
East Tennessee Teacher Representative

Vacant — E  
West Tennessee Teacher Representative

Jennifer White — E  
Tennessee School Boards Association

Kevin Krushenski — G  
Tennessee Municipal League

Nathan Brock — G  
Tennessee County Services Association

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

---

## Contract Partners

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

### ActiveHealth Management

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

### Aon Consulting

Providing benefits and actuarial consultant services to the division.

### BlueCross BlueShield of Tennessee

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

### Cigna

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

### CVS/caremark

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

### Davis Vision

Providing voluntary vision insurance to participating plan members.

### IBM Watson Health

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

### MetLife

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

### Optum Health

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

### PayFlex

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

### Securian (Minnesota Life)

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

### UMR/POMCO

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

### University Community Health Service

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

# What we do

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

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

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

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

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

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

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

Participants in all plans may enroll in voluntary dental coverage if coverage is offered by the employing agency. Participants may choose either the preferred dental plan administered by MetLife or the prepaid plan administered by Cigna.

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

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

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

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

## Health Plan Enrollment

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

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

Health insurance only

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

## How we do it

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

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

The year-over-year aggregate premium increases for the state, local education and local government plans from 2016–2019 have averaged 4.2%, 3.9% and 2.5%, respectively, well below the industry average. The plans' financial performance reflects the success of this strategy.

In 2019, the following key initiatives were accomplished.

### Vendor Services

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

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

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

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

### Financial Management & Program Integrity

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

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

The Financial Management group continued to ensure vendors were paid accurately and timely, monitor the state sponsored plan performance, monitor the OPEB trust performance and coordinate the OPEB funding with higher education institutions. The Vendor Accountability team continued to monitor the third party administrators by reviewing the vendors' time to process claims, testing for duplicate claims, performing focused claims testing on denied and pended claims and reviewing the internal provider claims appeal logs. The Member Accountability area performed reviews of ineligible members and assisted the third party administrators in collecting from subrogation cases, totaling over \$1.9 million in collections.

## Operations

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

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

Operations implemented a solution to allow state employees enrolled in the CDHP plan the option of depositing their earned wellness incentive money

directly into their Health Savings Account (HSA), instead of being taxed and paid out on their paycheck.

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

## Communications

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

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

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

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

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



---

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

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

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

## 2019 Procurements

*All procurements were completed through competitive requests for proposals.*

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

# Overview of Plan Options

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

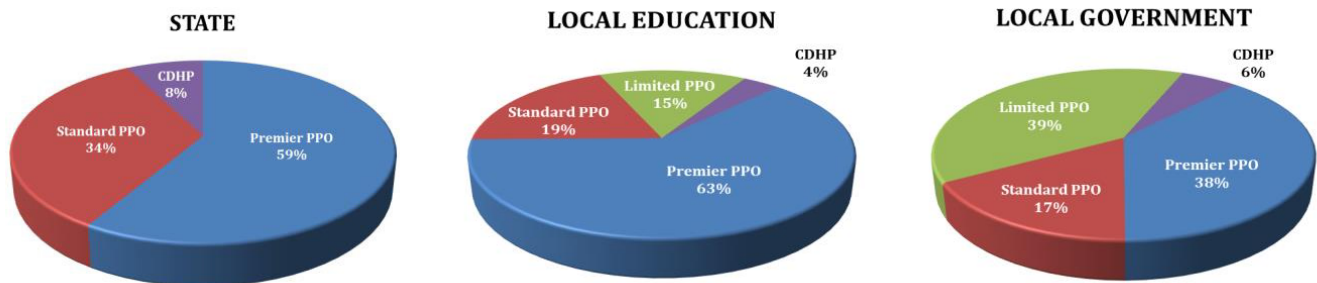
1. Premier Preferred Provider Organization (PPO)
2. Standard PPO
3. Consumer-driven Health Plan (CDHP)/Health Savings Account (HSA)
4. Limited PPO (local education & local government only)

## Networks

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

## Coverage by Plan

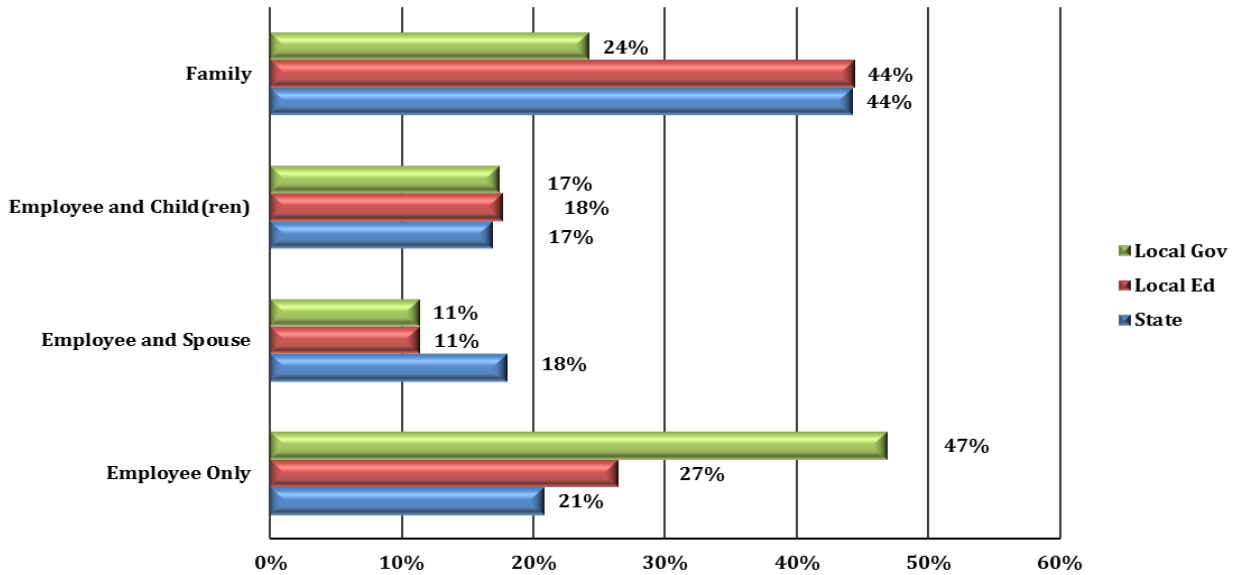
- Standard PPO enrollment declined in all three plans.
- Limited PPO enrollment increased slightly and has surpassed Premier PPO enrollment in the local government plan.
- Enrollment in the CDHP/HSA increased from 6,469 in January 2017 to 7,975 in December 2019 (23 percent increase).
- Employees contributed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



# Overview of Plan Options, cont'd

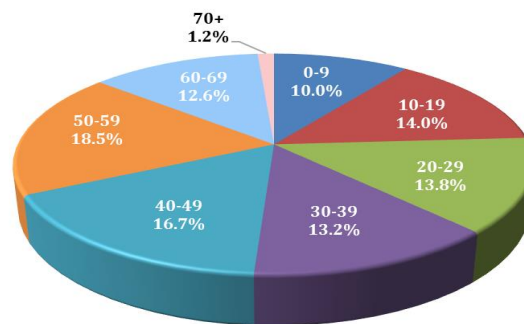
## Enrollment Coverage by Tier

- The percent of local government members enrolling in family coverage is much lower than in the local education and state plans, while the percentage of employee-only coverage for local government far outpaces the other plans.
- 2019 enrollment by tier is very similar to 2018.



