



Affordable, portable, basic health coverage for small business.

www.CoverTN.gov or 1-866-COVERTN

LAUNCHING MARCH 2007

Affordable

- Premiums shared by employer, employee and the state, each paying 1/3
- Individual's share of the premium ranges from \$34 per month for a young, healthy non-tobacco user to about \$99 per month for older, obese, tobacco user
- No deductibles

Portable

- The individual owns the policy
- Individual can keep the coverage if they change or lose employment and continue to pay the non-State portion of the premium

Basic health coverage

- Most frequently needed services
- Doctor visits, prescriptions, basic hospitalization, etc.

Employer Eligibility

- Is located in Tennessee
- Has 25 or fewer full time equivalent employees; also includes the self-employed
- Has 50% of the workforce earning \$41,000 or less
- Has not offered employer-sponsored insurance for 6 months, or if offered, the business has not paid 50% or more of employee premiums

Employee Eligibility

- Lives in Tennessee
 - Non-Tennessee residents working at participating employers may enroll in CoverTN but will not receive state subsidy
- Works more than 20 hours per week (on average)
- Is a U.S. citizen or qualified legal alien
- In the last six months, did not voluntarily stop any health insurance

CoverTN is practical, down-to-earth health insurance designed to offer affordable, portable coverage to Tennesseans who are living without health insurance today, starting with small business. Small businesses are the backbone of our state's economy, and it's time that we provide them with the same economies of scale enjoyed by large businesses and their employees.

We don't have it in our power to provide free health insurance to everyone without limits. But we can offer access to health insurance for those who want it. It's a reasonable first step, and I believe we are on the right track.

-- Governor Phil Bredesen



CoverTN premiums are shared equally between the employer, the individual and the state

INDIVIDUAL'S SHARE OF MONTHLY PREMIUM				
	Does Not Use Tobacco		Uses Tobacco	
Age	Normal Weight	Obese	Normal Weight	Obese
<30	\$34.33	\$37.67	\$41.00	\$44.33
30-39	\$42.00	\$46.33	\$48.67	\$53.00
40-49	\$51.67	\$56.67	\$58.33	\$63.33
50-59	\$63.00	\$69.33	\$69.67	\$76.00
60-64	\$72.00	\$79.33	\$78.67	\$86.00
65+	\$84.33	\$92.67	\$91.00	\$99.33

Employer Options:

- An employer may opt to pay employee's portion of CoverTN premium.
- Spouses of CoverTN participants may enroll for a separate CoverTN policy. The employer is not obligated to contribute to spouse's premium. The employee must pay whatever portion of the spouse's premium the employer does not cover.
- Dependent children under age 19 should apply for coverage under CoverKids.

About the Benefit Plans

- Neither plan requires any deductible
- All limits based on calendar year
- All services are subject to maximum payment of \$25,000 per calendar year
- Requires a 12-month waiting period for coverage of pre-existing conditions

	InReach Plan A	InReach Plan B
Physician office visits Includes primary care and specialists	\$15 co-pay Up to 5 visits per year	\$20 co-pay Up to 6 visits per year
Pharmacy services Includes generic and brand name drugs	\$10 co-pay generic \$25 co-pay brand Quarterly limit \$250	\$8 co-pay generic \$25 co-pay brand Quarterly limit \$75
Inpatient hospital Includes medical, surgical, psychiatric and substance abuse services	\$100 co-pay up to \$10,000 in services	\$100 co-pay up to \$15,000 in services
Outpatient hospital Includes ER, medical, surgical, radiology and pathology services	\$100 co-pay ER non-emergency \$25 co-pay other services 1 surgical visit per year 2 non-surgical visits per year	\$100 co-pay ER non-emergency \$25 co-pay other services 1 surgical visit per year 2 non-surgical visits per year
Preventive care Includes pap smears, PSA, mammogram, immunizations	No co-pay 1 adult physical per year 1 well woman visit per year	No co-pay 1 adult physical per year 1 well woman visit per year
Outpatient behavioral health Includes mental health and substance abuse services	\$25 co-pay per visit 10 visits per year	\$25 co-pay per visit 10 visits per year
Maternity services	Provided under CoverKids	Provided under CoverKids
Other covered services in both plans	Vision Home health care Hospice care Prosthetics Ambulance services	Diabetic supplies Chemotherapy and radiation Radiology and pathology Reconstructive breast surgery Durable medical equipment

Go to www.CoverTN.gov/Cover_TN.html today to qualify your business to offer CoverTN.



