



STATE GROUP INSURANCE PLAN
Local Education Agency Fiscal Directors
Benefits Administration Insurance Update

Laurie Lee, Executive Director, Benefits Administration

06/05/2023

Agenda

1

Plan Overview -
Local Education
Plan Level Setting

2

Healthcare
industry, our
members and our
plan

3

2024 premium
changes and
spotlight on
population health

4

Reporting
requirements of
the Consolidated
Appropriations Act
and MOU updates

Plan Overview

Benefits Administration Mission

**Deliver comprehensive,
affordable, dependable
and sustainable benefits**

BA administers the state of Tennessee-sponsored insurance benefits for 293,000 state, higher education, local education and local government employees, dependents and retirees.



Plan Management

The SGIP is self-funded



Of the annual plan expenses, **95%** pay providers for health care delivery and **5%** pay administrative costs



The State is the insurer, collecting premiums to pay providers



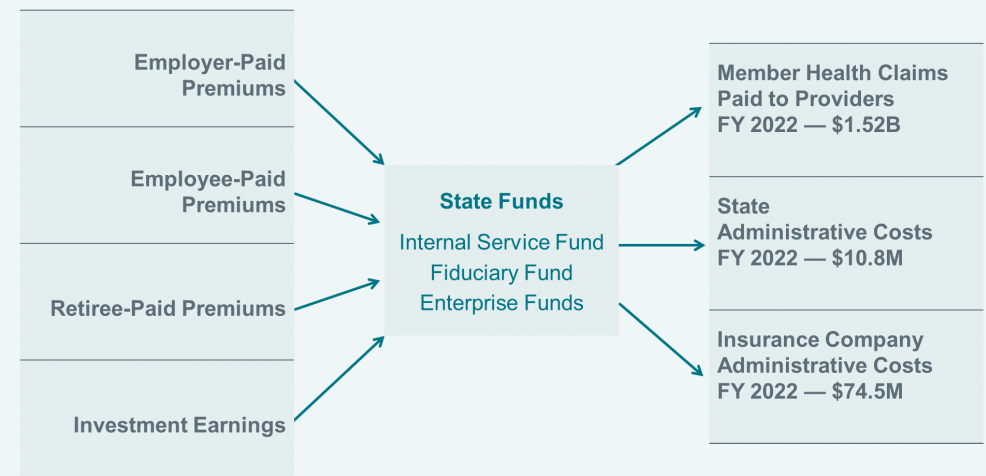
Premiums stay in the state funds and are not paid to insurance companies



Insurance companies and other contractors provide administrative services on a per employee per month fee



Sources and Uses of Funds for the State, Local Education and Local Government Plans

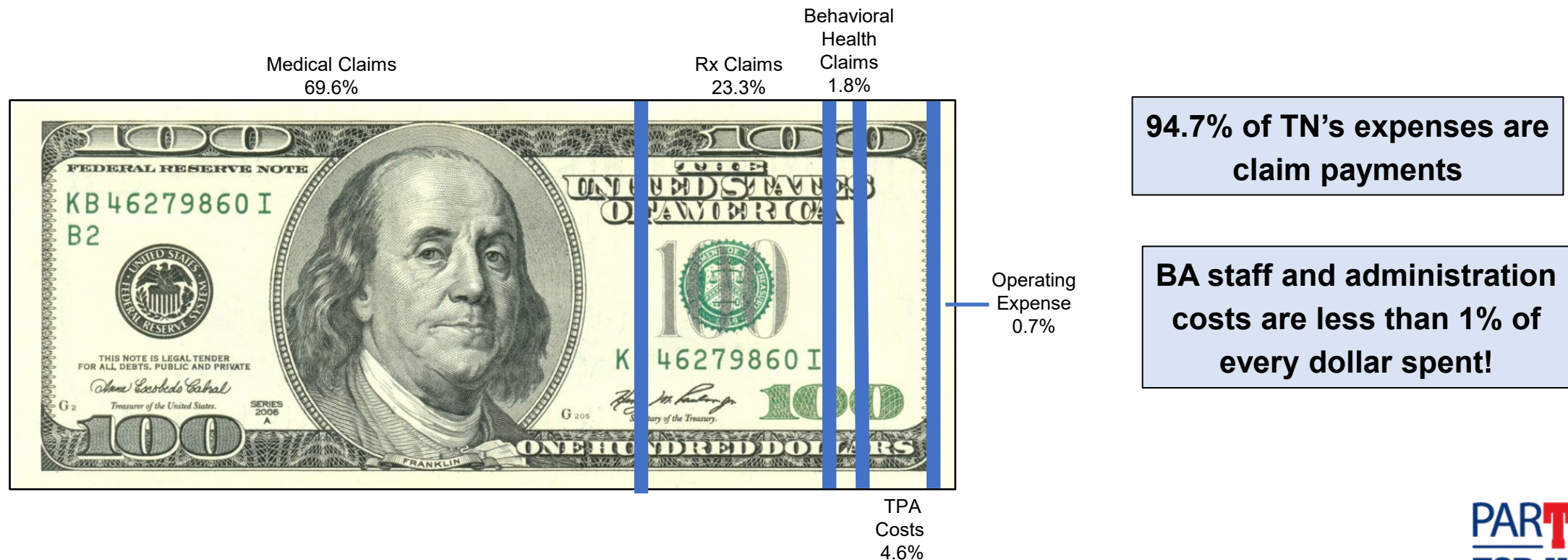


- ☑ SGIP doesn't pay for insurer's profit, reserves or marketing
- ☑ If claims are less than forecasted, SGIP retains the surplus to reduce future premium increases to members
- ☑ State retains flexibility in benefit design
- ☑ Medical claims are paid out as they occur instead of a fixed premium to a third party



Plan Expenses

- Because the State sponsored plans are self-funded, almost 95% of the premiums go to paying claims
 - This is why it is important to maintain the most cost-effective, high-quality networks of providers
- The remaining 5% of premiums are utilized to administer the plan