## Coverage by Age

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



## Gender

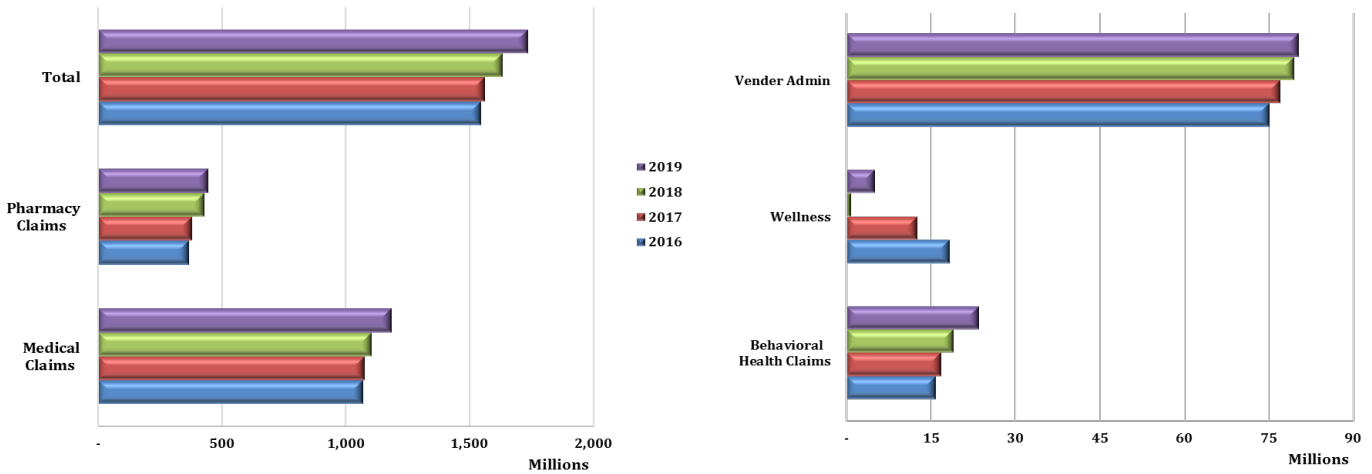
The overall gender split is 55% female, 45% male, with the local education plan having a higher percentage of females. This has remained constant for the past few years.