A Timeline from Conception to Reality

March 27, 2006	Governor Bredesen delivers his Cover Tennessee proposal in an address to the General Assembly
June 12, 2006	Governor Bredesen signs Cover Tennessee into law
September 5, 2006	CoverTN begins pre-qualifying employers to participate
December 19, 2006	CoverTN awards contract to Blue Cross Blue Shield to administer CoverTN insurance plans
March 9, 2007	CoverTN opens for enrollment



Common Sense Health Coverage
for Uninsured Tennesseans

Governor Bredesen's key themes for CoverTennessee

□ Accessibility

- State creates a partnership to bring health coverage costs within reach
- Make affordable coverage options available to children, chronically ill and working Tennesseans

□ Effectiveness

- Pay for basic care first: preventive care, primary care, generic drugs
- Pay for what works: pay for best practices, disease management

□ Personal Responsibility

- Everyone should pay something
- Individuals should be responsible for their health care decisions

Five Components

- ❑ Three Insurance Plans
 - **CoverKids** – comprehensive coverage
 - **AccessTN** – comprehensive coverage
 - **CoverTN** – basic health coverage
- ❑ Pharmacy Assistance for the Uninsured
 - **CoverRx**
- ❑ Prevention, Healthy Lifestyles, and Personal Responsibility
 - **ProjectDiabetes** and **Coordinated School Health**

Benefits began January 1 for CoverRx.
Enrollment begun for AccessTN; will begin in March for CoverTN, CoverKids.
Coverage in April for all three insurance programs.



Creates a partnership between state and federal government to offer health insurance to uninsured children in Tennessee

- ❑ **Comprehensive health coverage** – benefits modeled after the state employee health plan
- ❑ **Independent from TennCare**
- ❑ **Emphasis on wellness and prevention;** coverage to emphasize immunizations, well-child exams
- ❑ **Maximizes federal funding**
($\$3$ to $\$1$ federal match vs. $\$2$ for $\$1$ match in TennCare)
- ❑ **49 other states** operate State Children’s Health Insurance Plan (SCHIP)

ACCESS TN

Provides health insurance option for chronically ill and medically uninsurable Tennesseans

- ❑ **Comprehensive** health coverage
 - Benefits modeled after the state employee health plan
- ❑ **Guaranteed issue** health insurance
 - No one will be denied coverage because they have a pre-existing medical condition
- ❑ High-risk pool; **34 states** currently operate similar pools



Special enrollment for those removed from TennCare

- ❑ During the first 60 days after program launch, 75% of the slots (4,500) will be reserved for TennCare disenrollees
 - Disenrollees who have secured HIPAA coverage will not have to go without insurance for six months to qualify
 - All other applicants must meet this requirement
 - Total capacity for 6,000 participants in AccessTN*
- ❑ Special enrollment period is not available to individuals removed from the program for reasons other than eligibility reform

* Set by AccessTN Board of Directors based on current fiscal projections.



Creates a partnership between the state, small employers and individuals to offer affordable, portable, basic health benefits for small business

- Key Principles:
 - **Affordable** healthcare coverage
 - **Portable**
 - **Basic** health benefits



- ❑ **Affordable** healthcare coverage
 - Premiums shared equally by employer, individual and state
 - Individual's monthly premium share ranges between \$34 and \$99
 - Premiums vary depending on age, tobacco use, and obesity
 - No deductibles; reasonable co-pays
- ❑ **Portable**
 - Owned by the individual
 - Individual can keep coverage even if they leave an employer
 - Provides continued coverage during brief periods of unemployment

Basic Accessible Benefits



Benefit	InReach Plan A	InReach Plan B
Doctor Visits	\$15 co-pay Up to <u>5</u> visits per year	\$20 co-pay Up to <u>6</u> visits per year
Prescription Drugs	\$10 co-pay generic \$25 co-pay brand Quarterly limit <u>\$250</u>	\$8 co-pay generic \$25 co-pay brand Quarterly limit <u>\$75</u>
Inpatient	\$100 co-pay up to <u>\$10,000</u> in services	\$100 co-pay up to <u>\$15,000</u> in services
Outpatient	\$100 co-pay ER non-emergency \$25 other services 1 surgical visit / year 2 non-surgical visits / year	\$100 co-pay ER non-emergency \$25 other services 1 surgical visit / year 2 non-surgical visits / year
Preventive	No co-pay 1 adult physical per year 1 well woman visit per year	No co-pay 1 adult physical per year 1 well woman visit per year
Other Services in Both Plans	Vision Prosthetics Ambulance services Diabetic supplies Chemotherapy and radiation	Radiology and pathology Reconstructive breast surgery Durable medical equipment Home health care Hospice care



Employer eligibility requirements

- Located in Tennessee
- 25 or fewer full-time employees or equivalent; also includes self-employed
- 50% of employees earn \$41,000 or less
- Business offers the plan to all employees
- Business must pay at least 1/3 share of premiums, does payroll deduction for all enrolled employees, EFT for payment
- Business has not offered employer-sponsored insurance for 6 months, or if offered, employer has not paid 50% or more of employee premiums



Employee eligibility requirements

- Tennessee resident (6 months)*
- Works at least 20 hours per week, on average
- US citizen or qualified alien
- Did not voluntarily stop health insurance in the last six months
- Commits to pay their share of premium
- If the employer qualifies to offer CoverTN, the employees qualify to participate regardless of income.

