



**2017
ANNUAL
REPORT**

Tennessee State Group Insurance Program



Tennessee Department of Finance and Administration.
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STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
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Nashville, TN 37243

Larry B. Martin
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

December 31, 2018

Ladies and Gentlemen:

We are pleased to submit the 2017 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 139,000 employees and 34,000 Medicare-eligible retirees and their families from public sector organizations in Tennessee. At the end of 2017, the state-sponsored plans provided health insurance coverage to almost 312,000 individuals.

The data presented here demonstrate program, statistical and financial trends for the plans. The financial statements reflect the fiscal year ended June 30, 2017.

While the State Group Insurance Program sponsors the coverages and programs reviewed in this report, we work in partnership with 15 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

Larry B. Martin, Commissioner

Who we are

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

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

The benefit plans authorized by this legislation are governed separately by three committees identified as the State, Local Education and Local Government Insurance Committees. Members for 2017 are listed at the right.

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

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

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

Our Mission—

Deliver comprehensive, affordable, dependable and sustainable benefits

Our Vision—

Healthy members; peace of mind

2017 Insurance Committee

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

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

David Lillard — S, E, G
State Treasurer

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

Rebecca Hunter — S
Commissioner, Department of Human Resources

Todd Campbell — S
Employee Representative

Laura Henderson — S
Employee Representative

April Preston — S
Higher Education Representative

Randy Stamps — S
Tennessee State Employee Association

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

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

Maryanne Durski — E
Designee, Department of Education

Rebecca Jackman — E
Middle Tennessee Teacher Representative

Erin Johnson — E
East Tennessee Teacher Representative

Paula Yates — E
West Tennessee Teacher Representative

Randall Bennett — E
Tennessee School Boards Association

Kevin Krushenski — G
Tennessee Municipal League

Nathan Brock — G
Tennessee County Services Association

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

Contract Partners

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

Aon Hewitt

Providing benefits and actuarial consultant services to the division.

BlueCross BlueShield of Tennessee

Providing administration of healthcare coverage for plan members in the Partnership, Standard and Limited Preferred Provider Organizations (PPOs) and the HealthSavings Consumer-driven Health Plan (CDHP).

Cigna

Providing administration of healthcare coverage for plan members in the Partnership, Standard and Limited Preferred Provider Organizations (PPOs) and the HealthSavings Consumer-driven Health Plan (CDHP).

Also providing voluntary prepaid dental insurance to participating plan members statewide.

CVS/caremark

Providing pharmacy benefits for all members enrolled in health coverage.

EyeMed Vision Care

Providing voluntary vision insurance to employees and their eligible family members.

Healthways

Providing disease management, lifestyle management and wellness program services for all plan members enrolled in health coverage.

Jellyvision Lab

Providing online benefits decision support for members.

MedAmerica Insurance Company

Providing voluntary long-term care coverage to employees and their eligible family members who choose to enroll in this coverage.

MetLife

Providing voluntary preferred dental organization insurance to participating employees statewide.

Optum Health

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

PayFlex

Providing health savings accounts (HSAs) to members enrolled in the HealthSavings Consumer-driven Health Plan (CDHP).

Also providing flexible spending accounts (FSAs) to state and higher education employees.

POMCO

Providing administration of supplemental medical insurance for retirees with Medicare.

Securian (Minnesota Life)

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

Truven Health Analytics

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

University Community Health Service

Providing employee health clinic services to state and higher education employees enrolled in the state group health insurance plan.

What we do

Benefits Administration administers health, dental, vision, life and long-term care insurance coverages for almost 312,000 public sector employees, retirees and their eligible dependents.

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

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

In 2017, the state offered all members three health insurance options — the Partnership Preferred Provider Organization (PPO), Standard PPO and HealthSavings Consumer-driven Health Plan or CDHP. Members have the choice of two medical insurance carriers — BlueCross BlueShield of Tennessee (BCBST) or Cigna.

A fourth option was available to participants in the local education and local government plans. The Limited PPO is a high-deductible plan available statewide with claims and networks administered by BCBST or Cigna.

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

The PPOs cover the same services, treatments and products. Members who choose the Partnership PPO must also agree to a partnership promise. The promise requires members to take certain steps to maintain or

improve their health. In return, these members pay lower premiums, copays, coinsurance and deductibles and have lower out-of-pocket maximums than those choosing the Standard PPO. Those in the State Wellness HealthSavings CDHP agree to certain wellness steps in exchange for the state’s contribution to their HSA account.

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

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

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

State employees are provided with basic term life and accidental death and dismemberment (AD&D) coverage, in addition to voluntary term life and accidental death, underwritten by Securian (Minnesota Life).

Voluntary long-term care insurance is available to all state plan employees, retirees and eligible family members through MedAmerica Insurance Company. This coverage is also available to local education and local government plan members, if offered by the employing agency.

Health Plan Enrollment

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

	Employee/Retiree		Spouse		Child/Dependent		Total
Local Education	54,899	50%	18,758	17%	35,957	33%	109,613
Local Government	15,412	66%	2,798	12%	5,191	22%	23,401
State Government	68,407	47%	29,945	21%	46,447	32%	144,799
						Total	277,813

How we do it

Benefits Administration includes four areas of expertise: Vendor Services, Financial Management & Program Integrity, Operations and Communications. Each of these teams works to deliver value to members 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 to deliver value:

- 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 the appropriate care and for management of chronic disease
- 3. Population health**— Build data-driven health management and wellness supports into the plan design to raise member accountability for health behaviors and improve health outcomes
- 4. Pay for value**— Increase the accountability of contractors and providers so that we pay for improved quality and competitive cost, not volume

The year-over-year aggregate premium increases for the State, Local Education and Local Government plans from 2013–2017 have averaged 3.4 percent, 4.2 percent and 2.3 percent, respectively, well below the industry average. The plans' financial performance reflects the success of this strategy.

In 2017, the following key initiatives were accomplished.

Vendor Services

The administration of flexible benefits for state employees was successfully transitioned from the Tennessee Department of Treasury to Benefits Administration's contracted partner, PayFlex. Overall enrollment in the flexible benefits as a whole remained relatively constant as the move from Treasury to PayFlex occurred, while enrollment increased slightly in the medical flexible spending account (FSA) by 3 percent and in the limited purpose FSA by 6 percent. Enrollees in the medical FSA and limited purpose FSA also now have the ability to use a debit card for their qualifying healthcare flex purchases.

Take Charge at Work launched in the fourth quarter of 2017. This is a confidential program designed to help working adults recognize and manage symptoms of stress and depression. Members work with a coach to create a personal plan while working through a program workbook at a pace that is right for them. They receive help from their coach during regular phone calls along the way. The goal of the program is to help employees find better work-life balance, so they can get back to feeling productive and enjoying their lives.

After 15 years, the long-term care insurance program was closed to new enrollments. Low participation and market research indicated that it would not be practical to continue offering the benefit, as companies offering this product have exited the market. The insurance committees chose not to seek an alternative for long-term care insurance after the contract with MedAmerica expired on December 31, 2017. Current members enrolled in the program continue to have coverage on a direct basis with MedAmerica.

Financial Management & Program Integrity

Benefits Administration restructured the Financial Management and Program Integrity area to enhance its ability to promote compliance, transparency and accountability throughout the division. As part of this restructure, two vacant positions were reclassified and our Vendor Accountability Unit expanded the data analysis capacity of our group. The unit performed additional research, ad hoc reporting, utilization reviews and claims analysis to assist management in making data-driven decisions. The unit also took on additional responsibilities for providing our participating agencies high level, aggregated claims information and reporting to the federal Centers for Disease Control on our Diabetes Prevention Program.

In addition, Program Integrity worked with our decision support vendor and internal systems team to build and implement a new eligibility file, which increased the accuracy of our decision support database. Program Integrity continued our Member Accountability function, collecting just under \$1M from subrogation cases and ineligible individuals for whom claims had been paid.

Operations

Our Operations team strives to deliver excellent service every day that results in our customers' "peace of mind," central to our vision. Based on feedback from our key customers—agency benefits coordinators—we created a "recalibration" approach to our internal training to improve our knowledge and consistency. One key to success is to "train to 100 percent, 100 percent of the time, under 100 percent of the conditions an employee might face." Under this approach launched this year we trained and tested our managers first before then requiring the service center staff to do so. The entire Benefits Administration service center workforce was "recalibrated" with each member of the team attaining a passing score of 100 in 2017. The most recent customer satisfaction survey of our benefits coordinators showed that our customers rated their overall satisfaction with our service center at 94 percent.

Additionally, Benefits Administration procured Zendesk, a customer service and engagement software to enhance our customer experience. This product delivers an easy to use platform for our service center agents and intuitive self-service for our customers. We expanded our customer interactions from just phone and email to include a real-time chat feature and automatic responses to inquiries with Zendesk article suggestions. In 2017, our Zendesk customer service rate was 93.5 percent.

Communications

The Communications team works on outreach and education efforts to help our agencies and members understand insurance benefits options and make informed choices. In 2017, Communications created a video campaign using internal resources to write scripts, build basic animation and create voiceovers. The result was 10 posted videos on the ParTNers for Health YouTube channel (youtube.com/partnersforhealthtn) covering the basics, such as insurance terminology and networks, specific products such as the consumer-driven health plan (CDHP), and new products, such as long and short term disability. These productions replaced a costly tool we had previously procured externally.

The outcome was a 30 percent increase in hits during annual enrollment with minimal cost to complete the videos. Communications further enhanced this effort, developing a series of videos to help members navigate Edison, our benefits enrollment system. These videos were viewed tens of thousands of times.

Communications emphasized greater use of direct member communication by email and continued to build our electronic communications addresses.

Communications worked with our operations and insurance carriers to conduct ten all-day, regional training meetings across the state for 525 agency benefits coordinators in advance of Annual Enrollment, conducted nine webinars during Annual Enrollment, mailed more than 180,000 decision guides, provided detailed information online at <http://www.partnersforhealthtn.gov/> and <https://www.tn.gov/finance/fa-benefits.html> and utilized social media.

2017 Procurements

Vision — This procurement was for a single contract for a fully-insured, voluntary (employee/retiree pay-all) Tennessee statewide and national vision program. The vision product serves the state, local education and local government plans with a basic vision plan and an expanded vision plan. The State, Local Education and Local Government Insurance Committees awarded this contract to Davis Vision.

Life Insurance — This procurement combined two current contracts for existing life and accidental death and dismemberment (AD&D) products into a single contract for a group fully-insured, voluntary (employee pay all) term life insurance program; a group fully-insured, voluntary (employee pay all) AD&D insurance program; and a group minimum premium insured basic term life and basic AD&D insurance program (employer/employee pay). The services, procured on behalf of the state plan, will begin at two different times, allowing one of the existing contracts to run out. The State Insurance Committee awarded this contract to Minnesota Life Insurance Company (Securian Financial Group).