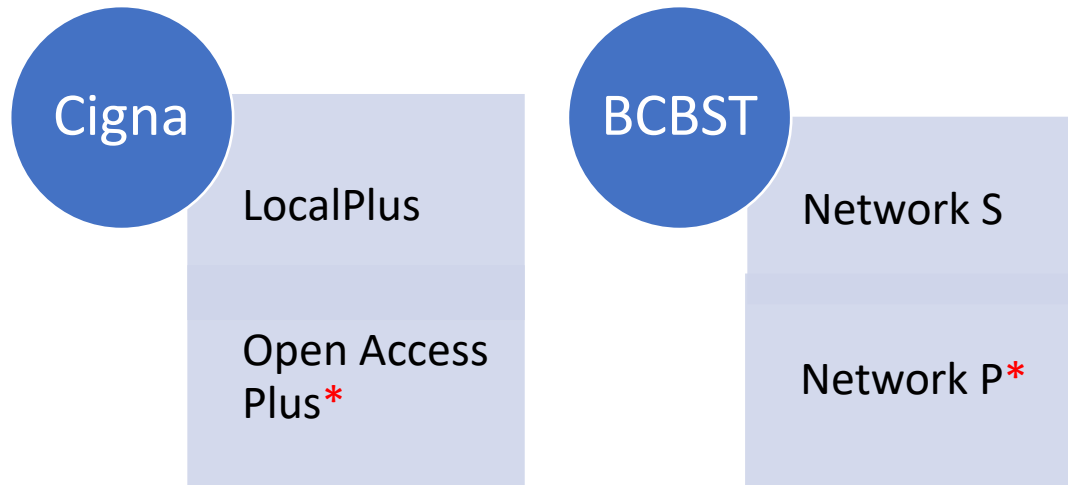
Choice of 4 Products and Price Points

The Local Education Plan offers all four options: with all plans members won't pay anything for in-network preventive care

- Premier PPO – Higher premiums, but lower up front, out-of-pocket costs
- Standard PPO – Lower premiums than the Premium PPO, but more out-of-pocket costs
- Limited PPO – Lower premiums than the other PPOs, but more out-of-pocket costs
- Local CDHP/HSA – Lowest premiums, but must pay deductible before plan pays for most services; member pays coinsurance, not copay; HSA available as pre-tax option to help cover member costs and as tax-free savings for future health care expenses

Four Network Options

- Cigna LocalPlus and BCBST S
 - Provide quality care at a lower negotiated rate and include most (but not all) providers and hospitals
 - Lower negotiated rates mean the plan pays less for claims, members pay lower provider bills, and premiums can stay low
- Cigna Open Access Plus (OAP) and BCBST P
 - Include more hospitals and providers but at higher contracted rates which means the plan and members pay more for claims
 - Members also pay higher premiums



In CY 2024:
* \$75 more for employee only
* \$85 more for employee + child(ren) tiers
* \$150 more for employee + spouse and employee + spouse + child(ren) tiers

The more things change, the more they stay the same...

- Pharmaceutical costs—especially specialty medications
- Price variation across site of care
- Health care labor shortage and inflationary pressure
- Impact of extreme volatility due to COVID leveling off; watching for impact of deferred care



Post-pandemic Impact – Market Realities

Continued
treatment costs

The “great
resignation”

Economic
disruption

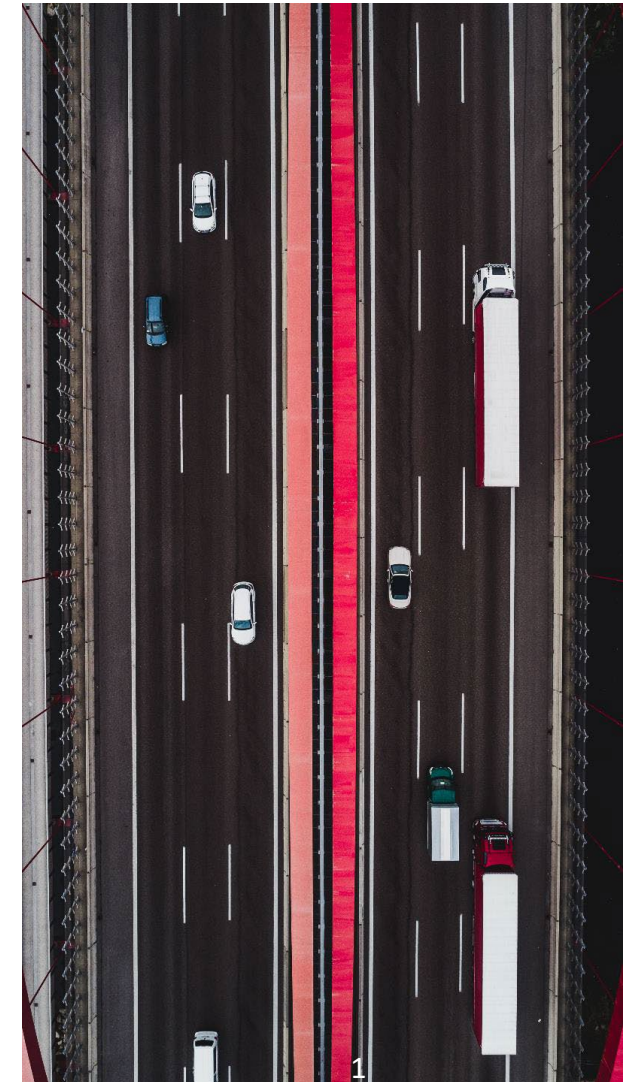
Mental health and
fatigue

New work models
and expectations

Flexibility and
adaptability

Future Trends: Impact of Inflation

- Economy-wide inflation will likely increase wages in the healthcare sector, which may drive up negotiated prices
- Price increases may be slow to appear in medical claims as provider contracts are only renegotiated every 2 to 4 years
 - Historically, healthcare prices have trended a couple of points higher than underlying inflation — will providers be able to maintain that spread in upcoming negotiations?
- Expected trends from 2022 → 2023 and 2023 → 2024 are higher by 1 point in each year than prior forecasts



Financial Plan Impacts – Decreases do not offset Expected Increases



Increase Costs

- Delayed care that worsens health condition or disease progression
- Provider rate increases
- Inflation
- Health complications from COVID-19 “long haulers”
- Cost to comply with government mandates
- Costly specialty RX and gene therapy