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

# Medical

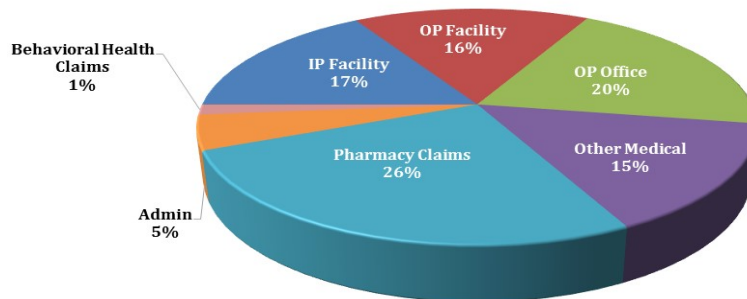
## Expenses 2016-2019

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



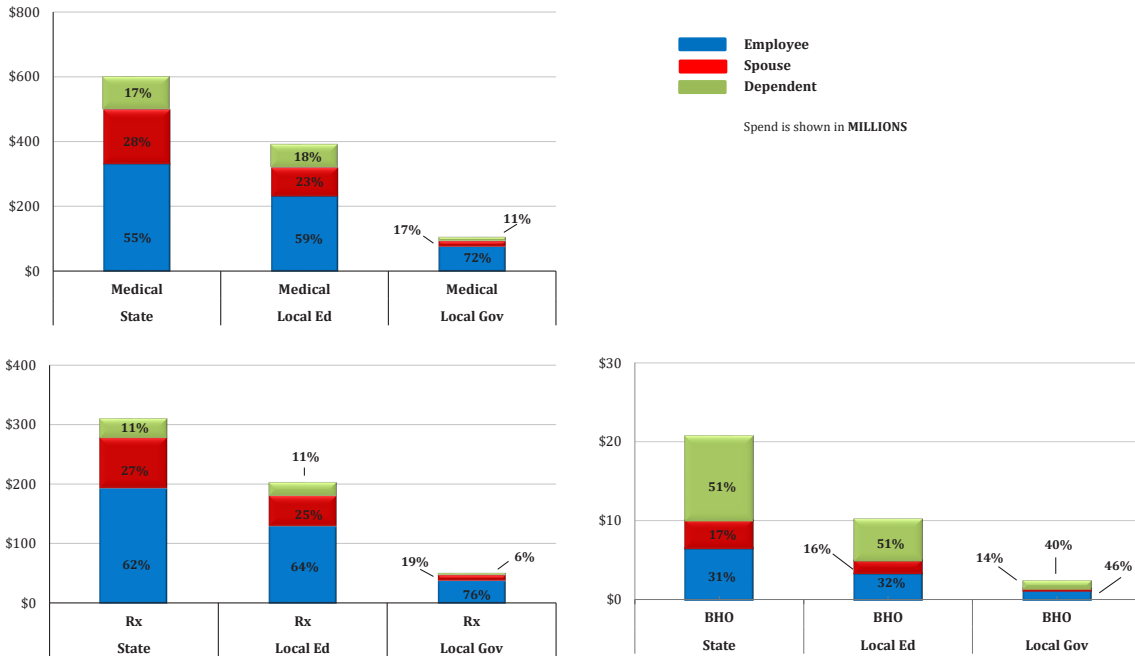
## 2019 Plan Expenses

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



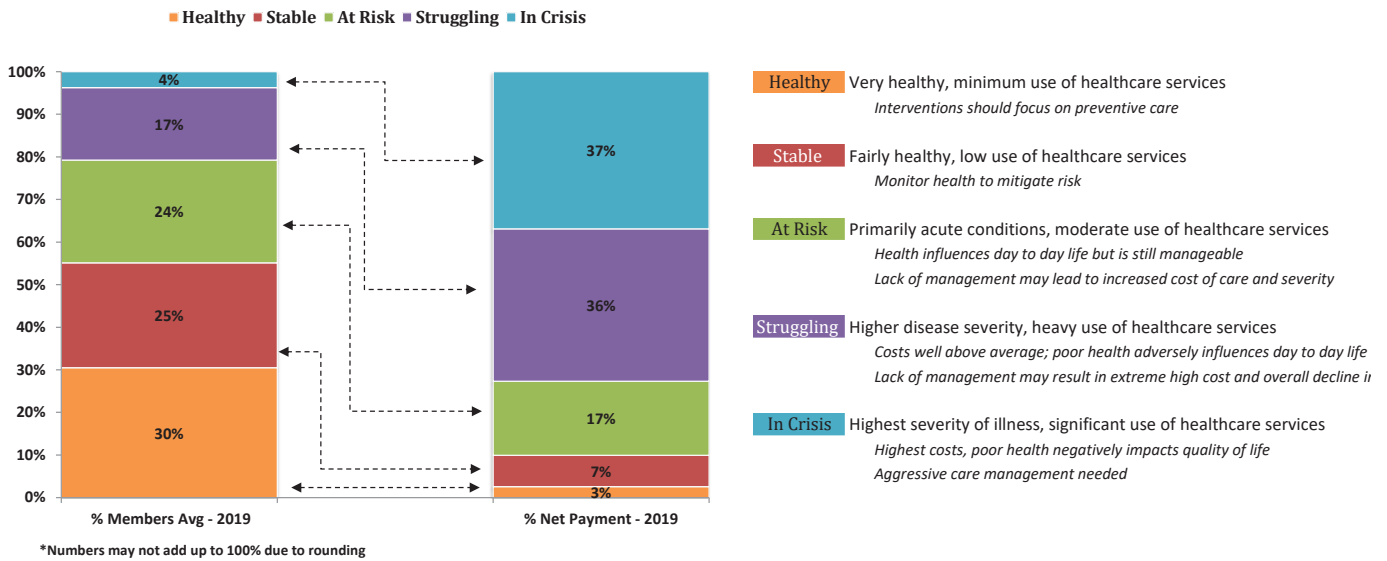
# Medical, cont'd

## Spend by Relationship



## Plan Payments by Member Risk

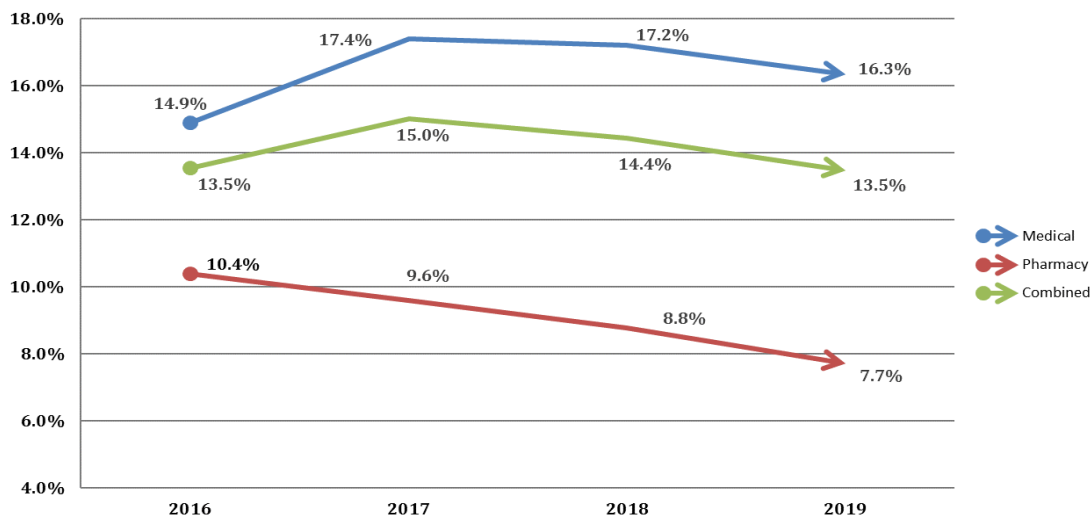
A very small percentage of members account for more than one-third of all plan payments.



## Medical, cont'd

### Cost Share per Member 2016-2019

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



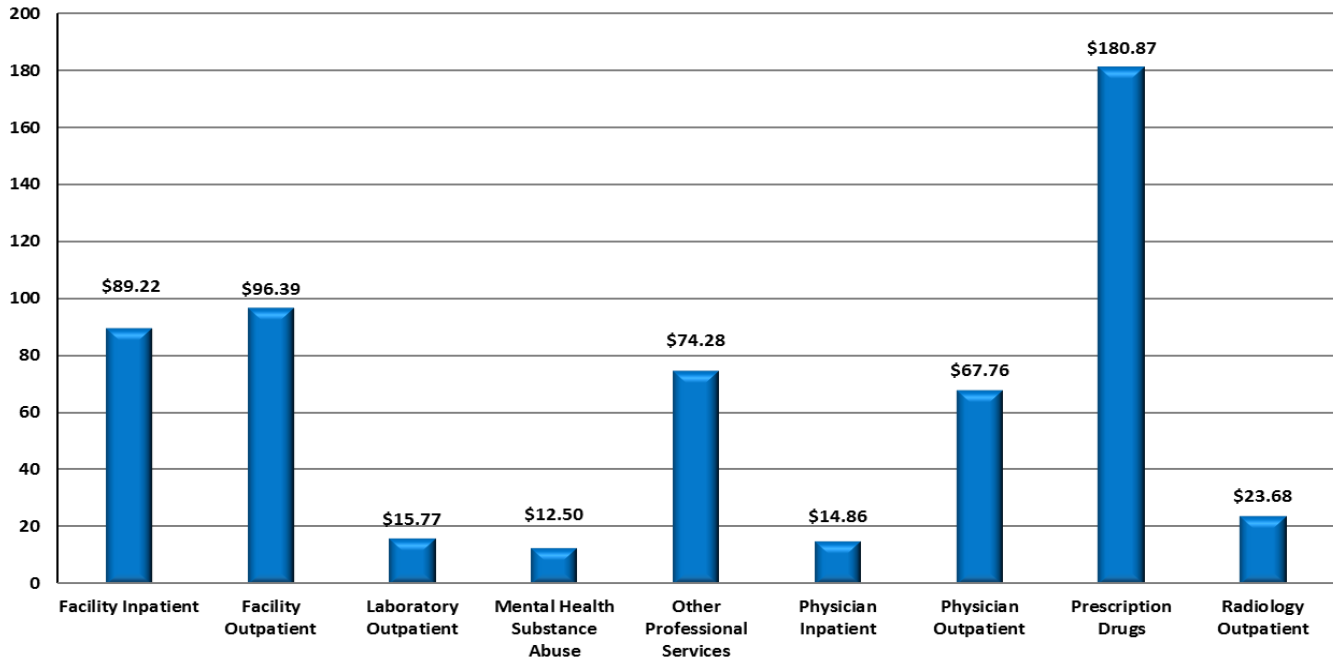
The “Top Ten” list combined represents 62.2% of total plan expense in 2019.

"Top Ten" Medical and Pharmacy Claims Expense		
Medical Procedure Groups	Chronic Conditions	Prescription Drugs
1. Office visits	1. Osteoarthritis	1. HUMIRA- rheumatoid arthritis
2. Emergency department visits	2. Coronary Artery Disease	2. ENBREL- rheumatoid arthritis
3. Specialty drugs (other than chemotherapy)	3. Renal Function Failure	3. TRULICITY-diabetes
4. CT/MRI/X-Ray/Ultrasound	4. Diabetes	4. NOVOLOG - diabetes
5. Surgery	5. Hypertension, Essential	5. STELARA-plaque psoriasis and psoriatic arthritis
6. Chemotherapy	6. Chemotherapy Encounters	6. VICTOZA-diabetes
7. Anesthesia Services	7. Cancer - Breast	7. SAXENDA-obesity
8. Physical medicine: other procedure:	8. Neurological Disorders	7. DUEXIS-rheumatoid arthritis & osteoarthritis
9. Medical supplies and devices	9. Newborns, w/wo Complication	9. TRESIBA-diabetes
10. Facility visits	10. Cerebrovascular Disease	10. JARDIANCE-diabetes

## Medical, cont'd

### Cost per Member per Month by Service Category

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



### Utilization Trends

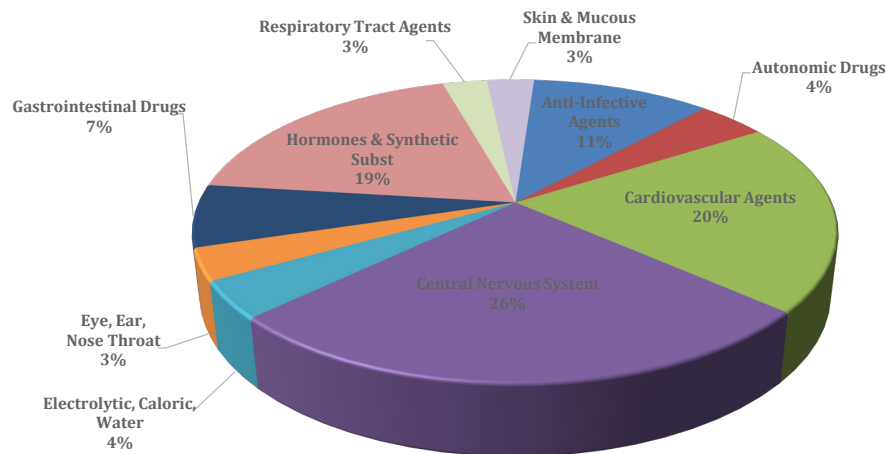
	Local Education			Local Government		
	2016	2019	% Chg	2016	2019	% Chg
Admissions per 1,000	52	51	-1.9%	61	66	8.2%
OP Facility Visits Per 1,000	1,245	1,144	-8.1%	1,386	1,273	-8.2%
Office Visits Per 1,000	8,261	8,307	0.6%	7,994	7,684	-3.9%
ER Visits Per 1,000	187	175	-6.4%	290	270	-6.9%
Scripts Per 1000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