Wellness/Population Health — This single procurement was for two contracts - one for a voluntary health improvement and wellness program offering disease management and an array of wellness resources, challenges and counseling/coaching and the second for a weight management program. The disease management services will be offered to members of all three state-sponsored plans. The wellness services, including weight management, will be offered to state and higher education employees and spouses only. The State, Local Education and Local Government Insurance Committees awarded the population health contract to WebMD, and the State Insurance Committee awarded the weight management contract to ActiveHealth Management. ActiveHealth Management subsequently filed a protest with the Central Procurement Office (CPO) regarding the population health procurement, which resulted in neither contract being signed in 2017.

Overview of Plan Options

Multiple plan options were available in 2017, and members could enroll in any of the plans:

1. Partnership Preferred Provider Organization (PPO) (Promise & No Promise*)
2. Standard PPO
3. Health Savings Consumer-driven Health Plan (CDHP) (Promise & No Promise*)
4. Limited PPO (local education & local government only)

*Promise plans = member agrees to participate in wellness program. No promise plans = member does not agree to participate in wellness program.

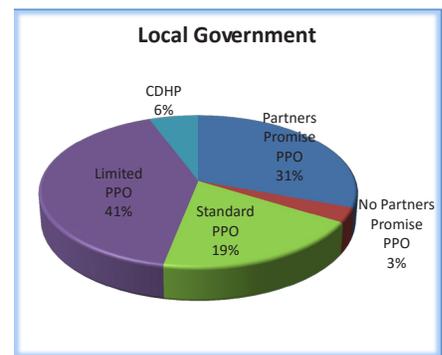
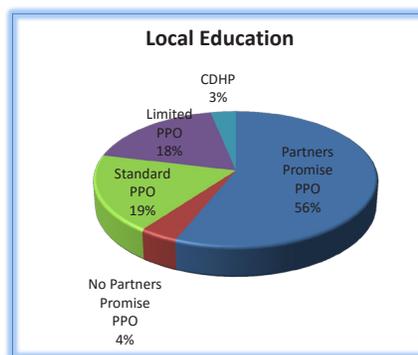
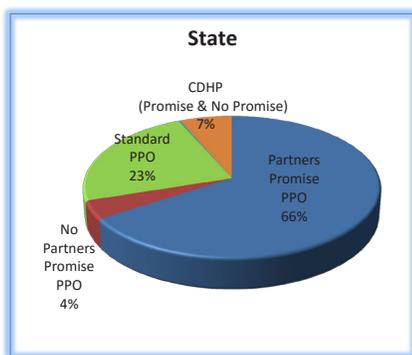
Federal rule changes related to wellness plans necessitated a change in the State’s plan offerings for 2017. The addition of the No Partnership Promise PPO and the No Promise CDHP plan options offered members access to these benefit plans regardless of their participation in wellness activities. Incentives for wellness participation remained available to members in the Partnership PPO and the Promise CDHP via \$50 or \$100 monthly premium discounts or \$500 or \$1,000 HSA funding.

Networks

- Members have a choice of BlueCross BlueShield Network S or Cigna Local Plus in all grand divisions.
- A broader network option was offered for the first time in 2017. The Cigna Open Access Plus (OAP) network offered members a choice of more providers and facilities. Employees enrolling in this network paid an additional monthly premium charge of \$40 or \$80 (depending on tier) to partially account for the higher costs associated with the network.
- For 2017, 2,372 (1.7%) members enrolled in the OAP network.

Coverage by Plan

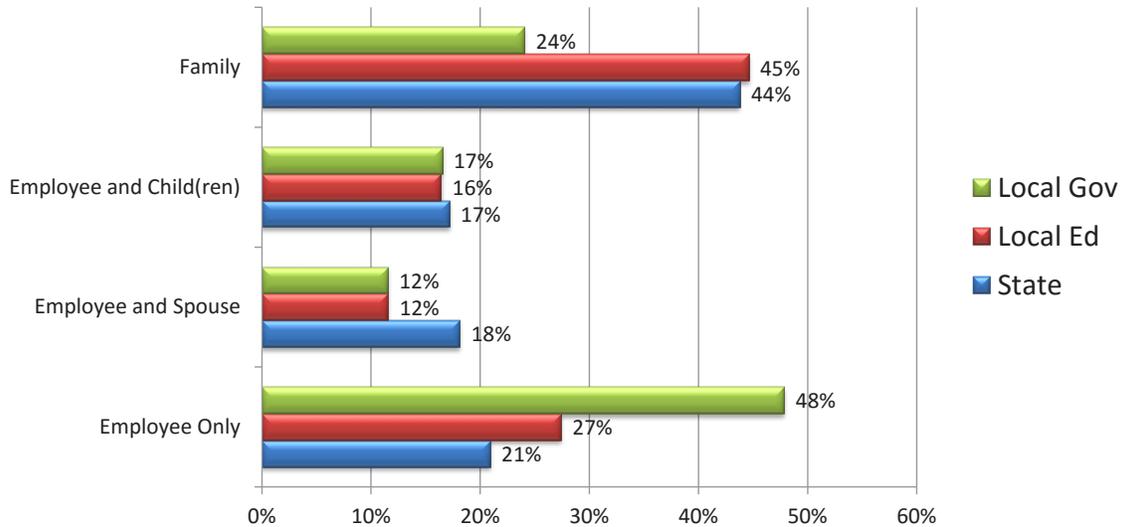
- Standard PPO enrollment is similar among all three groups.
- In the local government plan, Limited PPO enrollment has surpassed Partnership PPO enrollment.
- Employees in the CDHP/HSA plan increased 112% from its inception in 2016 through the end of 2017 (heads of contract increased from 3,454 to 7,324).
- Employees contributed approximately \$6.5M to their health savings accounts (HSA), which is an average of \$896 per account; the State contributed more than \$6.1M to employee HSAs.



Overview of Plan Options, cont'd

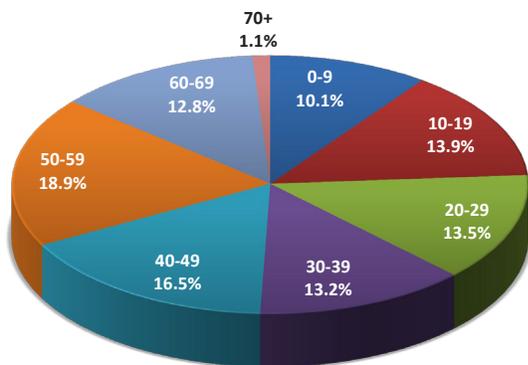
Enrollment Coverage by Tier

Coverage by tier in the state and local education plans are similar. In the local government plan, employee only coverage is much higher, and family coverage is lower.



Coverage by Age

- The average age among all members is 37, which is slightly lower than in 2013 (37.3).
- The average age for all plans has decreased slightly in the past few years
 - State 37.6 (38 in 2013)
 - Local education 35.6 (36 in 2013)
 - Local government 39.2 (39.8 in 2013)



Gender

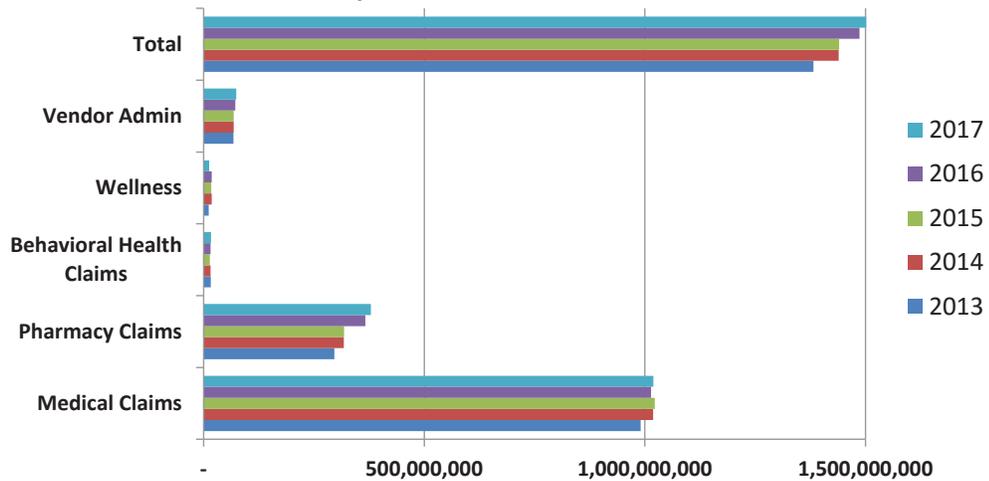
The overall gender split is 56% female, 44% male, with the local education plan having a higher percentage of females. This has remained constant for the past few years.

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

Medical

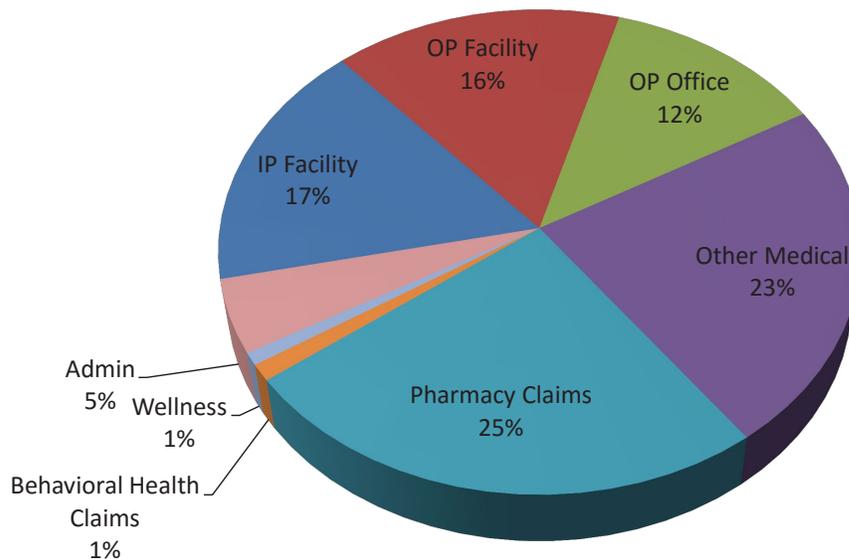
Expenses 2013-2017

- Total plan expenses were more than \$1.5 billion in 2017 and increased 9% between 2013 and 2017. There was a modest 1% increase in overall spend between 2016 and 2017.
- Pharmacy claims increased at the highest rate (28%) between 2013 and 2017, with a 3% increase between 2016 and 2017.