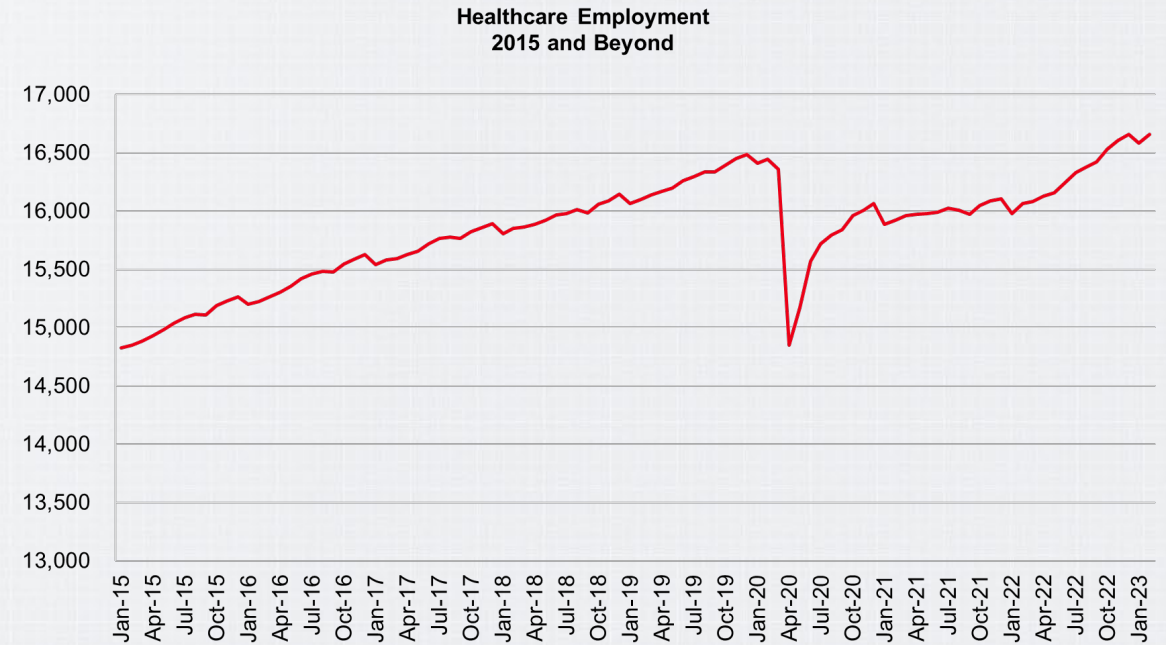
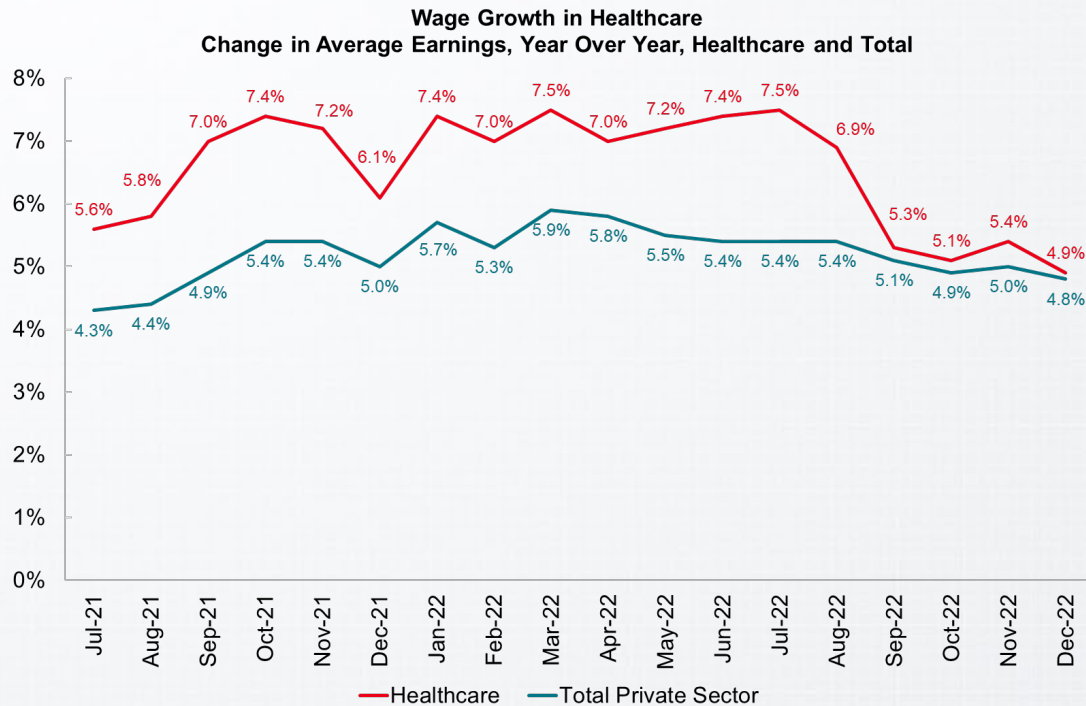


Decrease Costs

- Delayed care that may go away altogether
- Value based reimbursement
- Transition of care to lower-cost settings
- New tests, therapies, vaccines

Healthcare Industry

After more than a year of high inflation, the healthcare system is seeing cost pressures



- Unit cost contracts for 2023 almost all set — inflation impact of 0.5% to 1.0%
- Some providers are requesting very large rate increases (30%+), but carriers are pushing back
- Uncertainty about utilization increases in 2nd half of 2023 and contracted rates in 2024