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

## Pharmacy\*

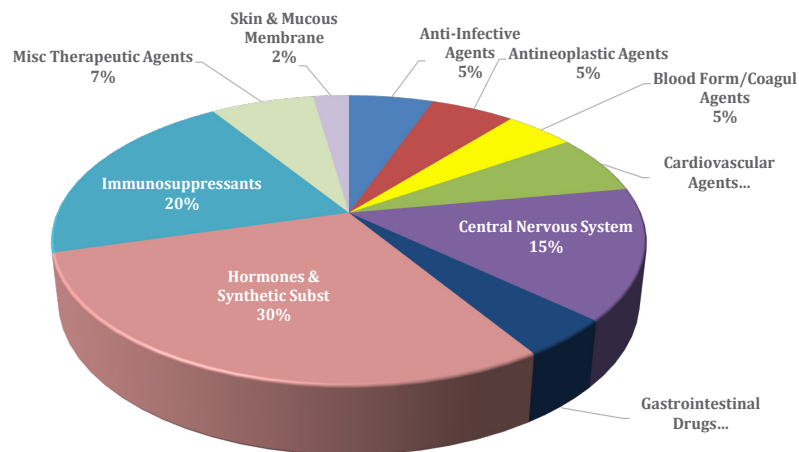
### Top 10 Therapeutic Class by Number of Prescriptions, 2019

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



### Top 10 Therapeutic Class by Net Pay Rx, 2019

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



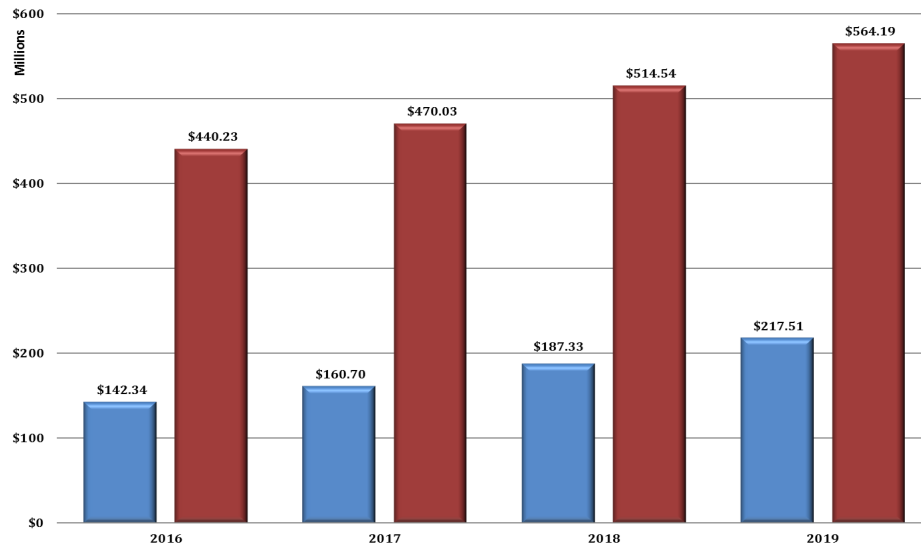
\*Includes prescriptions filled through the pharmacy benefit manager, not prescriptions filled through the medical benefit.



## Pharmacy\*, cont'd

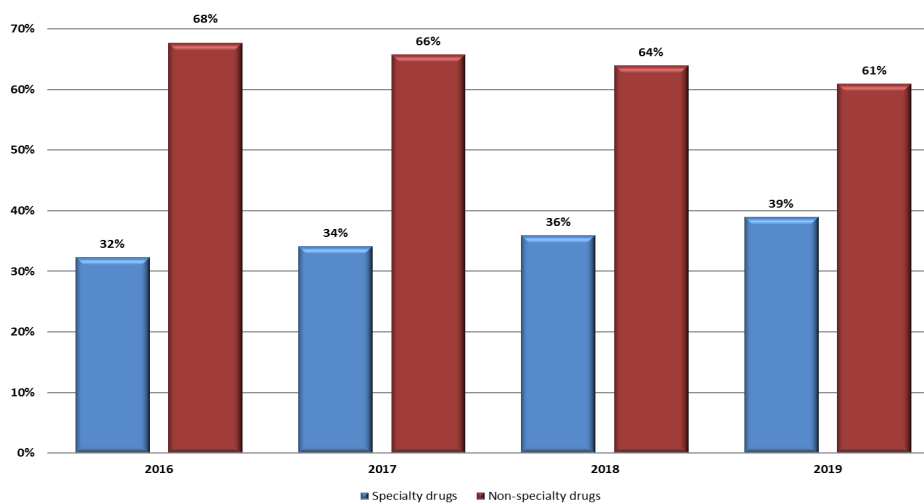
### Net (Plan) Cost of Drugs Over Time

- Specialty drugs are used to treat complex, chronic or rare conditions; are high cost; and may require special handling. Patients on specialty drugs may need ongoing supervision and monitoring. The number of drugs in the specialty pipeline has increased and has been a driver of pharmaceutical spending over the past few years.
- The net cost of specialty drugs increased 53% since 2016 versus 28% for all drugs.