** Non-Tennessee residents who work for participating Tennessee employers and otherwise meet eligibility requirements can still enroll in CoverTN, but will not receive state subsidy.*

Employer Pre-qualification



TENNESSEE.GOV The Official Web Site of the State of Tennessee
Cover Tennessee

COVERTN

Preliminary Qualification Form

Sign Up for Update Information

To receive periodic updates about the development of Cover Tennessee programs, citizens can sign up for the Cover Tennessee e-mail list or call 1-888-CoverTN.

Employer Information:

Company Name:

Company Address:

City:

TN Employer number from quarterly SUTA form:

FEIN:

Company Contact Person:

First Name:

Middle Initial:

Last Name:

Title of Contact Person:

Contact's Phone:

Contact's Fax:

Contact's Email:

Health Insurance

Is your Company located in Tennessee?

Do you have fewer than 25 full-time equivalent employees?

Do half of your employees earn below \$41,000.00 per year?

Have you offered health insurance in the last six months?

If so, did you pay less than 50% of the

Tennessee.gov Home | Search Tennessee.gov | A to Z Directory |



Cover Tennessee
Department of Finance
Tennessee State Capitol
Nashville, TN 37243-0001
(615) 741-2461

Preliminary Qualification Form

Employer Information:

Company Name:

Company Address:

City: State: TN Zip:

TN Employer number from quarterly SUTA form:

FEIN:

Company Contact Person:

First Name:

Middle Initial:

Last Name:

Employer Pre-qualification



Health Insurance

Is your Company located in Tennessee?

Yes No

Do you have fewer than 25 full-time equivalent employees?

Yes No

Do half of your employees earn below \$41,000.00 per year?

Yes No

Have you offered health insurance in the last six months?

Yes No

If so, did you pay less than 50% of the employee premium?

Yes No

Submit



- ❑ Crowd out of commercial insurance
 - Plan focused on smallest employers least likely to have kept coverage
 - Blue Cross and the state will monitor closely
 - Option of extending 'go bare' period
- ❑ Rate and method of reimbursement for providers
 - Some payment where there was none
 - Provides financial protection for members
 - Willing to explore how to deal with exceptional losses
- ❑ Program may not operate as designed
 - Startup will be relatively small, controllable
 - Have full ability to suspend enrollment or take other action
 - Will work together to solve problems as they present

- More than 800,000 uninsured Tennesseans will have an option for affordable, portable health insurance**
- Creates health insurance options without creating entitlement programs or forcing mandates on employers and providers**
- Provides badly needed health insurance options for small businesses and their employees**
- Promotes prevention and personal responsibility**

All products will be up and running in early 2007.

Call or login to sign up for updates to receive more information as it becomes available.

1-866-COVERTN

or

www.CoverTN.gov



Common Sense Health Coverage
for Uninsured Tennesseans



Eligibility:

- Children **18 and under**
- Household **income up to 250%** of federal poverty level (FPL)
 - Buy in available for applicants over 250% FPL
- US Citizen** or qualified legal alien
- Tennessee resident**
- “Go Bare”** (without health coverage): 3 months
 - Waived for newborns up to 4 months of age
- Maternity coverage** available for pregnant women
- Screened first for TennCare eligibility** or access to other state-sponsored health insurance



Timeline:

- ❑ **September, 2006:** Submitted plan for federal approval
- ❑ **January 2007:** Awarded contract to Blue Cross Blue Shield to administer plan
- ❑ **January 18, 2007:** Received federal approval
- ❑ **February, 2007:** Awarded contract to PSI for enrollment and eligibility
- ❑ **March, 2007:** Enrollment begins

ACCESS TN

Eligibility

- No income determination, no asset test
- US citizen or qualified legal alien
- Tennessee resident (6 months)
- Age 19 and over
- Uninsurable by medical or insurance determination
- “Go Bare” (without health coverage): 6 months
- No access to insurance at time of application
- Exhausted continuation coverage (including COBRA)