Source: Altarum Health Sector Economic Indicators; February 2023 Labor Brief



Local Education Plan Enrollments

Product Enrollments

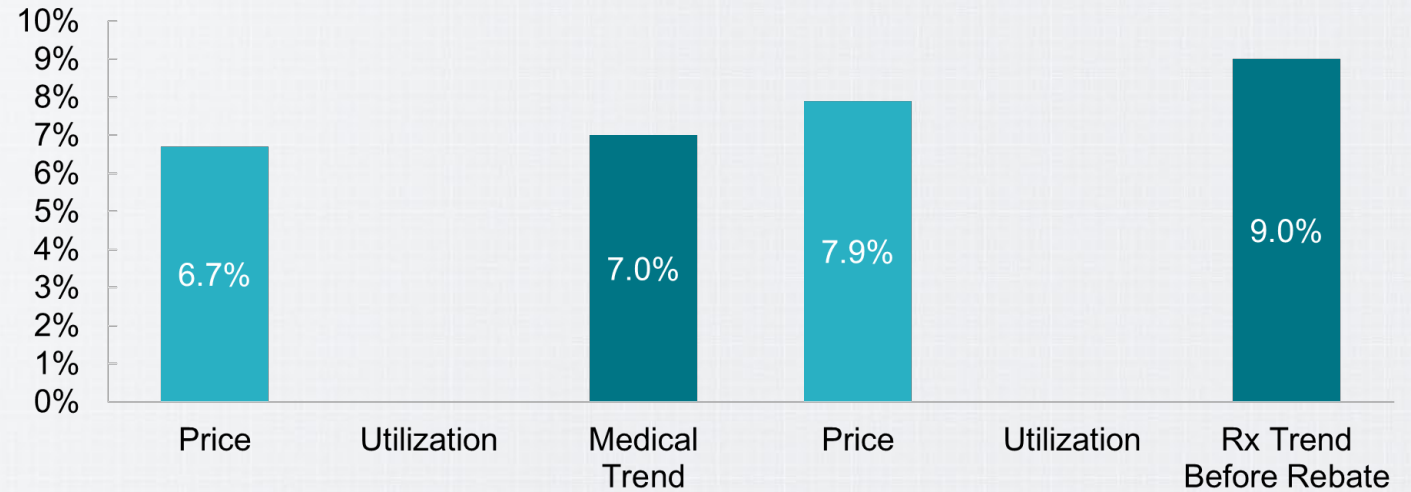
Product	2022 Total Members	2022 % of Total	2023 Total Members	2023 % of Total
Premier PPO	73,062	64.16%	77,193	62.08%
Standard PPO	21,497	18.88%	24,634	19.81%
Limited PPO	15,200	13.34%	14,641	11.77%
CDHP	4,120	3.62%	7,873	6.33%
Total	113,879		124,341	

Network Enrollments

Networks	2022 Total Members	2022 % of Total	2023 Total Members	2023 % of Total
Local Plus, Network S	106,807	93.77%	108,882	87.57%
OAP, Network P	7,072	6.21%	15,459	12.43%
Total	113,879		124,341	

2024 Projected Healthcare Trends: Medical and Rx (Allowed Basis)

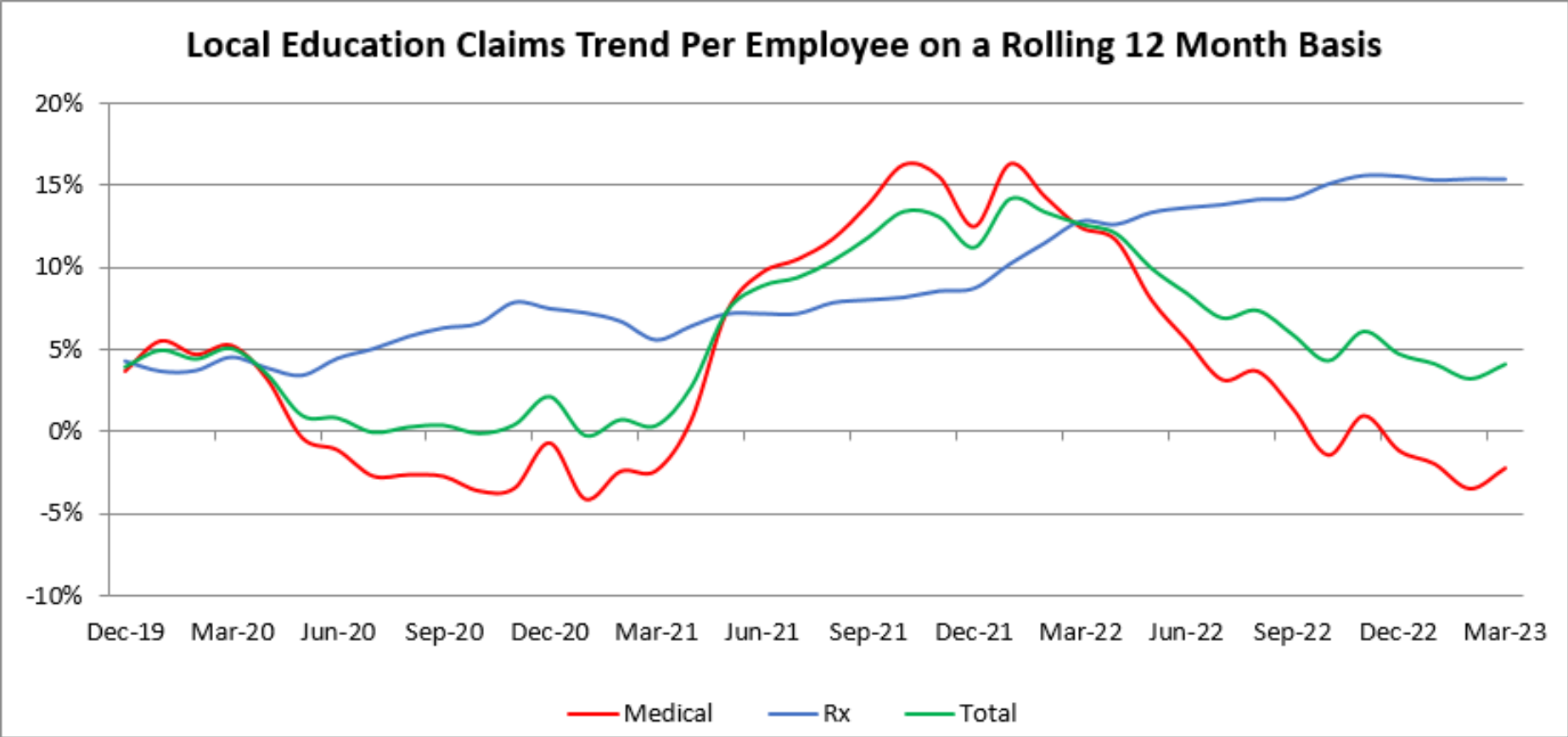
2023 – 2024 Trend by Component



Price increase continues to drive trend, with smaller contribution from utilization change

	Active/Pre-65 Allowed Trends		
	Updated Guidance		
	Before Leveraging and Before Rx Rebate Improvement		
	Medical	Rx	Combined
2022 to 2023	6.5%	8.5%	7.0%
2023 to 2024	7.0%	9.0%	7.5%
2024 to 2025	7.5%	10.5%	8.0%

Claims Health Care Trend—Local Education



Cost Drivers in Local Education Plan

On average, the Local Education Plan paid \$.89 of every dollar spent on medical and pharmacy costs in 2022; members paid the balance.