### Percent of Total Net (Plan) Cost of Drugs

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



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

# Health Plan – Behavioral Health

## Utilization

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

## Network Summary

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

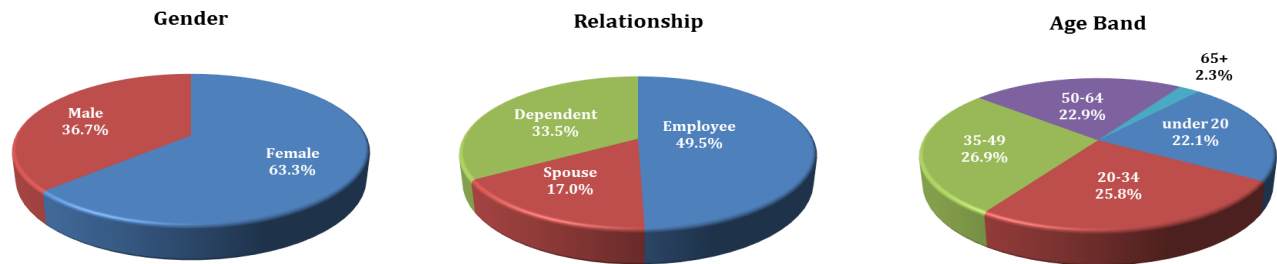
## Key Diagnoses

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

## Use by Level of Care

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

## BH Utilizer Demographics

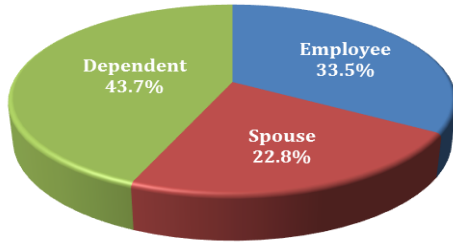


# Health Plan – Behavioral Health, cont'd

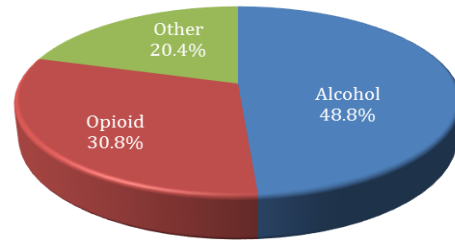
## Substance Use

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

**Substance Use Demographics**



**Substance Use Disorders**



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

	Employee			Spouse			Dependent		
	Alcohol	Opioid	Other	Alcohol	Opioid	Other	Alcohol	Opioid	Other
	<u>68%</u>	<u>24%</u>	<u>8%</u>	<u>70%</u>	<u>22%</u>	<u>8%</u>	<u>23%</u>	<u>41%</u>	<u>36%</u>
Acute IP	13%	4%	20%	16%	8%	3%	3%	3%	6%
Residential	54%	36%	52%	48%	38%	33%	38%	35%	36%
Day Treat.	15%	14%	13%	12%	12%	14%	19%	20%	15%
Structured OP	16%	7%	11%	21%	3%	47%	37%	39%	41%

## Employee Assistance Program (EAP)

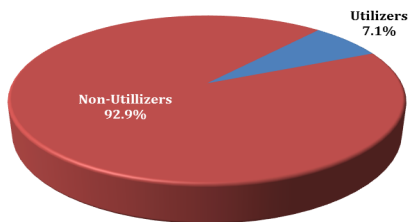
Eligible employees and their dependents may receive up to five counseling visits, per situation, per year at no cost to them. Master's level specialists are available 24/7 to assist with stress, legal, financial, mediation and work/life services. The program is available to all state and higher education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

### Satisfaction and Outcome Scores

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

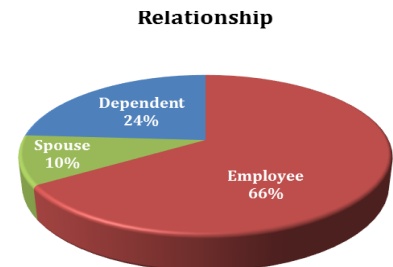
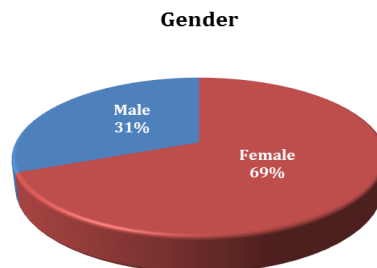
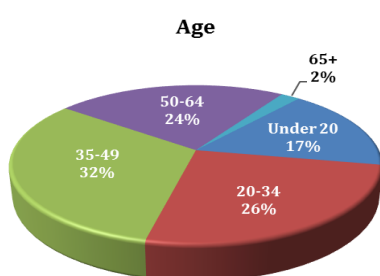
### Utilization Rate

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



### Utilization

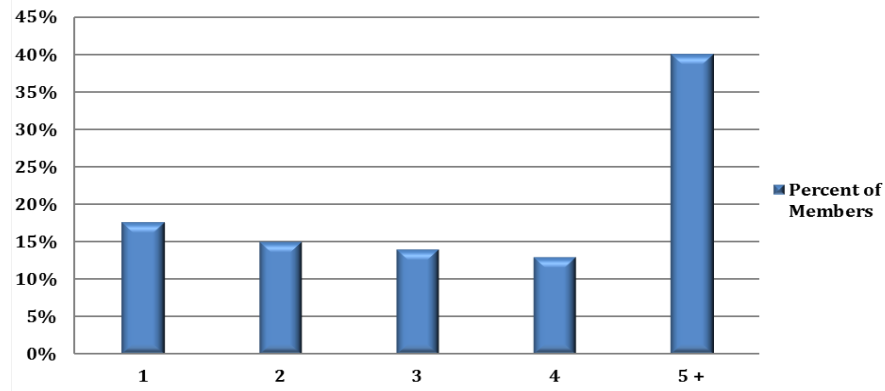
The majority of utilizers are female employees.



## EAP, cont'd

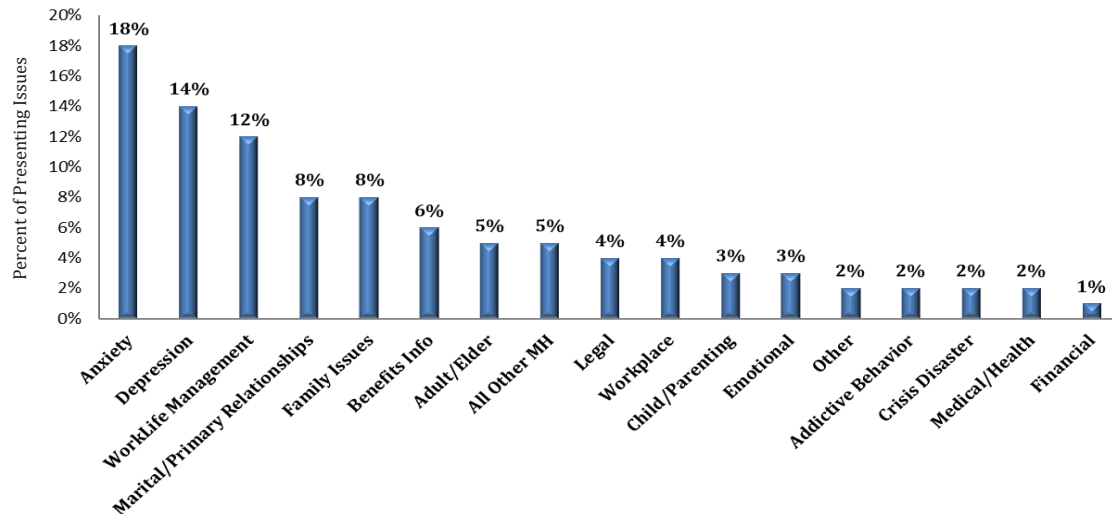
### EAP Visits per Member

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



### Presenting Issues

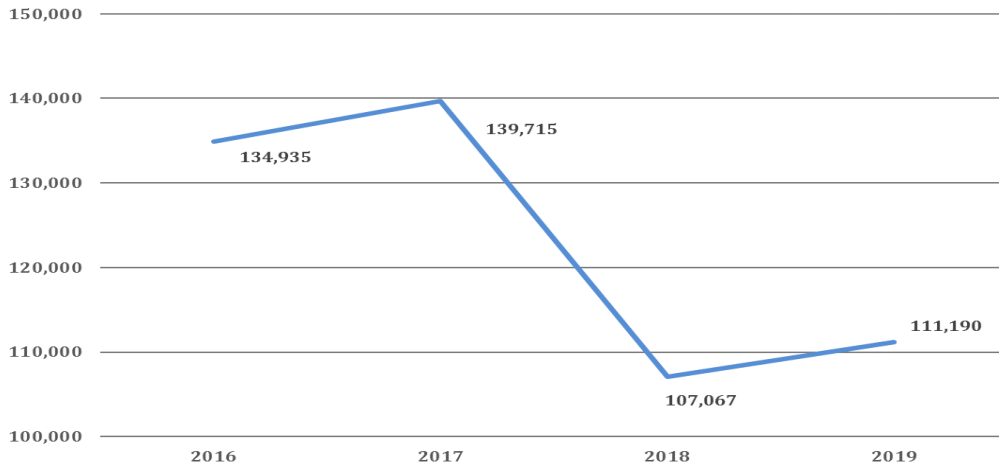
EAP presenting issues for 2019 were led by anxiety, depression, work life management, marital/primary relationships and family issues. The top five issues were consistent with 2018.