ACCESS TN

Benefits

- ❑ Comprehensive coverage
 - Modeled on state employee health plan
- ❑ 3 plan options
 - \$1000 deductible
 - \$2500 deductible – HSA eligible
 - \$5000 deductible
- ❑ 6 month pre-existing condition waiting period
 - No wait for preventative care, pharmacy, or outpatient therapy

ACCESS TN

Cost

- ❑ Premiums capped at 1.5 to 2 times standard market rates
 - HIPAA policies typically run 4 to 5 times standard rates
- ❑ Monthly premiums vary for age, tobacco use and obesity status
 - Premiums range from \$270 to \$1160 per month
- ❑ \$13 million in premium assistance available for low income participants
 - Most generous premium assistance funding program in the nation
- ❑ Combination of funding sources
 - Premiums cover 60% of the projected costs to insure an individual
 - State subsidy and an assessment on the insurance industry cover the balance

ACCESS TN

Premiums

Plan 1000: \$1000 deductible				
	Target Weight & Below		Above Target Weight	
	Non Tobacco User	Tobacco User	Non-Tobacco User	Tobacco User
Under Age 30	\$ 387	\$ 445	\$ 430	\$ 494
30-39	\$ 450	\$ 517	\$ 500	\$ 574
40-49	\$ 546	\$ 628	\$ 607	\$ 698
50-59	\$ 649	\$ 747	\$ 722	\$ 830
60-64	\$ 766	\$ 881	\$ 851	\$ 979
65+	\$ 904	\$ 1,040	\$ 1,005	\$ 1,156

ACCESS TN

Premiums

Plan 2500: \$2500 deductible (HSA Eligible)				
	Target Weight & Below		Above Target Weight	
	Non Tobacco User	Tobacco User	Non-Tobacco User	Tobacco User
Under Age 30	\$ 318	\$ 366	\$ 353	\$ 406
30-39	\$ 369	\$ 425	\$ 410	\$ 472
40-49	\$ 449	\$ 516	\$ 498	\$ 573
50-59	\$ 534	\$ 614	\$ 593	\$ 682
60-64	\$ 630	\$ 724	\$ 699	\$ 804
65+	\$ 743	\$ 855	\$ 826	\$ 950

For Uninsurable Adults



Premiums

Plan 5000: \$5000 deductible				
	Target Weight & Below		Above Target Weight	
	Non Tobacco User	Tobacco User	Non-Tobacco User	Tobacco User
Under Age 30	\$ 273	\$ 313	\$ 303	\$ 348
30-39	\$ 317	\$ 364	\$ 352	\$ 404
40-49	\$ 384	\$ 442	\$ 427	\$ 491
50-59	\$ 457	\$ 526	\$ 508	\$ 584
60-64	\$ 539	\$ 620	\$ 599	\$ 689
65+	\$ 637	\$ 732	\$ 708	\$ 814

ACCESS TN

Timeline

- ❑ **September, 2006:** Board of Directors named
 - Oversees the design and administration of the program
- ❑ **January, 2007:** Awarded competitive contract to Blue Cross Blue Shield to administer plan
- ❑ **March, 2007:** Enrollment begins



Start small and grow over time

- ❑ At launch, CoverTN will target small businesses and their employees
 - These employers will commit to:
 - Paying 1/3 premium
 - Offering plan to all employees
 - Provides mechanism for payroll deductions for premium collection

- ❑ In phase two, expanded eligibility
 - Employers of up to 50 full time equivalent employees
 - Individuals working for non-participating employers



Employer Options

- ❑ Cover Employee share of CoverTN premium
 - Employer may choose to cover the employee's 1/3 share of premium

- ❑ Contribute to premium for spousal policy under CoverTN
 - Spousal policies are available for participants of CoverTN, but the employer is not obligated to contribute to premiums



Premiums

	TOTAL PREMIUM AMOUNTS				1/3 SHARE OF PREMIUM			
	Does Not Use Tobacco		Uses Tobacco		Does Not Use Tobacco		Uses Tobacco	
Age	Normal Weight	Obese	Normal Weight	Obese	Normal Weight	Obese	Normal Weight	Obese
Under 30	\$103	\$113	\$123	\$133	\$34.33	\$37.67	\$41.00	\$44.33
30-39	\$126	\$139	\$146	\$159	\$42.00	\$46.33	\$48.67	\$53.00
40-49	\$155	\$170	\$175	\$190	\$51.67	\$56.67	\$58.33	\$63.33
50-59	\$189	\$208	\$209	\$228	\$63.00	\$69.33	\$69.67	\$76.00
60-64	\$216	\$238	\$236	\$258	\$72.00	\$79.33	\$78.67	\$86.00
65+	\$253	\$278	\$273	\$298	\$84.33	\$92.67	\$91.00	\$99.33