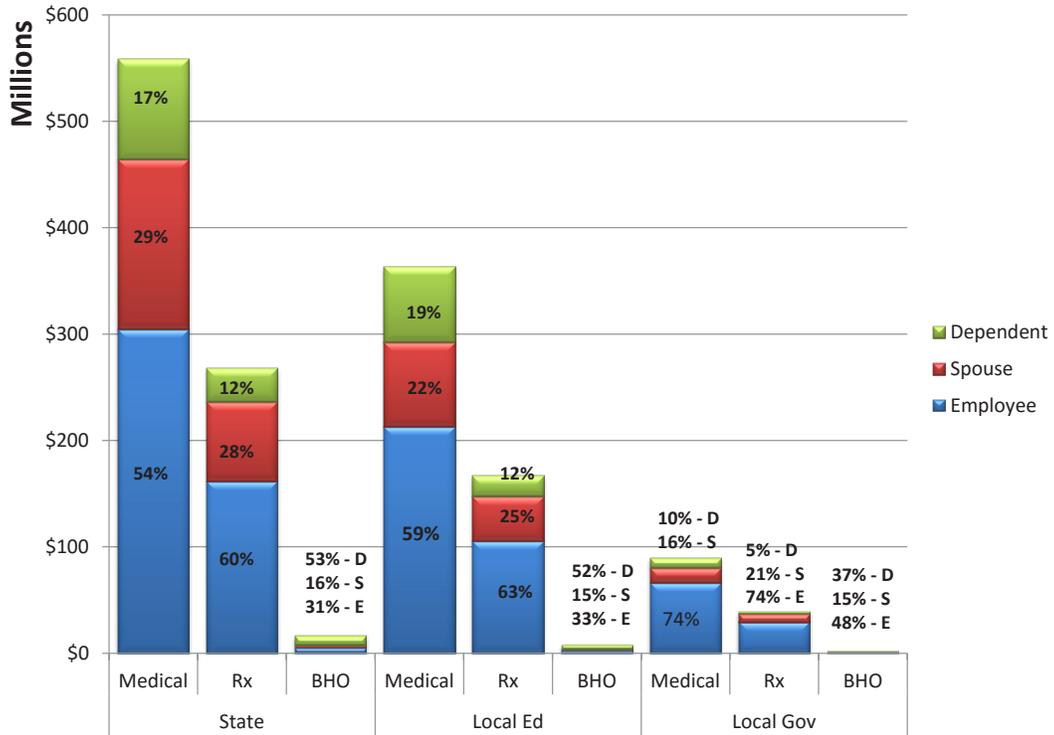
2017 Plan Expenses

Pharmacy claims accounted for the largest single category of health plan spend (25%). This is an increase from five years ago (2013) when it was 21.4%

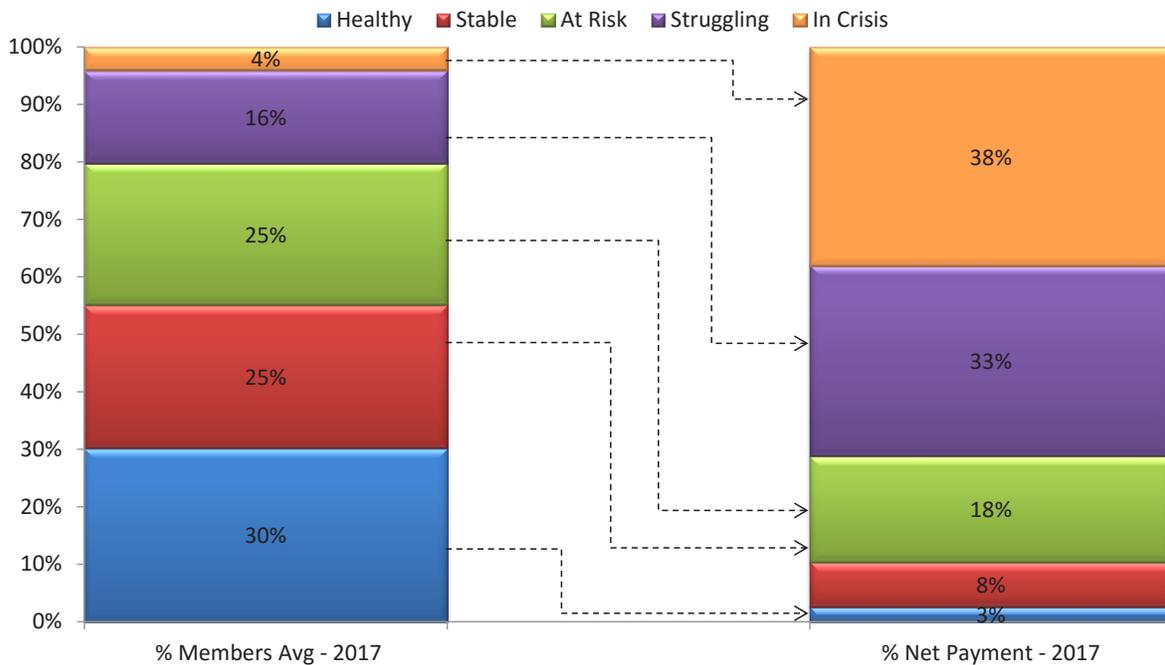


Medical, cont'd

Spend by Relationship



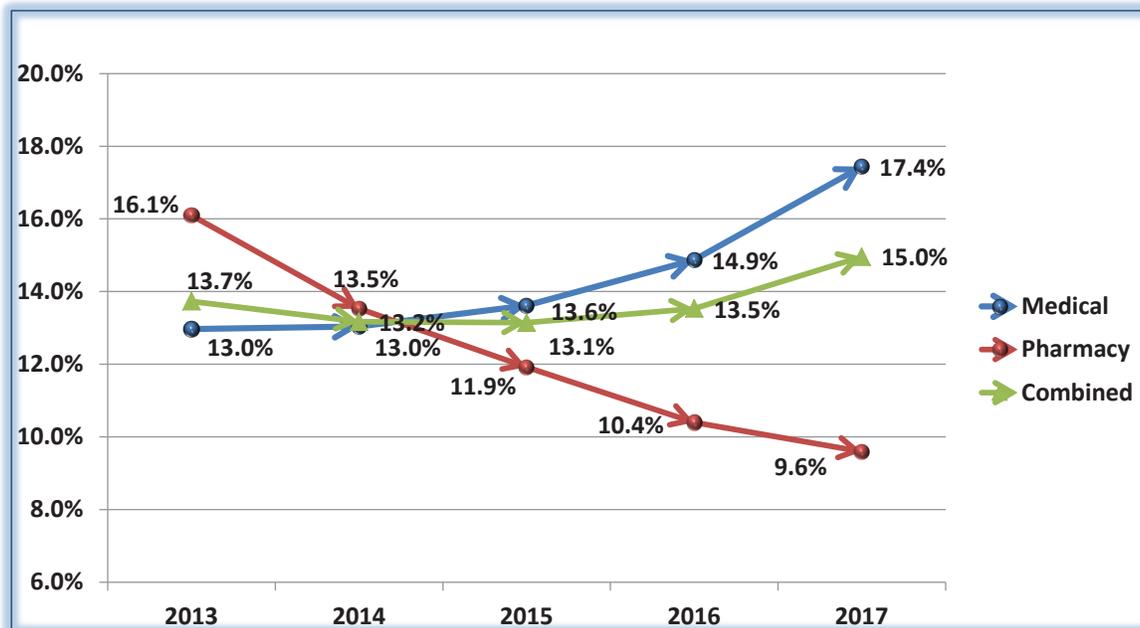
Plan Payments by Member Risk



Medical, cont'd

Cost Share per Member 2013-2017

Even with plan changes in 2017, including an increase in member pharmacy co-pays and the introduction of a cost sharing tier for specialty medications, the percentage of the total cost of drugs paid by members declined to a low of 9.6%.



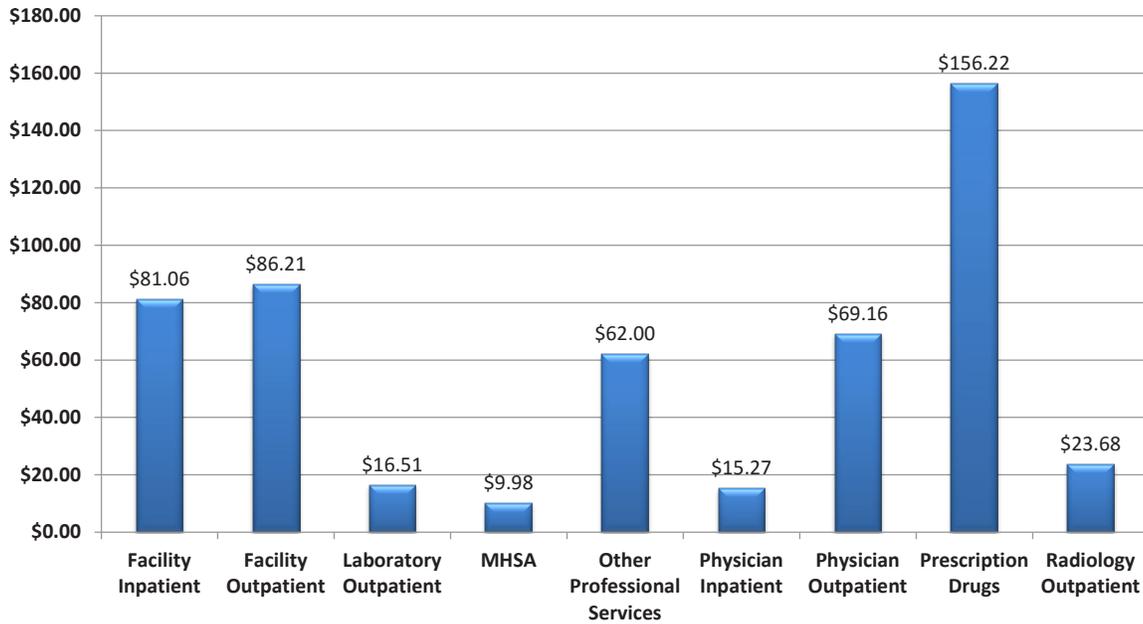
The “Top Ten” list combined represents 78.8% of total plan expense in 2017.