From 2021 to 2022, the Local Education had the following cost drivers:

- 17% increase in prescription drug spend per member per year from \$2,029.38 in 2021 to \$2,369.70 in 2022
- 22% increase in patients that are classified as overweight or obese
- 10% increase in patients that have been diagnosed with diabetes
- 7% increase in patients that are in renal function failure
- 4% increase in patients diagnosed with osteoarthritis
- 2% increase in patients diagnosed with hypertension
- 1% increase in patients diagnosed with congestive heart failure

Cost Drivers in Local Education Plan

Key Member Metrics for 2022:

Health Risk Category	Members	Population %	% Change from 2021	% of 2022 Total Cost
Healthy	32,116	30%	1%	3%
Stable	26,298	24%	-1%	8%
At Risk	26,539	25%	4%	19%
Struggling	19,621	18%	4%	39%
In Crisis	3,619	3%	0%	31%

- Healthy and Stable populations are 54% of the population, but only 11% of the cost is attributable to them
- Struggling and In Crisis populations are 21% of the population, but 70% of the cost is attributable to them

2024 Local Education Plan Changes



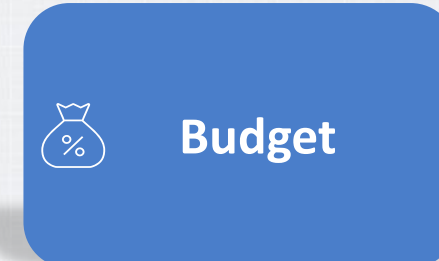
Plan Design Guiding Principles



Competitive benefits;
market comparable



Options with a
meaningful price
spread



Continue planned
spend down of
reserves



Incent use of high-
value care



Offer affordable
products for members



Comply with ACA
affordability
requirements

Benefit Design Process

- Annually we:
 - Review benefit design (deductibles, copays, etc.)
 - Work with consultant to establish premiums based on plan experience
- Conduct Research and Development
 - Business coalition engagement
 - Webinars
 - Consider member feedback
 - Current vendor programs and capabilities
 - Vendor engagement meetings
 - Surveys/Benchmarking
 - Federal requirements
- Follow carrier medical policies re: what is medically necessary and appropriate
- Evaluate new “point solutions” or delivery models
- Focus on key problems (e.g., diabetes mgmt., access, etc.)
- **Good news: No increases in member cost sharing for CY 2024!**



New Population Health Services start CY2024 with Sharecare

- Expands services to Local Education, Local Government and retirees beyond current access (disease management and website/mobile app digital resources)
- January 1, 2024, all plan members will have access to the following programs and services:
 - Chronic condition management (COPD, CHF, CAD, Asthma, Diabetes, and new programs for chronic kidney disease and diabetes remission)
 - Lifestyle counseling (tobacco cessation, nutrition, stress, exercise, etc.)
 - Weight Management
 - Biometric Screenings
 - Single Sign On to access Quest (biometric screening vendor). We hope to expand the single sign on to include some of our other vendor partners such as medical, pharmacy, EAP/BHO, dental and vision for a more seamless member experience
 - Website/Mobile App with health risk assessment, challenges and digital tools and resources
 - Digital Health Devices



Resources Available to Improve Health



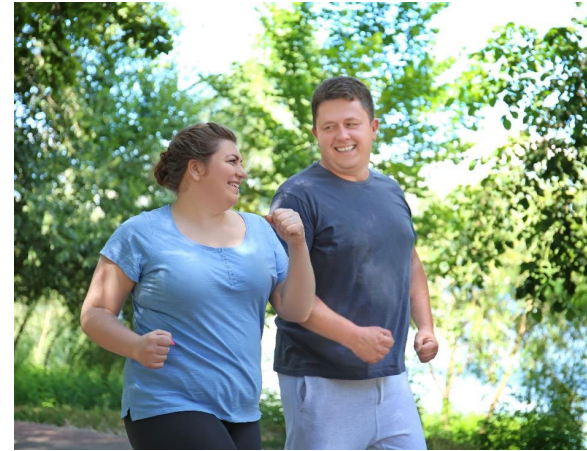
Disease management

- One on one coaching with a nurse or health coach
- Private secure messaging with nurse or health coach via mobile app



Online tools

- Health assessment
- Digital coaching modules
- Health Actions with health goals
- Health education library
- Secure messaging
- Device sync for tracking physical activity



Wellness program

- Support for long-term health conditions such as asthma, diabetes, COPD, CAD and CHF
- Personalized coaching support over the phone
- Digital support and online education

Maintenance Tier Medications

- Priced lower to encourage adherence
- Lower copays on PPOs and lower coinsurance on CDHPs when filled in a 90-day supply
- Bypasses deductible on CDHPs when filled in 90-day supply

HEALTHCARE OPTION	PREMIER PPO	STANDARD PPO	LIMITED PPO	LOCAL CDHP/HSA
COVERED SERVICES				
PHARMACY				
30-Day Supply	\$7 generic; \$40 preferred brand; \$90 non-preferred	\$14 generic; \$50 preferred brand; \$100 non-preferred	\$14 generic; \$60 preferred brand; \$110 non-preferred	30%
Maintenance Medications (90-day supply of certain maintenance medications from 90-day network pharmacy or mail order) ^[3]	\$7 generic; \$40 preferred brand; \$160 non-preferred	\$14 generic; \$50 preferred brand; \$180 non-preferred	\$14 generic; \$60 preferred brand; \$200 non-preferred	20% without first having to meet deductible