# Population Health

## Preventive Visits 2016-2019

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



The ParTNers for Health Wellness Program was temporarily suspended in 2018

## 2019 Chronic Conditions

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

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

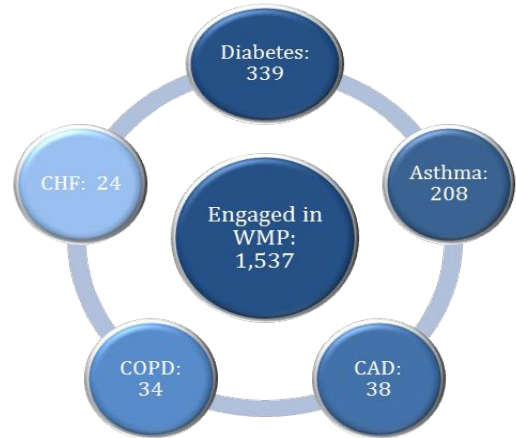
Conditions included: Asthma, CAD, CHF, COPD, Diabetes, Hypertension, Mental Health – Depression, Osteoarthritis, Spinal/Back Disorder/Low Back

# Population Health, cont'd

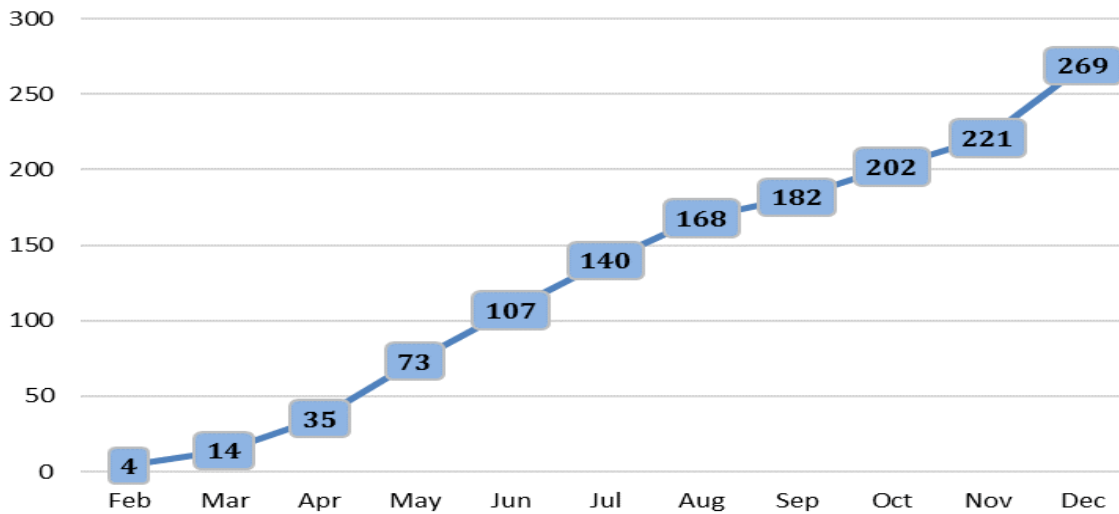
## 2019 Weight Management Program

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

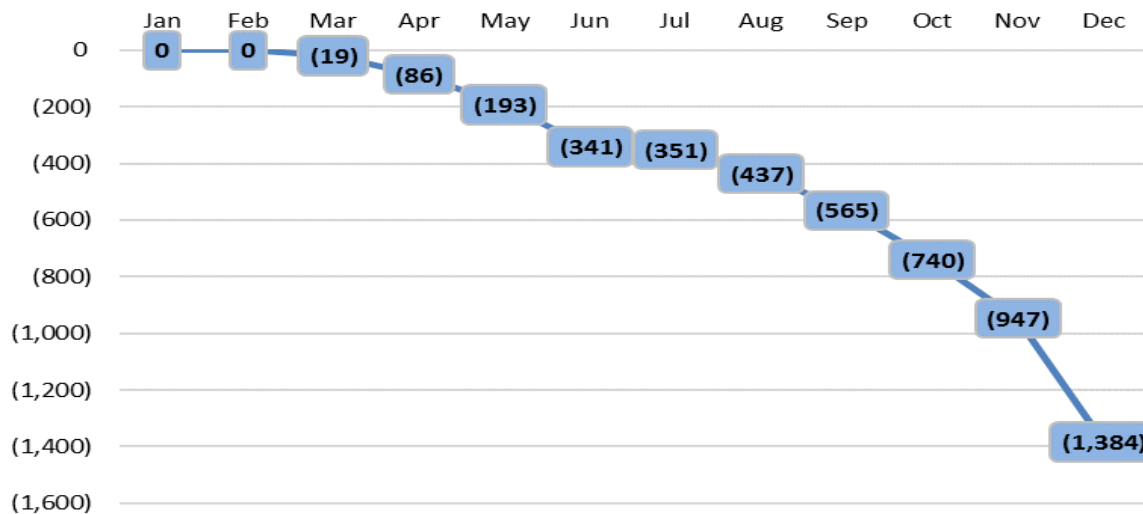
### Engaged Participants with Chronic Conditions



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



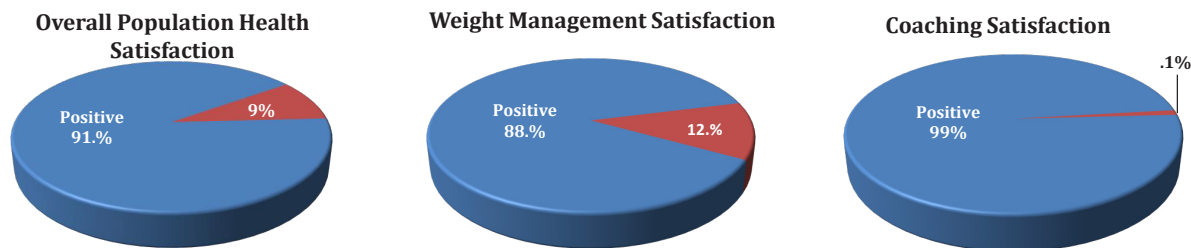
Cumulative Total Pounds Lost by Members from last session date



## Population Health, cont'd

### Program Survey Results

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



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

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

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

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

### Coaching Engagement Options

The digital coaching was the most popular coaching modality.

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

### Clinical Outcomes

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

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

### 2019 Condition Prevalence

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

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

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

\*Individuals may be included in more than one category



---

## Population Health, cont'd

### Examples of Member Success

#### **Disease Management Program**

##### Member Overview:

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

##### Nurse's Care Plan:

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

##### Results:

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

#### **Lifestyle Coaching Program**

##### Member Overview:

Member enrolled to address overall health and stress management.  
Member decided to quit smoking.

##### Coach's Care Plan:

Provided tools for stress management.  
Introduced regular exercise, hydration, and healthier food choices.  
Helped develop plan to quit tobacco.

##### Results:

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

#### **Weight Management Program**

##### Member Overview:

Member enrolled May 2019.  
Member had previous weight loss and gain back.  
Member interested in long term weight loss support.

##### Coach's Care Plan:

Provided strategies for healthy eating, exercise, managing stress, better sleep and staying motivated.