“Top Ten” Medical and Pharmacy Claims Expense		
Medical Procedure Groups	Chronic Conditions	Prescription Drugs
1. Office visits	1. Osteoarthritis	1. Humira – rheumatoid arthritis
2. Emergency department visits	2. Coronary artery disease	2. Enbrel - rheumatoid arthritis
3. Specialty drugs (other than chemotherapy)	3. Renal function failure	3. Novolog – diabetes
4. Anesthesia services	4. Cancer – breast	4. Trulicity – diabetes
5. Chemotherapy	5. Diabetes	5. Metformin HCL – diabetes
6. Preventive care visits	6. Hypertension, Essential	6. Victoza – diabetes
7. Major musculoskeletal surgery	7. Chemotherapy encounters	7. Stelara – plaque psoriasis & psoriatic arthritis
8. Medical supplies & devices	8. Cerebrovascular disease	8. Lyrica – nerve and muscle pain
9. Physical medicine – other procedures	9. Respiratory disorder NEC	9. Januvia – diabetes
10. Facility visits	10. Crohn’s disease	10. Duexis – rheumatoid arthritis & osteoarthritis

Medical, cont'd

Cost per Member per Month by Service Category

Pharmacy has the highest cost per member per month among all service categories and is 81% greater than the next highest category



Utilization Trends

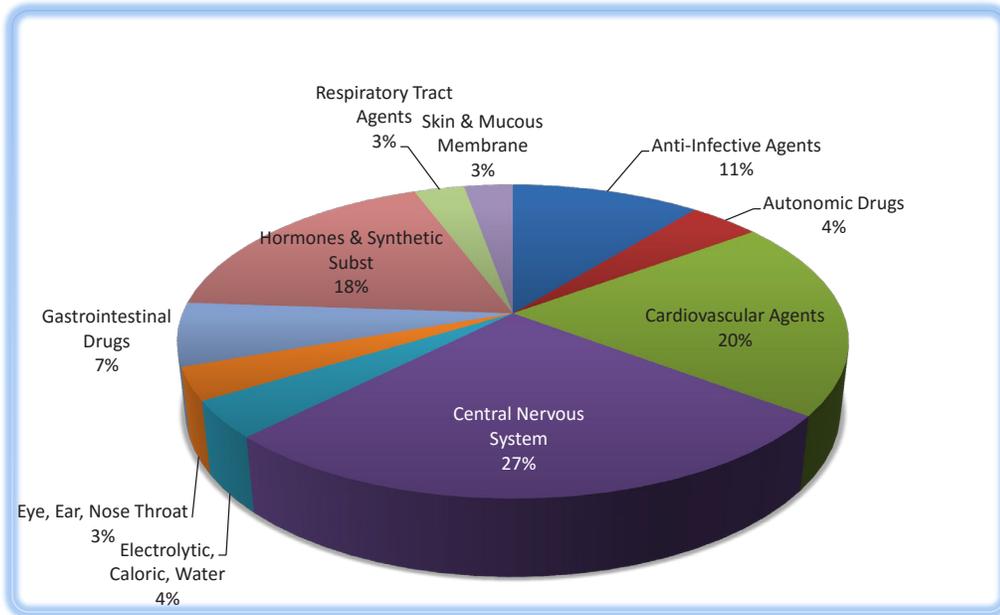
	All Plans	Local Education		Local Government		State		All	
	2014	2017	% Change	2017	% Change	2017	% Change	2017	% Change
Admissions per 1,000	54	53	-2.8%	70	29.4%	61	13%	59	8%
OP Facility Visits Per 1,000	1,379	1,190	-13.7%	1,325	-3.9%	1,346	-2%	1,284	-7%
Office Visits Per 1,000	8,293	8,431	1.7%	7,905	-4.7%	8,443	2%	8,401	1%
ER Visits Per 1,000	224	180	-19.7%	272	21.7%	227	2%	213	-5%
Scripts Per 1,000	15,943	15,659	-1.8%	18,445	15.7%	16,063	1%	16,118	1%
Patients Per 1,000 Complications*	16	22	37.2%	24	50.5%	25	58%	24	50%
Readmissions Per 1,000	3	2	-15.0%	5	72.7%	3	17%	3	9%

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

Pharmacy

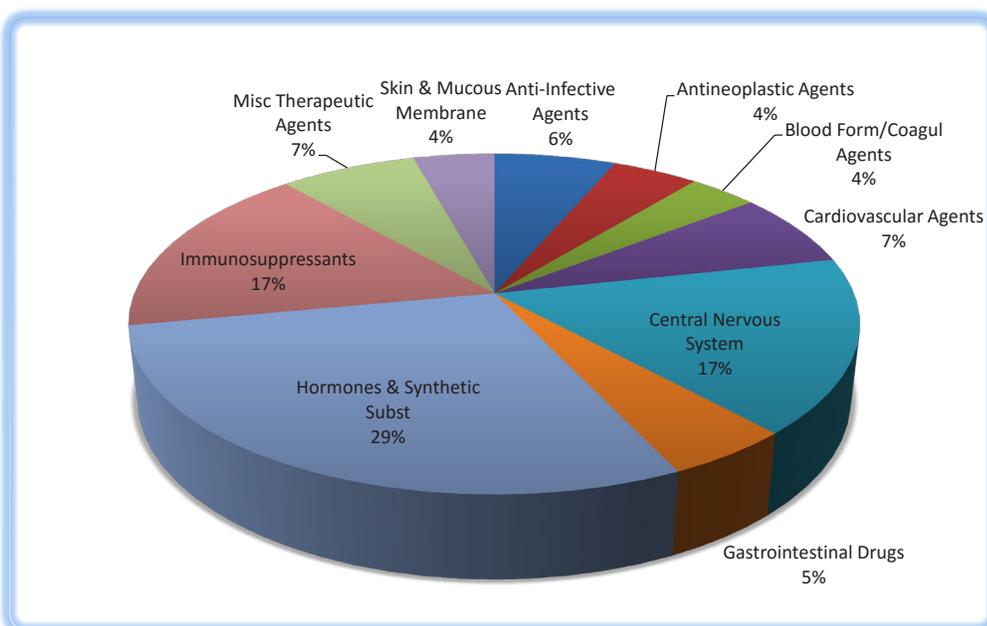
Top 10 Therapeutic Class by Scripts Rx, 2017

- 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, 2017

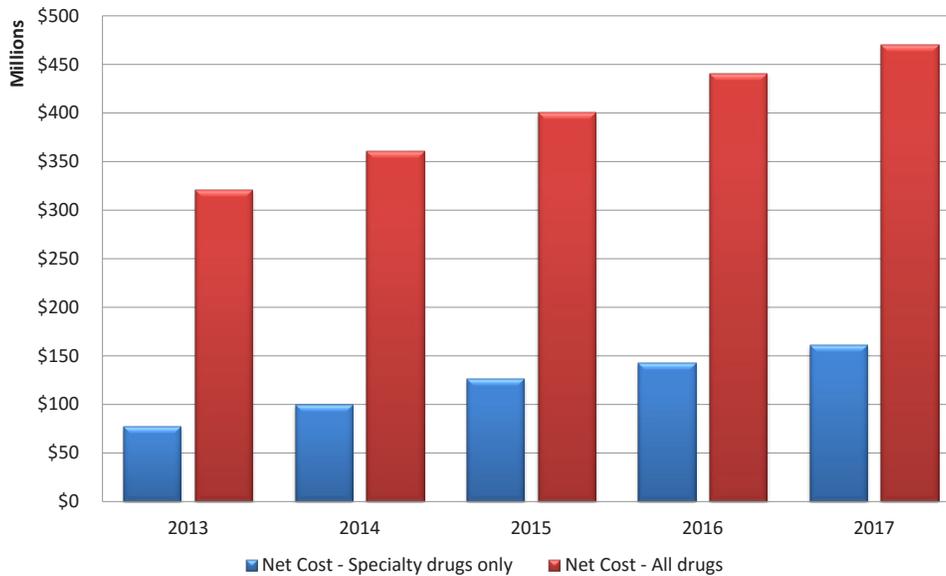
Drugs used to treat cancer are the top immunosuppressant drugs by net pay.



Pharmacy, cont'd

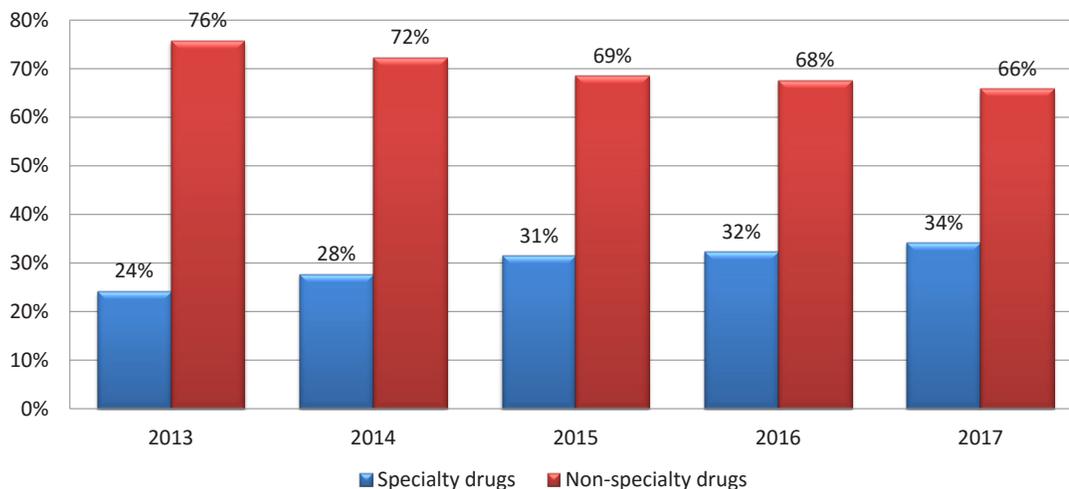
Net (Plan) Cost of Drugs Over Time

The net cost of specialty drugs more than doubled since 2013 versus 58% for all drugs.



Percent of Total net (Plan) Cost of Drugs

Specialty drugs are those that 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.



Behavioral Health Organization

Utilization

- Member utilization of Behavioral Health was 5.3%, which is similar to 2016 utilization.
- In-network utilization by cost was 74%. This is much lower than the 90% in-network utilization in 2016. This is most likely the result of a change in the state's contracted BHO vendor network between 2016 and 2017.
- In-network utilization by claimant count was 83%. This is slightly lower than the 88% reported in 2016.