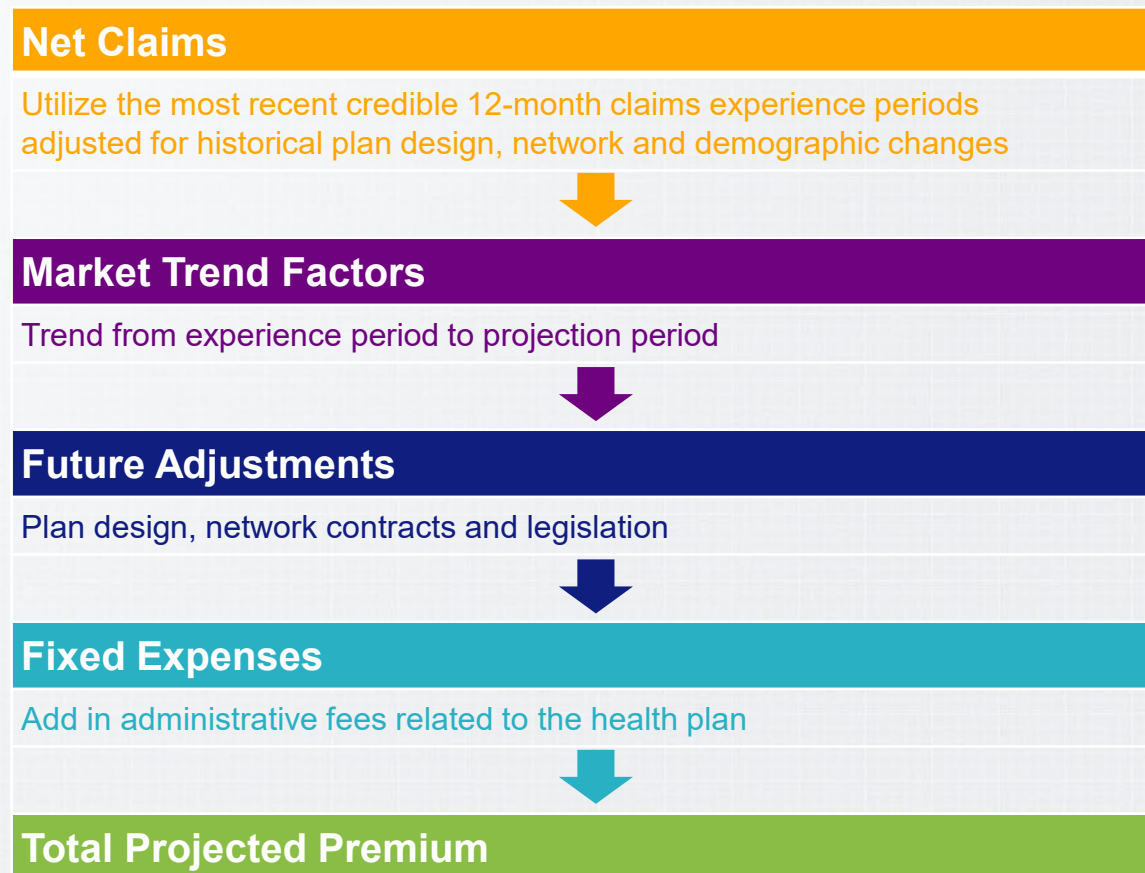
High blood pressure
Diabetes
Congestive heart failure

Asthma
Depression
Osteoporosis

High cholesterol
Coronary artery disease
COPD

Medical Benefit Premium Setting Process

Claims Underwriting Overview



Premium Considerations and Assumptions for 2024 Rates

- Price the plan option in accordance with its actuarial value; the richest plan options having the highest premiums
- Consider historical performance of each plan, forecasted medical trend in each plan, and impact of general inflation
- Spend down of excess reserves over a three-year period to avoid large fluctuations in premium increases
- Increase premiums no more than state budgeted amounts, where state appropriations are made
- Create aggregate rate increases for all plan offerings
- Adopt premium tier adjustments to account for the costs of the employee + spouse tier relative to other tiers
- Review network costs and associated surcharges

Premium Tier Adjustments to Reflect Spouse Dependent Costs

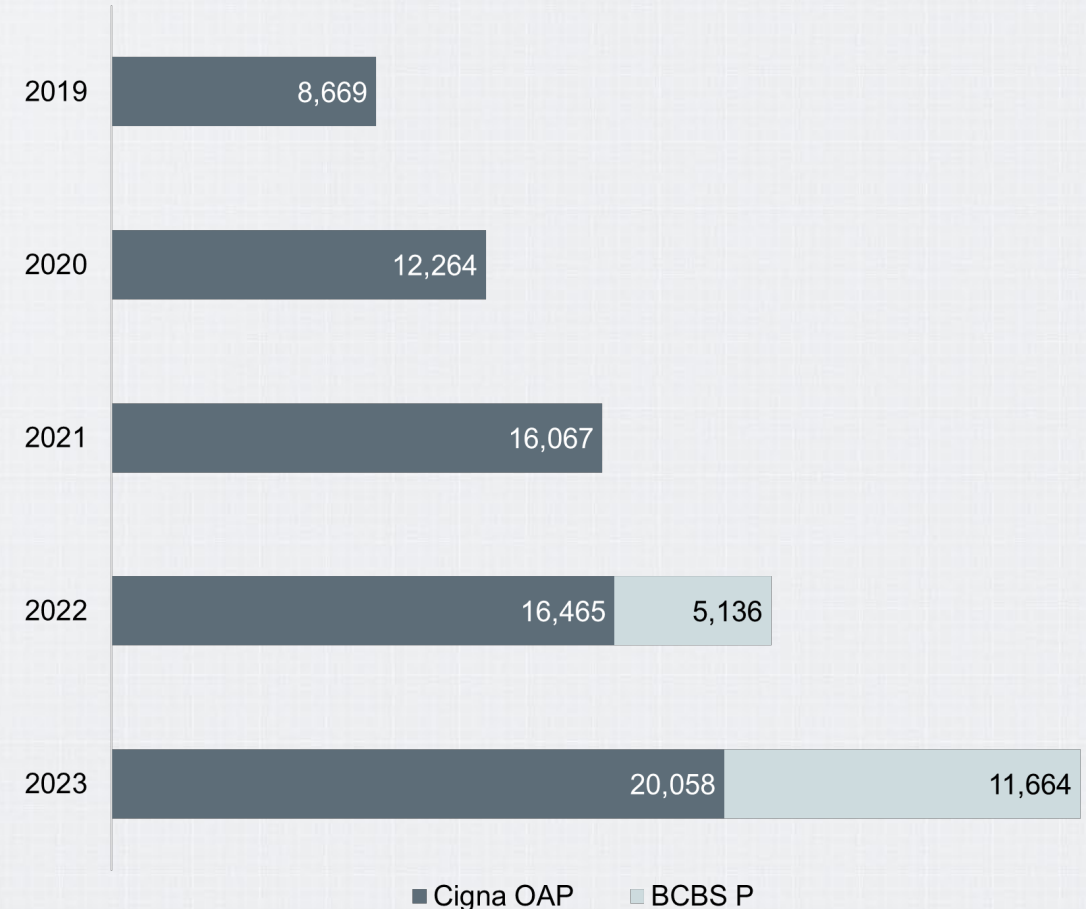
- Gradually increased the premium of the employee + spouse tiers over three years (2024 will be the third year of implementation)
 - The overall aggregate premium increase will be the same but slightly different within the coverage tiers
 - While the employee + spouse tier will have slightly higher premium increases, the other coverage tiers will have slightly lower premium increases