##### Results:

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

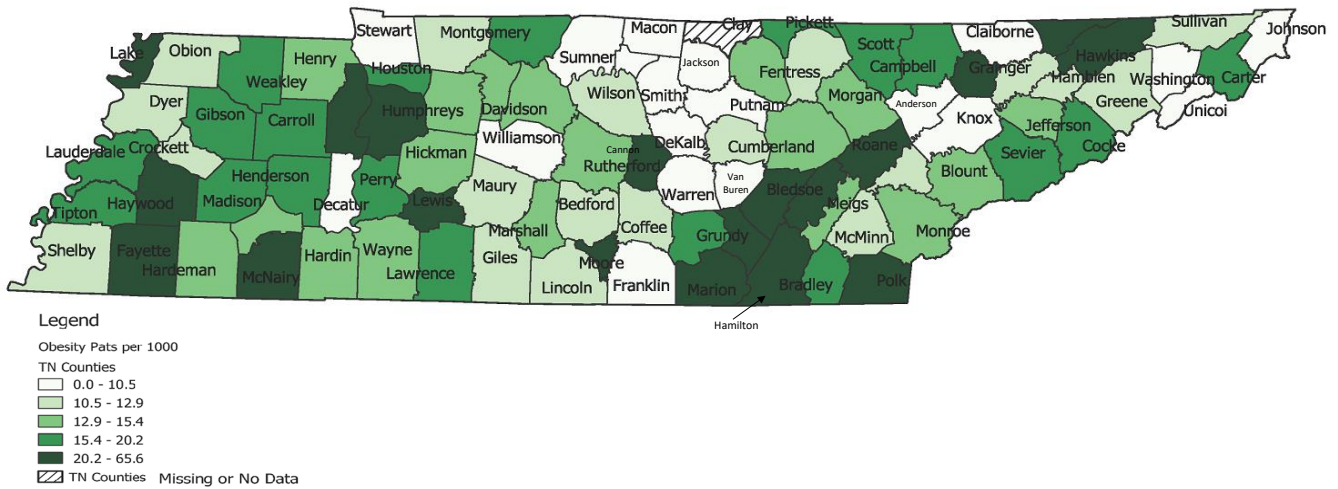
# Population Health, cont'd

## Obesity and Diabetes Heat Maps

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

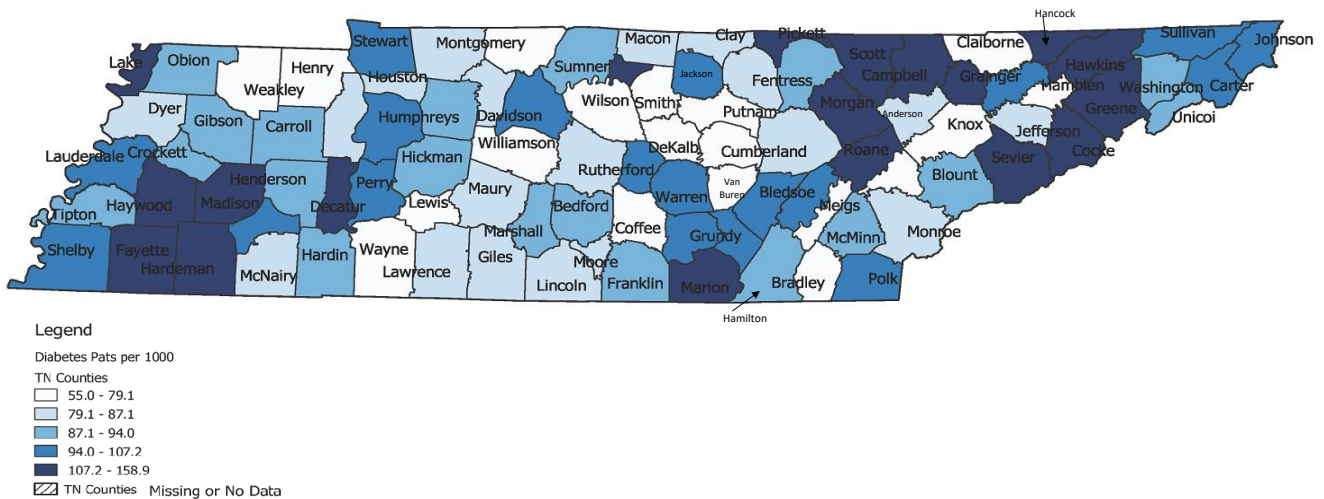
### Obesity Patients per 1000 by County, 2019

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



### Diabetes Patients per 1000 by County, 2019

- Meigs, Van Buren, Grainger, Weakley and Cocke counties had the largest decrease from 2018.
- Warren, Lake, Clay, Hancock and Pickett had the largest increase over 2018.



\* Data source State Decision Support System

---

# Other Programs Offered by Benefits Administration

## ParTNers Health & Wellness Center

- State and higher education employees working in or around downtown Nashville have access to the ParTNers Health & Wellness Center located in the Tennessee Tower. The Center provides health care services to employees enrolled in a state health plan.
- In 2019, the Center had 5,179 office visits (a 3% increase from 2018) and 330 EAP/BHO visits (a 55% decrease due to a counselor position vacancy for eight months).
- The Center had a positive ROI of 1.22 equating to \$218,736 in direct cost savings.

## Telehealth

- In 2019, Telehealth was available to enrolled members on the health plan at a discounted copay of \$15 for the PPO and at a discounted rate for the CDHP. Telehealth was delivered by BlueCross BlueShield of Tennessee through MDLive, marketed as PhysicianNow, and by Cigna through MDLive and Amwell.
- By the end of 2019, telehealth registrations had increased 29.4% from 2018 to 19,041.
- In 2019, there were a total of 5,734 encounters.
- Top diagnoses included sinusitis, upper respiratory infections, pharyngitis and urinary tract infections.

## Flexible Spending Accounts

- Approximately 4,667 state employees contributed \$5.8 million to flexible spending accounts (FSA).

### **Annual Election**

Healthcare FSA — \$4,218,853

Dependent care FSA — \$1,530,205

Limited FSA — \$ 93,735

- This resulted in an estimated \$401K of FICA savings for the State.

# Overview of Voluntary Products

## Dental Insurance

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

### Dental Enrollment

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

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

## Vision Insurance

- Vision coverage is available to all state employees. The state provides no funding for this product; state employees pay the full cost of coverage.
- Employees with participating local education and local government agencies are also eligible if their agency chooses to offer coverage.
- Retirees are eligible if enrolled in the medical plan. The coverage is administered by Davis Vision.
- Members have two plan choices - a basic plan and an expanded plan.
- Enrollment in the vision plan increased 5% from 2018 to 2019.

### Vision Enrollment

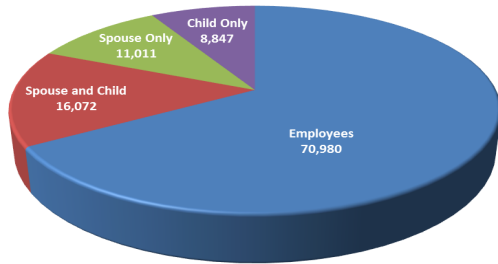
	State	Local Education	Local Government	2019 Total
Basic Plan	27,363	6,312	2,438	36,113
Expanded Plan	70,931	20,318	9,857	101,106
Total	98,294	26,630	12,295	137,219

# Overview of Voluntary Products, cont'd

## Life Insurance

State employees are provided with basic term life and accidental death and dismemberment (AD&D) insurance coverage. Voluntary term life and voluntary AD&D insurance are available to state employees. All of this coverage is underwritten by Securian (Minnesota Life).