Network Summary

- 441 new clinicians at 609 locations were added in 2017:
 - 26 MDs
 - 4 Physician's Assistants
 - 53 PhDs
 - 70 Advanced Practice registered nurses
 - 288 Master's level clinicians
- 99 providers left the network

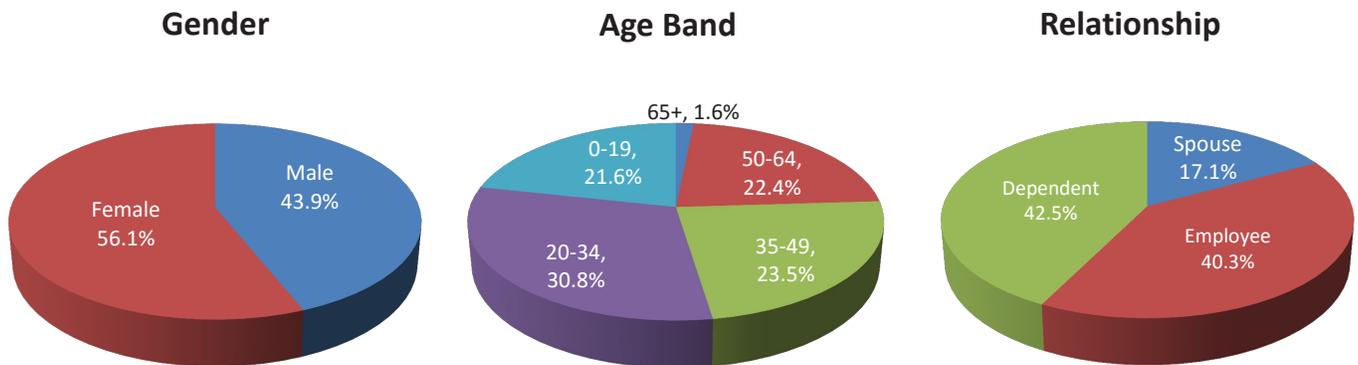
Key Diagnoses

- Top three diagnostic categories by utilizer volume were depression, trauma/stress and anxiety.
- Utilizers/1000: Depression= 20.2, Trauma/Stress = 12.9, Anxiety = 12.0, Substance Use = 2.0

Use by Level of Care

Utilizers/1000: Acute Inpatient = 2.5, Residential = 0.8, Day Treatment = 1.1, Structured Outpatient = 1.5, Outpatient = 39.9, Medication Services = 17.9, Other = 3.6

BHO Member Demographics

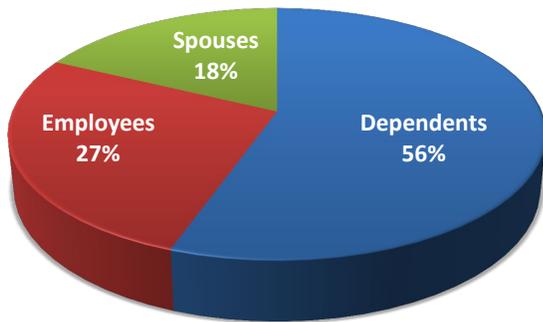


BHO, cont'd

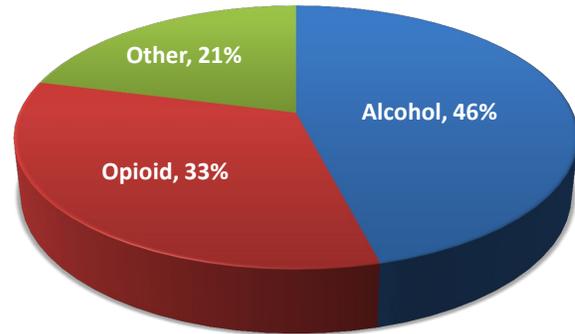
Substance Use

- In 2017, 573 members sought care for substance use.
- More than half (56%) of members seeking care for substance use were dependents.

Substance Use Demographics



Substance Use Disorders



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

	Dependent			Employee			Spouse		
	Alcohol	Opioid	Other	Alcohol	Opioid	Other	Alcohol	Opioid	Other
	<u>31%</u>	<u>41%</u>	<u>28%</u>	<u>72%</u>	<u>19%</u>	<u>9%</u>	<u>54%</u>	<u>28%</u>	<u>18%</u>
<i>Acute Inpt.</i>	4%	9%	10%	14%	17%	16%	17%	17%	15%
<i>Residential</i>	49%	39%	45%	51%	43%	45%	45%	35%	32%
<i>Day Treat.</i>	17%	19%	14%	11%	14%	8%	10%	12%	22%
<i>Str. Outpt.</i>	29%	30%	28%	23%	21%	28%	24%	30%	30%

Employee Assistance Program

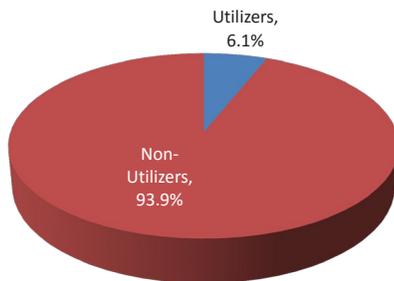
Optum provides EAP services for the state group health plan. Eligible employees and their dependents may receive up to five counseling visits, per situation, per year at no cost to them. Master's level specialists are available 24/7 to assist with stress, legal, financial, mediation and work/life services.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

Satisfaction and Outcome Scores

- 94% are satisfied and would use EAP again
- 87% were able to see clinician within acceptable timeframe
- 78% of counseling needs were resolved within EAP
- 82% feel less stress or worry
- 84% feel more confident about being able to manage issues
- 81% feel more effective at work

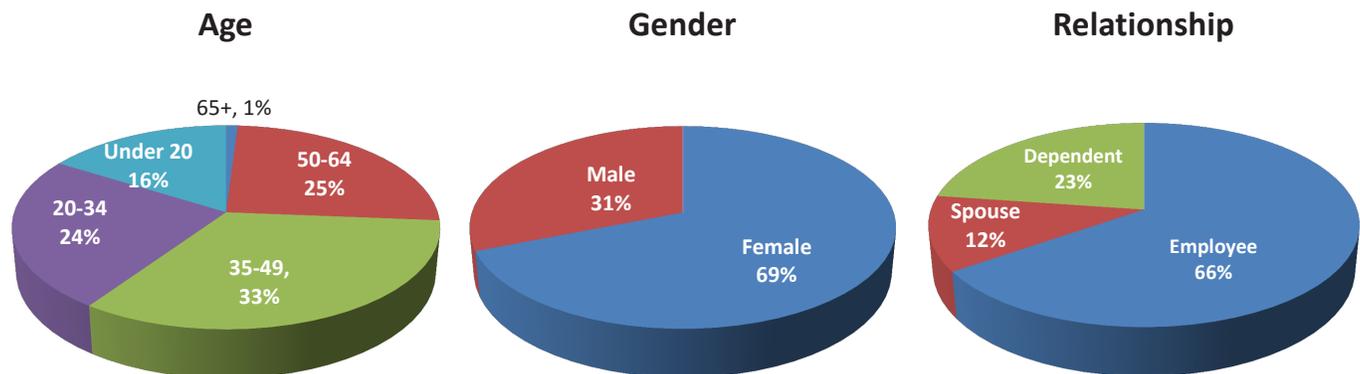
Utilization Rate

In 2017, 6.1% of members used the EAP (8,428 unique members out of 138,727 employees).



Utilization

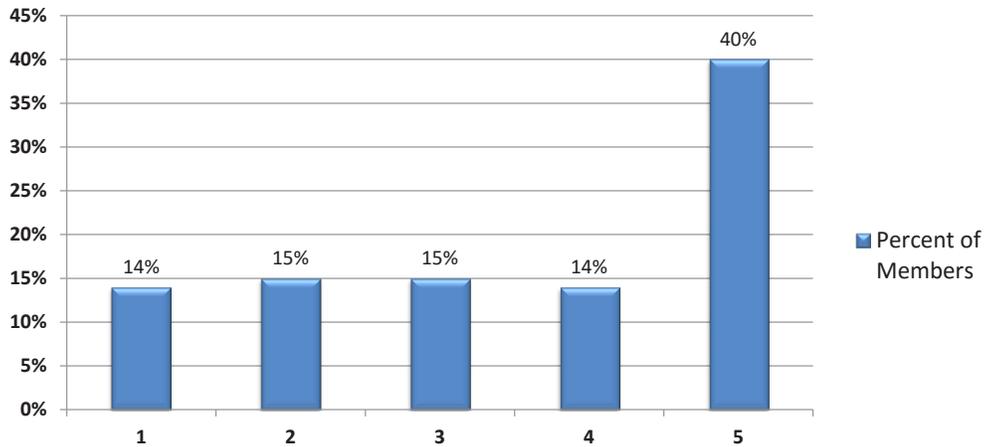
Primary utilizers are mainly female employees.



EAP, cont'd

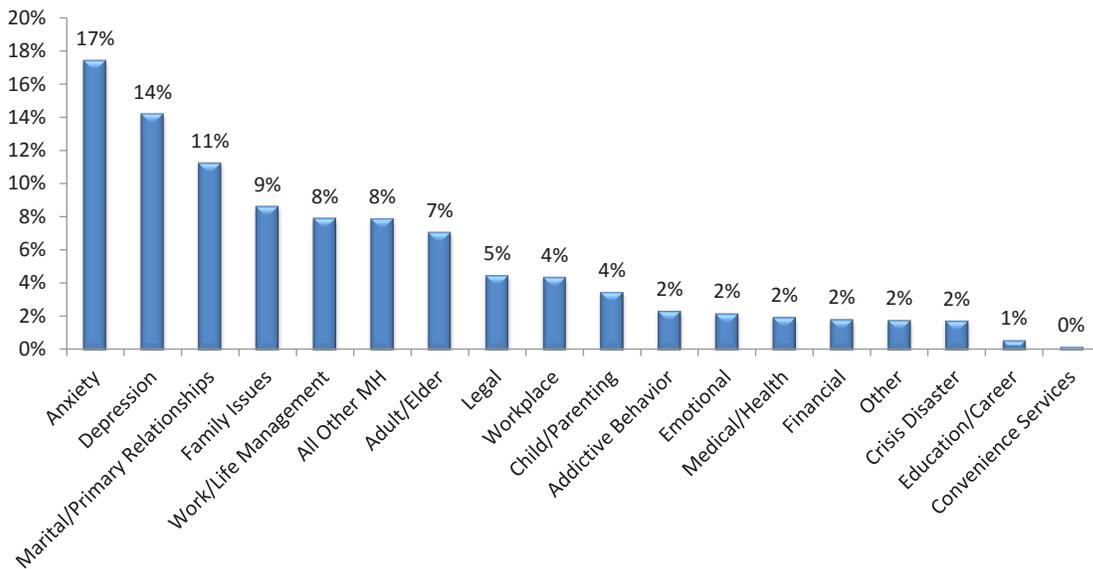
EAP Visits per Member

Of those who used EAP in 2017, 40% used all five visits included in their benefits.



Presenting Issues

EAP presenting issues for 2017 were led by anxiety, depression, marital/primary relationships and family issues. On a year-to-date basis, the top five were consistent.