Timeline

- ❑ **September, 2006:** Began pre-qualification of eligible employers
- ❑ **January, 2007:** Awarded contract to Blue Cross Blue Shield to administer plan
- ❑ **February, 2007:** Employer qualification begins
- ❑ **March, 2007:** Enrollment begins



❑ **This is not insurance**

- **Access to affordable medications** for Tennesseans without pharmacy coverage
- More than **200 generic drugs**, plus insulin and diabetic supplies
- Includes **mental health drugs**
- **Includes discount** for additional drugs not included in base formulary
- **No premium payment**; sliding scale co-payments based on income

❑ **Eligibility:**

- Tennessee resident (6 months)
- US citizen or qualified legal alien
- Age 19 to 64
- Household income below 250% FPL
- Cannot have access to pharmacy coverage



CoverRx Co-Pays: Sliding Scale Based on Income			
Persons in Household	Below FPL	FPL to 149% FPL	150% FPL to 250% FPL
1	\$0 - \$10,209	\$ 10,210 - \$15,314	\$15,315 - \$25,525
2	\$0 - \$13,689	\$13,690 - \$20,534	\$20,535 - \$34,225
3	\$0 - \$17,169	\$17,170 - \$25,754	\$25,754 - \$42,925
4	\$0 - \$20,649	\$20,650 - \$30,974	\$30,975 - \$51,625
5	\$0 - \$24,129	\$24,130 - \$36,194	\$36,195 - \$60,325
6	\$0 - \$27,609	\$27,610 - \$41,414	\$41,415 - \$69,025
7	\$0 - \$31,089	\$31,090 - \$46,634	\$46,635 - \$77,725
8	\$0 - \$34,569	\$34,570 - \$51,854	\$51,855 - \$86,425
Co-Pay Structure			
Generics: 30 day supply	\$3	\$6	\$10
Generics: 90 day supply*	\$3	\$12	\$20
Brand/Insulin/Diabetic Supplies: 30 day supply or up to limit	\$5	\$10	\$15
All Others:	Lesser of Discount, MAC or U&C	Lesser of Discount, MAC or U&C	Lesser of Discount, MAC or U&C

* 90 day supplies available only through mail order and select retail pharmacies that have chosen to participate.



Timeline:

- ❑ **September, 2006:** Issued RFP for Plan Administrator
- ❑ **October, 2006:** Contract awarded to Express Scripts
- ❑ **December, 2006:** Participants in Mental Health Safety Net auto-enrolled
- ❑ **January, 2007:** Open enrollment and participation began
- ❑ **February, 2007:** Temporarily suspend enrollment at 21,000

Project DIABETES

Launching a major public health effort to help Tennesseans improve their exercise and eating habits; focused on reducing the incidence of Type 2 Diabetes and obesity

- ProjectDiabetes
- Coordinated School Health

Diabetes is the only major disease with a death rate that is still rising – up 22 percent since 1990 – and it has emerged as the leading cause of kidney failure, blindness and non-traumatic amputation (*NY Times, May 16, 2006*)

Project *DIABETES*

- ❑ Awareness campaign layered with high impact programs
 - **GetFitTN** – Governor Bredesen recruits community leaders to drive community awareness and healthier lifestyle choices
- ❑ Grants for Health Care Providers
 - \$6 million in grants will be distributed to providers for education, treatment and prevention initiatives focused on Type 2 Diabetes and obesity
- ❑ Coordinated School Health
 - Successful pilot program has led Tennessee to be the first state to fund CSH statewide expansion

Funding Summary



Initiative	State Funding			
	FY07	FY08	FY09	Three Year Total
CoverKids	\$7M	\$21.2M	\$35M	\$63.2M
AccessTN*	\$3.8M (program cost) \$13M (premium assistance)	\$10M \$13M	\$10M \$13M	\$23.8M \$39M
CoverTN	\$34M	\$34M	\$57M	\$125M
CoverRx**	\$11.5M	\$16.8M	\$16.8M	\$45.1M
ProjectDiabetes	\$7M	\$7M	\$7M	\$21M
Coordinated School Health	\$8M	\$15.9M	\$15.9M	\$39.8M
Totals	\$84.3M	\$117.9M	\$154.7M	\$356.9M

*Additional \$ 25M non-recurring in reserve for AccessTN HIFA waiver. Additional \$ 10M non-recurring in reserve for AccessTN program costs.

**Additional \$ 11.5M in FY07 for close out of existing pharmacy safety net program while new program is procured.