Issue	Goal	Solution
<ul style="list-style-type: none">• Employee + Spouse premiums not reflective of the tier's actual claims experience• Spouses historically higher cost	<ul style="list-style-type: none">• Bring premiums closer to actual experience for this tier• Reduce cross-subsidization between tiers	<ul style="list-style-type: none">• Began the gradual increase of employee + spouse premiums in 2022; continue in 2023 and 2024

BlueCross Network P and Cigna Open Access Plus Enrollment and Experience

- Actual experience continues to be more than network buy-up amounts
- Costs are higher because members have access to more healthcare providers, the network discounts are not as deep compared to the efficient networks
 - Main difference is with inpatient facilities
- The number of members opting for the broad network has increased 47% from 2022 to 2023
- If the buy up is too low, more members will elect these options and incur higher claim amounts, placing additional pressure on the healthcare claims trend and needed premium increases
 - Without increasing the buy-up amounts, the members in the efficient networks are subsidizing members in BCBS P and Cigna OAP

Members in BCBST S and Cigna OAP by Year



2024 Local Education Plan Premium Adjustments

- Aggregate Local Education plan 2024 premium increase of **5.1%**
- Premium tier adjustments for employee+spouse coverage tier relative to other tiers
 - Monthly buy-up amounts for broad networks:
 - \$75 (\$10 increase) for the employee-only tier
 - \$85 (\$20 increase) for employee+child(ren) tier
 - \$150 (\$20 increase) for employee+spouse tier
 - \$150 (\$20 increase) for employee+spouse+child(ren)tier

Consolidated Appropriations Act and MOU Update



Consolidated Appropriations Act (CAA) Reporting

The Consolidated Appropriations Act, 2021, known as CAA, requires insurance companies and employer-based health plans to submit information about prescription drug and health care spending to the federal Departments of Health and Human Services, Labor and Treasury.

BA completed reporting for Calendar Years 2020 and 2021 in December 2022 and Calendar Year 2022 on May 15th.

Information Required to be Reported by BA:

- Number of members as of 12/31
- Administrative Fees Paid by the Health Plan
- Total Costs Paid by the Health Plan (Claims and Administrative Costs)
- Medical Spending by Category (Hospital, Primary Care, Specialty Care, Other Medical Services, Known Medical Drug Cost, and Estimated Medical Drug Costs)
- **Average Member Premium Paid** – for Plan Year 2022 going forward
- **Average Employer Premium Paid** – for Plan Year 2022 going forward

CAA Reporting (Continued)

Important Dates:

- The deadline to compile information and report to the federal government is June 1st each year for prior calendar year.
- BA will be surveying participating local education agencies in January 2024 for calendar year 2023 data.

The CAA reporting requirement is for medical plans only (not dental, vision, or the Tennessee Plan). Anticipated 2023 data to be requested:

- The total amount of premiums your agency paid on behalf of active employees (including dependents) from all sources;
- The total amount of premiums your agency paid on behalf of pre-65 retirees (including dependents);
- The total amount of premiums your active employees paid for medical insurance (usually through payroll deduction); and
- If your pre-65 retirees pay their medical premiums for you to pay BA, the amount that they paid to you.

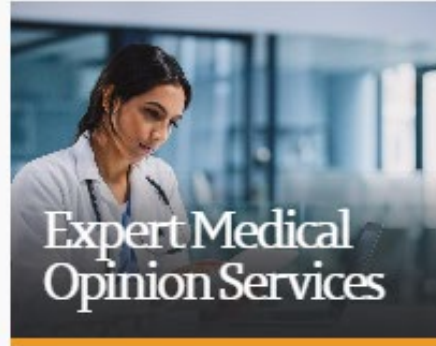


Memorandum of Understanding (MOU) Updates

- Current, in force, MOU is 2019
- Periodically review the MOU to ensure
 - Compliance with state and federal law
 - Accurate reflection of practice and procedures
 - Clarifications
- Expected distribution in June
- Required signatures:
 - Primary Agency Benefits Coordinator
 - Director of Schools
 - Fiscal Officer

Benefit Extras

Included Benefit Extras



EAP WorkLife Services

Adult/Elder Services



- Financial planning
- Retirement planning
- Legal services
- Housing assistance
- Support services
- Respite care
- Insurance information
- Medicare/Medicaid support
- Transportation
- Long-distance caregiving
- Aids to daily living

WorkLife



Saving time and reducing stress in response to life's challenges.