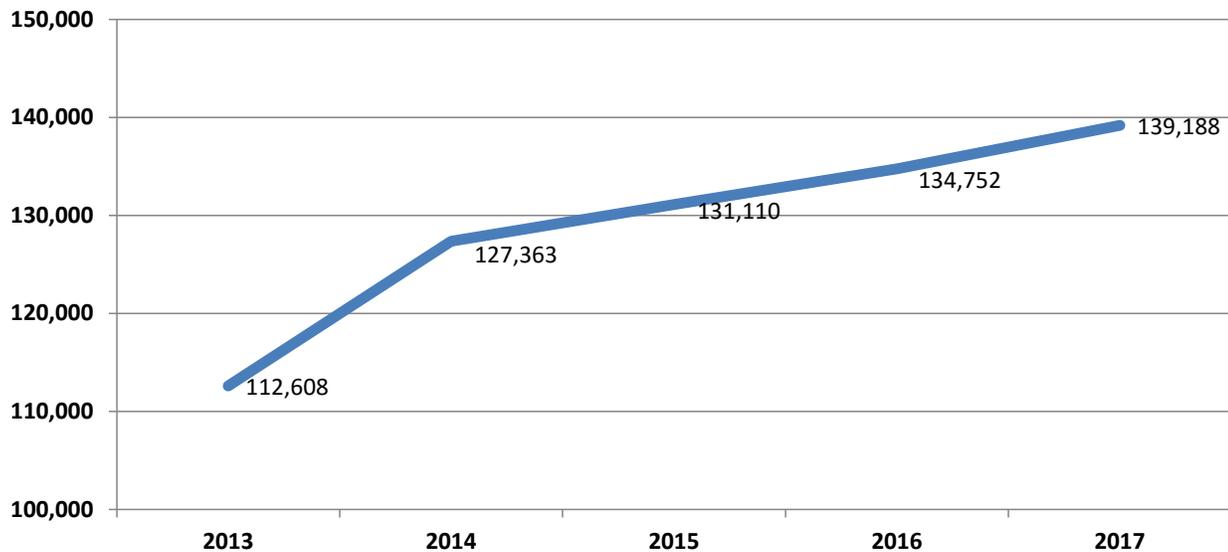


Wellness

The ParTNers for Health Wellness Program is available at no cost to all state group insurance program members, eligible spouses and dependents age 18 and over. The overarching goal of the program is to improve the health status of plan members by offering them the tools and resources to improve lifestyle habits, better manage chronic disease and to stop/slow the progression of chronic disease.

Preventive Visits 2013-2017

Since 2013, we have seen a 23% increase in members seeking preventive care along with continued high member engagement with program activities.



2017 Wellness Activity Completion Rates

Biometric screenings: 80% (approx. 104,000)

Well Being Assessment: 94% (approx. 123,000)

- Even though we continue to see marked improvement in member engagement and participation, members continue to struggle with weight and chronic conditions.
- More than one-third of total members have at least one of the chronic conditions listed below

# of Chronic Conditions	Number of Patients	Percentage of Total Members
One	57,046	23%
Two	21,140	8%
Three	6,484	3%
Four	1,725	1%
Five +	471	0%
# With Any Condition	86,866	35%

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

Wellness, cont'd

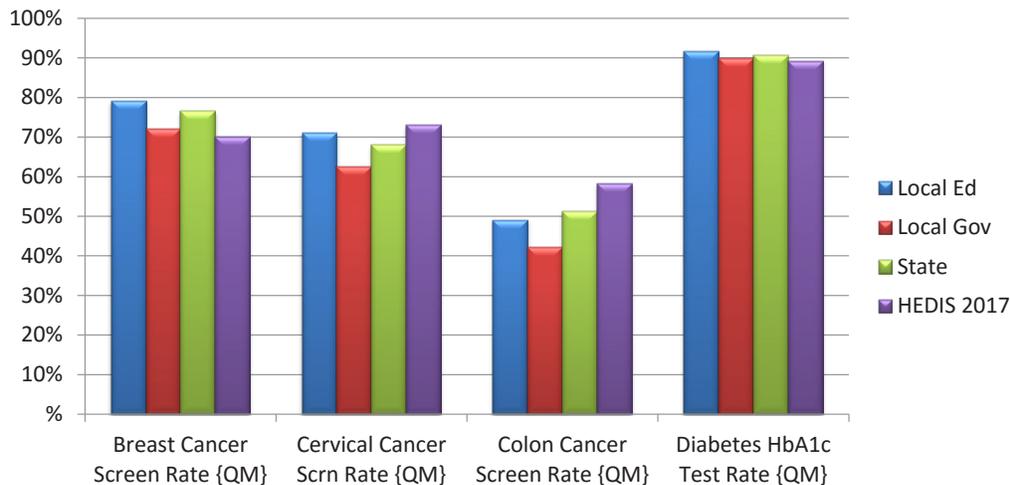
Almost one-third of the approximately 104,000 members who completed the biometric screenings are obese or morbidly obese based on their BMI (BMI > 30).

Condition	Total*	% of Population with Extreme/High Values
BMI	32,913	31%
Systolic Blood Pressure	8,575	8%
Diastolic Blood Pressure	5,609	5%
Total Cholesterol	6,090	6%
LDL Cholesterol	4,660	4.4%
HDL Cholesterol	24,200	23%
Total Cholesterol/HDL Ratio	11,499	11%
Triglycerides	9,614	9%
Glucose – Fasting	7,144	7%

*Number of unique members within the high risk level. Those members with the higher risk level are more likely to develop diabetes, cardiovascular disease, hypertension or experience stroke and other high cost medical events.

Members can be in more than one category

Screening Rates



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

Negative: In all three plans the screening rate for cervical cancer and colon cancer were below the HEDIS measure.

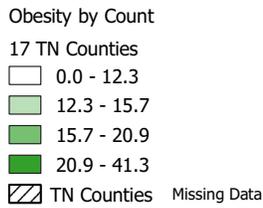
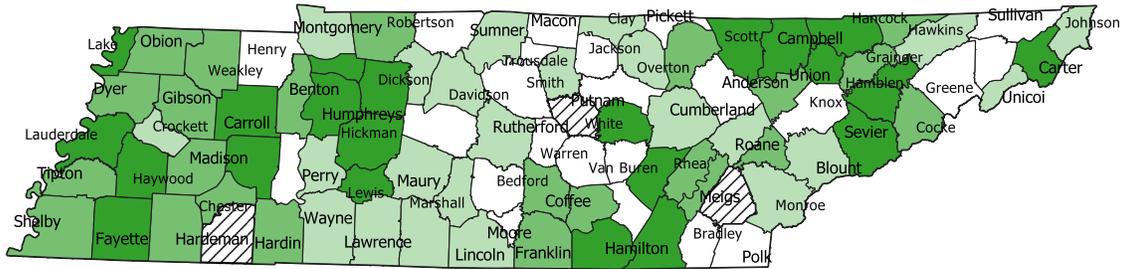
The Healthcare Effectiveness Data and Information Set (HEDIS) is a widely used set of performance measures in the managed care industry, developed and maintained by the National Committee for Quality Assurance (NCQA).

Wellness, cont'd

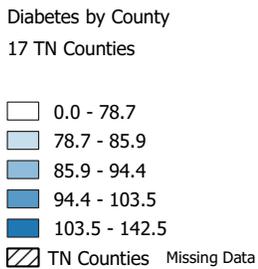
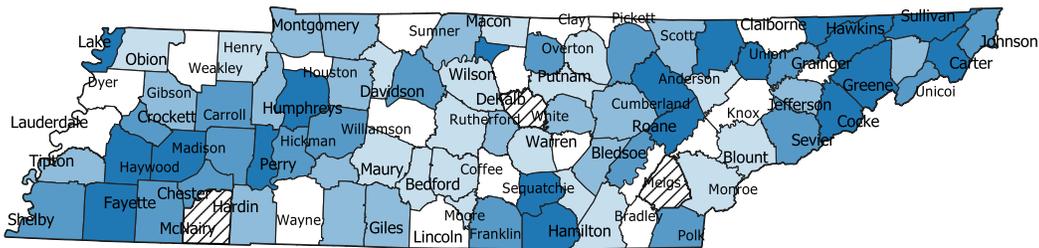
Obesity and Diabetes Heat Maps

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, 2017



Diabetes Patients per 1000 by County, 2017



Other Programs Offered by Benefits Administration

ParTNers Health & Wellness Center

- State and higher education employees working in or around downtown Nashville have access to the ParTNers Health & Wellness Center (Center) located in the Tennessee Tower. The Center provides health care services to employees enrolled in a state health plan.
- In 2017, the Center had 3,675 office visits (a 17.5% increase from 2016) and 661 EAP/BHO visits.
- The Center had a positive ROI of 2.88 equating to over \$1.9 million in direct cost savings.

Telehealth

- In 2017, Telehealth was available to enrolled members on the health plan at a discounted copay of \$15 for the PPO and at a discounted rate for the CDHP. BlueCross BlueShield of Tennessee and Cigna both had contracts with MDLive marketed as PhysicianNow and MDLive respectively.
- By the end of 2017, telehealth registrations had increased 58% from 2016 to 11,585.
- In 2017, there were a total of 3,426 encounters.
- Top diagnoses included sinusitis, upper respiratory infections, pharyngitis and urinary tract infections.

Flexible Spending Accounts

- Approximately 3,200 state employees contributed \$5.9M to flexible spending accounts (FSA).

Annual Election

Healthcare FSA — \$4,159,430

Dependent care FSA — \$1,656,720

Limited FSA — \$ 91,382

- This resulted in an estimated \$263K of FICA savings for the State.

Voluntary Products

Dental Insurance

State employees have two dental options from which to choose. The Prepaid Dental Plan is administered by Cigna, and the Dental Preferred Provider Organization (DPPO) is administered by MetLife. Local education and local government employees may participate if their employing agency chooses to offer the product. Retirees receiving a pension from the Tennessee Consolidated Retirement System or who participated in a higher education Optional Retirement Plan may enroll in one of the dental plans.

Dental Enrollment

	State		Local Education		Local Government		2017 Total
	2016	2017	2016	2017	2016	2017	
Prepaid	40,696	41,682	6,021	4,668	2,450	2,392	48,742
DPPO	77,950	79,691	32,155	25,786	7,591	7,710	113,187
Total	118,646	121,373	38,176	30,454	10,041	10,102	161,929

State enrollment increased 2.3% from 2016. Local education participation decreased 20.2% while local government participation increased slightly.

Vision Insurance

- Vision coverage is available to all state employees. Employees with participating local education and local government agencies are also eligible if their agency chooses to offer coverage. Retirees are eligible if enrolled in the medical plan. The coverage is administered by EyeMed.
- Members have two plan choices - a basic plan and an expanded plan.