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



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

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

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

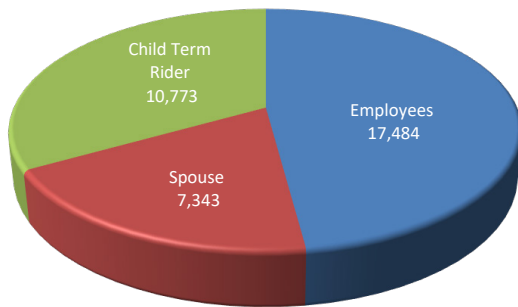
# Overview of Voluntary Products, cont'd

## Voluntary AD&D (State Only)

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

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

## Voluntary Term Life (State Only)



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

## Voluntary Universal Life (State Only)

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

### Voluntary Universal Life Financials

Coverage Amount	\$361.04 million
Gross Claims Payments	\$6.06 million
Net Claims Payments	\$3.49 million
Employee Cash Value	\$69.88 million
Spouse Cash Value	\$3.63 million

# Overview of Voluntary Products, cont'd

## Disability Insurance

- Disability insurance was offered beginning January 1, 2018.
- Short-term disability insurance was available for state government and higher education employees.
- Long-term disability insurance was available for state government employees.
- Higher education employees have a separate Long term disability insurance plan.
- Enrollment in STD increased 16.5% from 2018 to 2019 while enrollment in LTD increased 14%.

2019

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

	LTD Enrollment	LTD Benefits Paid
State Employees	6,958	\$234,318
<b>Total</b>	<b>6,958</b>	<b>\$234,318</b>

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

## The Tennessee Plan

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

	Enrollment	Total Paid Claims	Total # of Claims
<b>Totals</b>	43,599	\$67,133,505	1,280,483

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

## Local Education Participants

Achievement School District  
 Alamo City Schools  
 Alcoa City Schools  
 Anderson County Schools  
 Athens City Schools  
 Bedford County Board of Education  
 Bells City Schools  
 Benton County Schools  
 Bledsoe County Schools  
 Bradford Special School District  
 Bradley County Board of Education  
 Bristol City Schools  
 Campbell County Schools  
 Cannon County Schools  
 Carroll County Schools  
 Carter County Schools  
 Cheatham County Schools  
 Cleveland City Schools  
 Clinton City Schools  
 Cocke County Schools  
 Coffee County Schools  
 Cumberland County Schools  
 Dayton City Schools  
 Decatur County Schools  
 DeKalb County Schools  
 Dickson County Board of Education  
 Dyer County Schools  
 Elizabethton City Schools  
 Etowah City Schools  
 Fayette County Schools  
 Fayetteville City Schools  
 Fentress County Schools  
 Franklin County Schools  
 Franklin Special School District  
 Frayser Community Schools  
 Gibson County Schools  
 Giles County Schools  
 GRAD Restart Academies  
 Grainger County Schools

Greene County Schools  
 Greeneville City Schools  
 Grundy County Schools  
 Hamblen County Schools  
 Hancock County Schools  
 Hardeman County Schools  
 Hardin County Schools  
 Hawkins County Schools  
 Haywood County Schools  
 Henderson County Schools  
 Henry County Board of Education  
 Hickman County Schools  
 Hollow Rock – Bruceton Special School District  
 Houston County Schools  
 Humboldt City Schools  
 Humphreys County Schools  
 Huntingdon Special Schools  
 Jackson County Schools  
 Jackson-Madison County Board of Education  
 Jefferson County Schools  
 Johnson County Board of Education  
 Kingsport City Schools  
 KIPP Memphis Collegiate Schools  
 Knox County Schools  
 Lake County Schools  
 Lauderdale County Schools  
 Lawrence County Schools  
 Lebanon – Special School District  
 Lenoir City Schools  
 Lewis County Schools  
 Lexington City Schools  
 Lincoln County Schools  
 Little TN Valley Education Co-op  
 Loudon County Schools  
 Macon County Schools  
 Manchester City Schools  
 Marion County Schools  
 Marshall County Board of Education

## What is the Basic Education Program?

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

Maury County Schools  
 McKenzie Special School District  
 McMinn County Schools  
 McNairy County School System  
 Meigs County Board of Education  
 Milan Special School District  
 Millington Municipal School  
 Monroe County Board of Education  
 Moore County Schools  
 Morgan County Schools  
 Murfreesboro City Schools  
 Newport City Schools  
 Oak Ridge City Schools  
 Obion County Schools  
 Oneida Special School District  
 Overton County Schools  
 Paris Special School District  
 Perry County Schools  
 Pickett County Schools  
 Polk County Board of Education  
 Putnam County Schools  
 Rhea County Schools  
 Richard Hardy Memorial School  
 Roane County Schools  
 Robertson County Schools

Rogersville City Schools  
 Scott County Schools  
 Sequatchie County Schools  
 Sevier County Schools  
 Smith County Schools  
 South Carroll Special School District  
 Stewart County Schools  
 Sullivan County Board of Education  
 Sweetwater City Schools  
 Tipton County Schools  
 Trousdale County Schools  
 Tullahoma City Schools  
 Unicoi County Schools  
 Union City Schools  
 Union County Schools  
 Van Buren County Schools  
 Warren County Schools  
 Washington County Schools  
 Wayne County Schools  
 Weakley County Schools  
 West Carroll Special School District  
 White County Schools



## Local Government Participants

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

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

# Financial Statements

The following unaudited financial statements for the state plan, local education plan, local government plan and retiree plan disclose the financial position and the results of operations for the years ended June 30, 2019 and 2018. The state plan, local education plan and local government plan financial statements include only active employees — retirees are disclosed separately. The Department of Finance and Administration, Benefits Administration prepared these statements which summarize transactions for all coverages available through each plan. The complete financial statements, accompanying notes and supplemental schedules are included in the Comprehensive Annual Financial Report (CAFR) for the State of Tennessee. The CAFR was prepared by the Department of Finance and Administration, Division of Accounts and was audited by the Comptroller of the Treasury, Division of State Audit.

NOTE: Financial data in this section expressed in thousands

## State Plan

### Statements of Net Position

	30-JUN-19	30-JUN-18
Assets		
Cash	\$ 370,712	\$ 402,413
Accounts receivable, net	9,314	6,212
<b>Total assets</b>	<b>\$ 380,026</b>	<b>\$ 408,625</b>
Liabilities		
Accounts payable and accruals	\$ 73,708	\$ 64,840
Unearned revenue	41,188	45,123
<b>Total liabilities</b>	<b>\$ 114,896</b>	<b>\$ 109,963</b>
Net position		
Unrestricted	\$ 265,130	\$ 298,662
<b>Total net position</b>	<b>\$ 265,130</b>	<b>\$ 298,662</b>

## Statements of Revenues, Expenses and Changes in Fund Net Position

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

## Statements of Cash Flows

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

# Local Education Plan

## Statements of Net Position

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

## Statements of Revenues, Expenses and Changes in Fund Net Position

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

## Statements of Cash Flows

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

## Supplementary Information — Active

### Employees

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

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

### Ten-Year Claims Development Information

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

\* Data not available

# Local Government Plan

## Statements of Net Position

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

## Statements of Revenues, Expenses and Changes in Fund Net Position

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



## Statements of Cash Flows

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

## Supplementary Information — Active Employees

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

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

### Ten-Year Claims Development Information

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

\* Data not available

## Retiree Plans

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

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

### 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
<b>Total assets</b>	<b>\$ 25,210</b>	<b>\$ 109,655</b>	<b>\$ 115,113</b>	<b>\$ 19,752</b>
Liabilities				
Current liabilities:				
Accounts payable and accruals	\$ 9,437	\$ 25,777	\$ 30,467	\$ 4,747
Amounts held in custody for others	15,733	100,904	101,672	15,005
<b>Total liabilities</b>	<b>\$ 25,210</b>	<b>\$ 126,681</b>	<b>\$ 132,139</b>	<b>\$ 19,752</b>

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

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