Child/Parenting Services



- Childcare
- Parenting support
- Child development experts
- Special needs support
- Help for teens
- Pregnancy services
- Childbirth/Nursing professionals
- Camps
- Family activities
- Adoption support
- Grand parenting assistance
- Communication training
- Pet services
- Domestic Relocation

Chronic Condition Support



- Aids to daily living
- Medical suppliers
- Food/nutrition assistance
- Self care tools
- Travel assistance
- Social services
- Home healthcare
- Medical alert systems
- Special housing
- Help with work issues
- Assistive technology

Convenience Services



- Household needs
- Personal issues
- Recreational activities
- Shopping
- Entertainment
- Dining
- Nightlife options
- Education
- Health & wellness

Life Learning



- School issues
- Special education resources
- College selection
- Financial aid assistance
- Alternative education programs
- Community education programs
- Career consulting
- Adult education classes
- Enrichment classes
- Lectures
- Music, dance, art, and craft classes
- Online learning

EAP Legal, Mediation, and Financial Services



<p style="text-align: center;">Legal</p> <p>One 30-minute telephonic or in-person consultation per issue per year at no cost to you*</p> <p>Ongoing representation by an attorney at a 25% discounted rate</p>	<p style="text-align: center;">Mediation</p> <p>Access to professional mediators</p> <p>One 30-minute telephonic or in-person consultation per issue per year at no cost to you</p> <p>Ongoing representation by a mediator at a 25% discounted rate</p>	<p style="text-align: center;">Financial</p> <p>Access to a money coach</p> <p>2 calls with a money coach (30 minutes in length) per issue per year</p> <p>100% confidential</p>
<ul style="list-style-type: none"> • Consumer issues • Criminal matters • Deeds • Document preparation • Living wills • Power of attorney • Real estate services • State-specific will 	<ul style="list-style-type: none"> • Child custody • Collections • Consumer disputes • Estate settlement • Family disputes • Landlord/tenant disputes • Real estate • Separation and divorce 	<ul style="list-style-type: none"> • Online financial stress assessment • Self-directed online learning modules • Financial calculator • Tax consultation and preparation • 25% discount for preparation of all personal income tax documents



Vendor Value Added Programs

Vendors offer multiple discounts and other value-added programs

Visit www.tn.gov/partnersforhealth for links to vendor sites

Sample Services

Travel assistance

Identity protection

Legacy planning

Beneficiary financial

Discounts

Hearing aids & hearing exams

Contact lenses & LASIK

Fitness centers

Fitness accessories

Chiro/Acupuncture/Massage

State Employee Discount

- Exclusive discounts from **30,000+** local and national offers
- https://stateoftennessee.formstack.com/forms/member_discount

verizon^v



AT&T



COSTCO
WHOLESALE



REGALTM

enterprise
rent-a-car

PARTNERS
FOR HEALTH

Voluntary Options

Dental Benefits

Cigna Dental Care Prepaid Plan (Dental Health Maintenance Organization or HMO)

- Services have fixed copay amounts that will be paid by the member
- Services can only be provided by a Cigna participating dentist

Delta Dental DPPO

- Dental Preferred Provider Organization plan
- Services use coinsurance paid by the member
- Services can be used with any dentist; you pay less with in-network providers
- Waiting periods apply for some services

Vision Benefits

Eye Med

- Basic Plan
- Expanded Plan

2024 Premium Rates

2024 Local Education Monthly Rates— Cigna LocalPlus and BCBST S

	Enrollment	2023	2024	\$ Change	% Change
Premier PPO					
Employee	22,008	\$683	\$713	\$30	4.4%
Employee+Child(ren)	5,088	\$1,126	\$1,175	\$49	4.4%
Employee+Spouse	4,563	\$1,469	\$1,604	\$135	9.2%
Employee+Spouse+Child(ren)	8,442	\$1,775	\$1,852	\$77	4.3%
Standard PPO					
Employee	7,548	\$635	\$662	\$27	4.3%
Employee+Child(ren)	1,735	\$1,046	\$1,092	\$46	4.4%
Employee+Spouse	1,542	\$1,364	\$1,490	\$126	9.2%
Employee+Spouse+Child(ren)	2,617	\$1,649	\$1,721	\$72	4.4%
Limited PPO					
Employee	3,654	\$600	\$625	\$25	4.2%
Employee+Child(ren)	966	\$990	\$1,031	\$41	4.1%
Employee+Spouse	788	\$1,291	\$1,407	\$116	9.0%
Employee+Spouse+Child(ren)	1,661	\$1,561	\$1,625	\$64	4.1%
Local CDHP/HSA					
Employee	1,519	\$523	\$546	\$23	4.4%
Employee+Child(ren)	533	\$863	\$900	\$37	4.3%
Employee+Spouse	363	\$1,125	\$1,228	\$103	9.2%
Employee+Spouse+Child(ren)	1,036	\$1,360	\$1,419	\$59	4.3%

Premium differential of \$75 for employee only / \$85 for employee + child(ren) / \$150 for employee + spouse and employee + spouse + child(ren) applies to Cigna OAP and BCBST Network P



2024 Cigna Prepaid Dental Rates

Active Employees	2023	2024*
Employee	\$13.84	\$14.19
Employee + Spouse	\$24.54	\$25.15
Employee + Child(ren)	\$28.75	\$29.47
Employee + Spouse + Child(ren)	\$33.74	\$34.58
*2024 contracted rates increasing 2.5%		

Retirees	2023	2024*
Retiree	\$15.23	\$15.77
Retiree + Spouse	\$27.01	\$27.95
Retiree + Child(ren)	\$31.63	\$32.74
Retiree + Spouse + Child(ren)	\$37.10	\$38.40
*2024 contracted rates increasing 3.5%		



2024 Delta Dental DPPO Rates

- Contracted rates are increasing 1% in 2024

Active Employees	2023	2024
Employee	\$19.82	\$20.02
Employee + Spouse	\$38.98	\$39.37
Employee + Child(ren)	\$52.70	\$53.23
Employee + Spouse + Child(ren)	\$80.72	\$81.53
Retirees	2023	2024
Retiree	\$26.60	\$26.87
Retiree + Spouse	\$52.44	\$52.96
Retiree + Child(ren)	\$60.09	\$60.69
Retiree + Spouse + Child(ren)	\$94.95	\$95.90

2024 EyeMed Vision Rates

- Contracted rates will remain the same for 2024

Basic Program	2024
Employee/Retiree	\$3.18
Employee/Retiree + Spouse	\$6.03
Employee/Retiree + Child(ren)	\$6.35
Employee/Retiree + Spouse + Child(ren)	\$9.33
Expanded Program	2024
Employee/Retiree	\$6.30
Employee/Retiree + Spouse	\$11.98
Employee/Retiree + Child(ren)	\$12.60
Employee/Retiree + Spouse + Child(ren)	\$18.54



THANK YOU!

Questions? benefits.administration@tn.gov