Vision Enrollment

	State		Local Education		Local Government		2017 Total
	2016	2017	2016	2017	2016	2017	
Basic Plan	20,696	23,295	5,037	5,321	1,584	1,760	30,376
Expanded Plan	58,526	64,476	17,797	19,122	7,084	7,438	91,036
Total	79,222	87,771	22,834	24,443	8,668	9,198	121,412

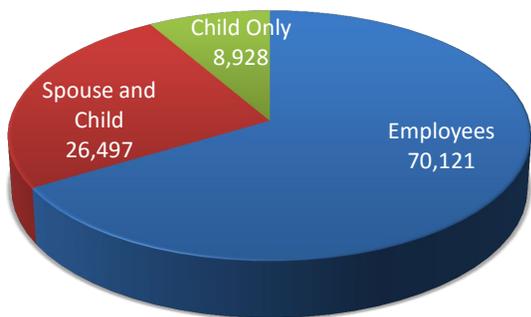
State enrollment increased 10.8%. Local education enrollment increased 7%. Local government enrollment increased 6.1%.

Voluntary Products, cont'd

Life Insurance

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

Basic Term Life & Basic AD&D Enrollees 2017 (State Only)



	Covered Volume
Basic Term Life	\$3 billion
Basic AD&D	\$7.67B

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

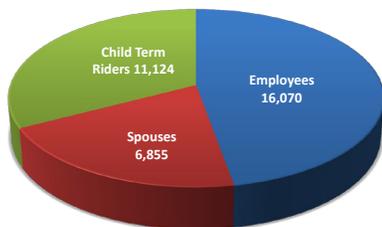
	Premiums	Paid Benefit Amount	# Enrollees Receiving Benefits	Administrative Fees	IBNR Reserves	Conversion Charges
Basic Term Life	\$6.63M	\$6.35 million	152	\$110,325	\$19,991	\$36,136
Basic AD&D	\$1.59M	\$1.12 million	12			N/A

Voluntary Products, cont'd

Voluntary AD&D (State Only)

Coverage Type	State Enrollees	Coverage Volume	Premiums	Paid Benefit Amount
Single	10,213	\$1.52 billion	\$646,960	\$181,224
Family	15,319	\$542 million	\$229,471	\$66,092
Totals	25,532	\$2.065 billion	\$876,431	\$247,316

Voluntary Term (State Only)



Coverage Level	Coverage Volume	Combined Premiums	Combined Paid Benefit Amount
Employees	\$2.18 billion	\$9.86 million	\$11.22 million
Spouse	\$170.1 million		
Child Term Rider	\$90.5 million		

Universal Life (State Only)

- The voluntary universal life covered 8,009 current and former state employees and 1,516 spouses.
- Enrollment closed to new members at the end of 2012.

Universal Life Financials	
Coverage Amount	\$401 million
Premiums	\$2.9 million
Gross Claims Payments	\$5.1 million
Net Claims Payments	\$2.7 million
Employee Cash Value (as of 12/17)	\$73.9 million
Spouse Cash Value (as of 12/17)	\$3.5 million

Voluntary Products, cont'd

Long Term Care Insurance

- After 15 years the long-term care insurance program was closed to new enrollments. Low participation and market research indicated that it would not be practical to continue offering the benefit. The insurance committees chose not to re-procure a contract for long term care insurance after the contract with MedAmerica expired on December 31, 2017. Current members enrolled in the program continue to have coverage on a direct basis with MedAmerica.
- Previously, coverage was available to state employees, retirees and eligible family members as well as to local education and local government employees, if offered by the employing agency.
- Total premium payments exceeded \$3.6 million based upon the January 19, 2018 report, while claim payments for the entire group including state, local education, and local government totaled over \$1 million (as of 12/31/2017).

	State	Local Education	Local Government	Total
Employees	1,735	472	68	2,275
Retirees	81	30	2	113
Family Members	523	94	11	628
Total	2,258	596	81	3,016

Voluntary Long-term Care Coverage enrollment totals as of January 19, 2018.

Voluntary Products, cont'd

The Tennessee Plan

- The State maintains a benefits program for Medicare-eligible retired teachers, state and local government employees who participate in the Tennessee Consolidated Retirement System or 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 division offers a single supplemental medical insurance for retirees with Medicare (The Tennessee Plan). The Tennessee Plan is similar to a National Association of Insurance Commissioners Model D Medigap Plan.
- The state's 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. 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.
- The Tennessee Plan is self-insured. Claims are administered by the POMCO Group.
- POMCO's customer service center received more than 14,000 calls in 2017. 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	41,082	\$58,380,317	1,137,979

Local Education Participants

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

Local Government Participants

Aging Services of the Upper Cumberland
Aid to Distressed Families of Appalachian Counties
AIM Center, Inc.
Alamo, City of
Alpha-Talbot Utility District
Anderson County CAC
Appalachian Education Community Corp.
ARC of Davidson County
ARC of Williamson County
Atoka, Town of
Atwood, Town of
Avalon Center
Bangham Utility District of Putnam and Jackson Counties
Bedford County
Behavioral Health Initiatives
Belle Meade, City of
Bells, City of
Benton County Highway
Bethlehem Centers of Nashville
Better Decisions
Big Creek Utility District
Big Sandy, City of
Blaine, City of
Blakemore United Methodist Childrens Center
Bledsoe County
Blount County Community Action Agency
Blount Partnership
Blountville Utility District
Bondecroft Utility
Bountiful Basket Nutrition Program
Bradley/Cleveland Services
Bridges of Williamson County
Bruceeton, 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
CASA, Inc.
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
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
Easter Seals of TN
Eastside Utility District
Empower TN
Engstrom Services, Inc.
Erin, City of
Erin Housing Authority
Estill Springs, Town of
Etheridge, City of
Fairview Utility District
Fayette County
Fayette County 911
Fayette County Public Works
Fayetteville Housing Authority
Fentress County
Fentress County Emergency Communications District
Fifty Forward
First Utility District of Hardin County
First Utility District of Tipton County
Forest Hills, City of
Franklin County
Franklin County Adult Activity Center
Franklin County Consolidated Housing Authority
Franklin County Highway
Gainesboro, Town of
Gibson County Municipal Water District
Giles County
Giles County 911
Gladeville Utility District
Gleason, City of
Good Neighbor Mission and Crisis Center
Goodwill Industries Knoxville, Inc.
Gordonsville, Town of
Gorham MacBane Library
Grundy County Highway
Grundy Housing Authority
Habilitation and Training Services
Hancock County
Hardeman – Fayette Utility District
Hardin County
Hardin County 911
Hartsville/Trousdale County
Hartsville/Trousdale Water and Sewer Utility
Henderson, City of
Henderson County
Henderson County Highway
Highland Rim Economic Corporation
Hixson Utility District
Hohenwald, City of
Hohenwald Housing Authority
Homesafe of Sumner, Wilson and Robertson County
Hope of East TN
Houston County Highway
Humboldt, City of
Humboldt Housing Authority
Humphreys County 911
Huntingdon, Town of
Jacksboro, Town of
Jackson Area Council on Alcohol and Drug Dependence
Jackson Center for Independent Living
Jamestown, City of
Jason Foundation
Jasper, Town of
Jefferson City Housing
Jefferson County
Jefferson County 911
Johnson County
Johnson County 911
Journeys in Community Living
Jubilee Community Arts
Kimball, Town of
Kings Daughters Day Home
Kingston, City of
Kingston Springs, Town of
Knoxville-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
 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
 Rhea Medical Center
 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
 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
 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
 Whitwell, City of
 Williamson County Child Advocacy Center
 Wilson County ECD 911
 Witt Utility District
 Woodbury Housing Authority
 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 year ended June 30, 2017. The state plan, local education plan and local government plan financial statements include only active employees — retirees are disclosed separately. The Department of Finance and Administration, Benefits Administration prepared these statements which summarize transactions for all coverages available through each plan. The complete financial statements, accompanying notes and supplemental schedules are included in the Comprehensive Annual Financial Report (CAFR) for the State of Tennessee. The CAFR was prepared by the Department of Finance and Administration, Division of Accounts and was audited by the Comptroller of the Treasury, Division of State Audit.

NOTE: Financial data in this section expressed in thousands

State Plan

Statements of Net Positions

	30-JUN-17	30-JUN-16
Assets		
Cash	\$ 329,650	\$ 301,082
Accounts receivable, net	9,688	7,569
Total assets	\$ 339,338	\$ 308,651
Liabilities		
Accounts payable	\$ 48,486	\$ 49,026
Unearned revenue	43,146	40,439
Total liabilities	\$ 91,632	\$ 89,465
Net position		
Unrestricted	\$ 247,706	\$ 219,186
Total net position	\$ 247,706	\$ 219,186

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-17	30-JUN-16
Operating revenues		
Premiums	\$ 758,818	\$ 731,825
Other	1,000	1,000
Total operating revenues	\$ 759,818	\$ 732,825
Operating expenses		
Medical and mental health claims	\$ 688,590	\$ 685,050
Administrative services	5,997	8,854
Contractual services	38,016	39,441
Total operating expenses	\$ 732,603	\$ 733,345
Operating income (loss)	\$ 27,215	\$ (520)
Non-operating revenues		
Interest income	\$ 1,305	\$ 617
Total non-operating revenues	\$ 1,305	\$ 617
Change in net position	\$ 28,520	\$ 97
Net position, July 1	219,186	219,089
Net position, June 30	\$ 247,706	\$ 219,186

Statements of Cash Flows

	30-JUN-17	30-JUN-16
Cash flows from operating activities		
Receipts from interfund services provided	\$ 415,450	\$ 401,259
Receipts from fund members	383,685	366,592
Payments to suppliers	(769,979)	(769,260)
Payments for interfund services used	(1,893)	(2,067)
Net cash from (used for) operating activities	\$ 27,263	\$ (3,476)
Cash flows from investing activities		
Interest received	\$ 1,305	\$ 617
Net cash from investing activities	\$ 1,305	\$ 617
Net increase (decrease) in cash	\$ 28,568	\$ (2,859)
Cash, July 1	301,082	303,941
Cash, June 30	\$ 329,650	\$ 301,082
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ 27,215	\$ (520)
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
Change in accounts receivable	(2,119)	(609)
Change in accounts payable	(540)	(1,796)
Change in unearned revenue	2,707	(551)
Net cash from (used for) operating activities	\$ 27,263	\$ (3,476)

Local Education Plan

Statements of Net Positions

	30-JUN-17	30-JUN-16
Assets		
Cash	\$ 158,934	\$ 177,622
Accounts receivable, net	6,251	5,046
Total assets	\$ 165,185	\$ 182,668
Liabilities		
Accounts payable	\$ 33,472	\$ 30,479
Unearned revenue	88	68
Total liabilities	\$ 33,560	\$ 30,547
Net position		
Unrestricted	\$ 131,625	\$ 152,121
Total net position	\$ 131,625	\$ 152,121

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-17	30-JUN-16
Operating revenues		
Premiums	\$ 471,445	\$ 449,572
Total operating revenues	\$ 471,445	\$ 449,572
Operating expenses		
Medical and mental health claims	\$ 460,330	\$ 440,987
Administrative services	4,574	6,776
Contractual services	27,614	27,637
Total operating expenses	\$ 492,518	\$ 475,400
Operating income (loss)	\$ (21,073)	\$ (25,828)
Non-operating revenues		
Interest income	\$ 577	\$ 394
Total non-operating revenues	\$ 577	\$ 394
Change in net position	\$ (20,496)	\$ (25,434)
Net position, July 1	152,121	177,555
Net position, June 30	\$ 131,625	\$ 152,121

Statements of Cash Flows

	30-JUN-17	30-JUN-16
Cash flows from operating activities		
Receipts from fund members	\$ 478,365	\$ 457,192
Payments to insurance companies and healthcare providers	(497,019)	(484,024)
Payments for state services	(611)	(702)
Net cash from (used for) operating activities	\$ (19,265)	\$ (27,534)
Cash flows from investing activities		
Interest received	\$ 577	\$ 394
Net cash from investing activities	\$ 577	\$ 394
Net increase (decrease) in cash	\$ (18,688)	\$ (27,140)
Cash, July 1	177,622	204,762
Cash, June 30	\$ 158,934	\$ 177,622
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ (21,073)	\$ (25,828)
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
Change in accounts receivable	(1,204)	(1,188)
Change in accounts payable	2,993	(483)
Change in unearned revenue	19	(35)
Net cash from (used for) operating activities	\$ (19,265)	\$ (27,534)

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 local education group insurance fund as of the end of 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 net 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 net 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 net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive fiscal and policy years. The table includes only active employees of the local education plan in accordance with the Governmental Accounting Standards Board's Statement No. 43.

Ten-Year Claims Development Information

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
(1) Required contribution and investment revenue earned (fiscal year)	390,835	403,627	421,242	444,773	439,640	463,986	488,113	471,353	449,965	472,022
(2) Unallocated expenses (fiscal year)	16,366	21,019	23,195	26,767	26,473	27,384	29,831	34,261	35,026	32,188
(3) Estimated claims and expenses, end of policy year, net incurred	389,270	373,682	441,168	413,568	429,252	432,425	435,832	456,600	473,999	*
(4) Net paid (cumulative) as of:										
End of policy year	359,949	347,060	408,968	383,440	401,000	404,145	408,147	426,939	442,712	*
One year later	389,645	407,483	441,224	415,724	428,201	432,124	435,790	457,219	*	
Two years later	391,632	407,504	441,773	415,240	427,657	431,697	435,667	*		
Three years later	391,511	407,379	441,596	415,215	427,597	431,374	*			
Four years later	391,490	407,330	441,568	415,121	427,582	*				
Five years later	391,490	407,330	441,568	415,121	*					
Six years later	391,490	407,330	441,568	*						
Seven years later	391,490	407,330	*							
Eight years later	391,490	*								
Nine years later	*									
(5) Reestimated net incurred claims and expenses:										
End of policy year	389,270	373,682	441,168	413,568	429,252	432,425	435,832	456,600	473,999	*
One year later	389,163	407,718	441,247	415,256	427,805	431,846	435,706	457,246	*	
Two years later	391,531	407,507	440,529	415,207	427,624	431,469	435,643	*		
Three years later	391,511	407,364	440,485	415,110	427,582	431,450	*			
Four years later	391,511	407,364	440,485	415,110	427,582	*				
Five years later	391,511	407,364	440,485	415,110	*					
Six years later	391,511	407,364	440,485	*						
Seven years later	391,511	407,364	*							
Eight years later	391,511	*								
Nine years later	*									
(6) Increase (decrease) in estimated net incurred claims and expenses from end of policy year	2,241	33,682	(683)	1,542	(1,669)	(975)	(189)	646	0	*

* Data not available

Local Government Plan

Statements of Net Position

	30-JUN-17	30-JUN-16
Assets		
Cash	\$ 44,498	\$ 43,794
Accounts receivable, net	1,779	1,863
Total assets	\$ 46,277	\$ 45,657
Liabilities		
Accounts payable	\$ 8,211	\$ 6,701
Unearned revenue	34	37
Total liabilities	\$ 8,245	\$ 6,738
Net position		
Unrestricted	\$ 38,032	\$ 39,919
Total net position	\$ 38,032	\$ 38,919

Statements of Revenues, Expenses and Changes in Fund Net Position

	30-JUN-17	30-JUN-16
Operating revenues		
Premiums	\$ 127,032	\$ 114,287
Total operating revenues	\$ 127,032	\$ 114,287
Operating expenses		
Medical and mental health claims	\$ 119,652	\$ 102,326
Administrative services	1,020	1,347
Contractual services	7,398	6,572
Total operating expenses	\$ 128,070	\$ 110,245
Operating income (loss)	\$ (1,038)	\$ 4,042
Non-operating revenues		
Interest income	\$ 151	\$ 87
Total non-operating revenues	\$ 151	\$ 87
Change in net position	\$ (887)	\$ 4,129
Net position, July 1	38,919	34,790
Net position, June 30	\$ 38,032	\$ 38,919

Statements of Cash Flows

	30-JUN-17	30-JUN-16
Cash flows from operating activities		
Receipts from fund members	\$ 129,517	\$ 116,583
Payments to insurance companies and healthcare providers	(128,850)	(113,190)
Payments for state services	(114)	(132)
Net cash from (used for) operating activities	\$ 553	\$ 3,261
Cash flows from investing activities		
Interest received	\$ 151	\$ 87
Net cash from investing activities	\$ 151	\$ 87
Net increase in cash	\$ 704	\$ 3,348
Cash, July 1	43,794	40,446
Cash, June 30	\$ 44,498	\$ 43,794
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ (1,038)	\$ 4,042
Adjustments to reconcile operating income to net cash from operating activities		
Changes in assets and liabilities:		
Change in accounts receivable	83	(989)
Change in accounts payable	1,510	199
Change in unearned revenue	(2)	9
Net cash from (used for) operating activities	\$ 553	\$ 3,261

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 local government group insurance fund as of the end of 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 net 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 net 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 net 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 net incurred claims currently recognized in less mature policy years. The table includes only active employees of the local government plan in accordance with the Governmental Accounting Standards Board's Statement No. 43.

Ten-Year Claims Development Information

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
(1) Required contribution and investment revenue earned (fiscal year)	96,558	103,157	104,810	102,710	103,278	105,973	108,834	108,860	114,373	127,183
(2) Unallocated expenses (fiscal year)	3,500	4,348	5,921	5,473	6,010	6,135	6,645	7,535	8,012	8,418
(3) Estimated claims and expenses, end of policy year, net incurred	94,655	100,350	107,083	91,699	94,738	96,152	99,097	103,694	118,900	*
(4) Net paid (cumulative) as of:										
End of policy year	88,265	93,456	98,709	89,231	88,026	89,634	92,792	97,837	111,866	*
One year later	94,820	100,916	105,833	91,703	94,277	96,101	98,622	103,813	*	
Two years later	95,029	101,895	107,170	91,618	94,205	95,919	98,627	*		
Three years later	94,993	100,533	107,103	91,578	94,183	95,883	*			
Four years later	94,991	100,494	107,101	91,669	94,182	*				
Five years later	94,991	100,494	107,101	91,669	*					
Six years later	94,991	100,494	107,101	*						
Seven years later	94,991	100,494	*							
Eight years later	94,991	*								
Nine years later	*									
(5) Reestimated net incurred claims and expenses:										
End of policy year	94,655	100,350	107,083	91,699	94,738	96,152	99,097	103,694	118,900	*
One year later	94,749	100,803	106,870	91,640	94,248	96,022	98,653	104,054	*	
Two years later	94,999	101,895	106,720	91,558	94,192	95,895	98,628	*		
Three years later	94,993	100,492	106,697	91,669	94,182	95,893	*			
Four years later	94,993	100,492	106,697	91,669	94,182	*				
Five years later	94,993	100,492	106,697	91,669	*					
Six years later	94,993	100,492	106,697	*						
Seven years later	94,993	100,492	*							
Eight years later	94,993	*								
Nine years later	*									
(6) Increase (decrease) in estimated net incurred claims and expenses from end of policy year	339	142	(387)	(30)	(556)	(258)	(469)	359	0	*

* Data not available

Retiree Plans

Statements of Fiduciary Assets and Liabilities — June 30, 2017, and June 30, 2016

	30-JUN-17	30-JUN-16
Assets		
Current assets:		
Cash	\$ 39,658	\$ 34,994
Accounts receivable	3,650	3,467
Total assets	\$ 43,308	\$ 38,461
Liabilities		
Current liabilities:		
Accounts payable and accruals	\$ 17,404	\$ 16,996
Amounts held in custody for others	25,904	21,465
Total liabilities	\$ 43,308	\$ 38,461

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

	BALANCE 01-JUL-16	ADDITIONS	DEDUCTIONS	BALANCE 30-JUN-17
Assets				
Current assets:				
Cash	\$ 34,994	\$ 147,270	\$ 142,606	\$ 39,658
Accounts receivable	3,467	16,341	16,158	3,650
Total assets	\$ 38,461	\$ 163,611	\$ 158,764	\$ 43,308
Liabilities				
Current liabilities:				
Accounts payable and accruals	\$ 16,996	\$ 32,283	\$ 31,875	\$ 17,404
Amounts held in custody for others	21,465	134,676	130,237	25,904
Total liabilities	\$ 38,461	\$ 166,959	\$ 162,112	\$ 43,308

Statements of Changes in Fiduciary Assets and Liabilities for the year ended June 30, 2016

	BALANCE 01-JUL-15	ADDITIONS	DEDUCTIONS	BALANCE 30-JUN-16
Assets				
Current assets:				
Cash	\$ 30,646	\$ 254,440	\$ 250,092	\$ 34,994
Accounts receivable	2,696	14,433	13,662	3,467
Total assets	\$ 33,342	\$ 268,873	\$ 263,754	\$ 38,461
Liabilities				
Current liabilities:				
Accounts payable and accruals	\$ 17,230	\$ 30,191	\$ 30,425	\$ 16,996
Amounts held in custody for others	16,112	257,997	252,644	21,465
Total liabilities	\$ 33,342	\$ 288,188	\$ 283,069	\$ 38,461