

COVER TENNESSEE

Common Sense Health Coverage
for Uninsured Tennesseans

History of Uninsured

TennCare was once a partial solution for the uninsured

- It turns out, the majority of uninsured adults were never on TennCare
- Program is mired in multiple federal lawsuits
- TennCare was bankrupting the state
- A new, affordable, common sense approach is needed

Today's Uninsured

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Who are the uninsured?

- ❑ A statewide study of the uninsured*:
 - **53%** of Tennessee's working uninsured work for a company of fewer than 25 employees
 - **58%** of uninsured have family incomes below \$30,000
 - **83%** of working uninsured are in permanent, full-time positions
 - **80%** of respondents do not buy health insurance because they cannot afford it
 - Other research indicates neither employers nor employees want to pay more than \$100 per month

- ❑ March 2006 US Census Data**:
 - **833,114** uninsured Tennesseans
 - 705,441 adults
 - 127,673 children under age 18

* TN Dept. of Commerce and Insurance study 12/05

** American Community Survey, data as of March 2006, http://pubdb3.census.gov/macro/032006/health/h05_000.htm

Governor Bredesen's key themes for Cover Tennessee

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**

For Children

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COVER Kids

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)

For Children

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COVER Kids

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

For Children

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COVER Kids

Timeline:

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

Now accepting applications!

For Uninsurable Adults

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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

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)

For Uninsurable Adults

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ACCESS TN

Special enrollment for those removed from TennCare

- During the first 60 days after program launch, TennCare 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
 - 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.*

For Uninsurable Adults

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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 behavioral 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, and depend on which coverage plan is selected
 - Premiums range from \$270 to \$1160 per month
- ❑ \$13 million in premium assistance available for low income plan 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

For Uninsurable Adults

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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

For Uninsurable Adults

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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

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ACCESS TN

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

For Uninsurable Adults

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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 of Tennessee to administer plan
- ❑ **March, 2007:** Enrollment begins

Now accepting applications!



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

COVER*TN*

Affordable healthcare coverage

- Reduced premiums shared equally by the employer, individual and state
- Individual's monthly premium share will range between \$34 and \$99
- Premiums vary depending on age, tobacco use, and obesity
- No deductibles; reasonable co-pays capped at:
 - \$15 to \$20 for doctor and outpatient hospital visits
 - \$10 to \$25 for prescription drugs
 - \$100 for emergency room visit

Portable

- Owned by the individual
- Individual can keep coverage even if they leave an employer
- Provides continued coverage during brief periods of unemployment

For Small Business



- ❑ **Basic health benefits**
 - Focus on **first dollar coverage (no deductible)** for preventive and primary care
 - Provide **most needed services** to those with no coverage today
 - **Cost containment through service limits** rather than excluding services
 - Benefits include:
 - Physician services
 - Hospital services
 - Generic pharmacy coverage
 - Outpatient services
 - Lab services
 - Mental Health services

	Plan A	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 Max quarterly benefit \$250	\$8 co-pay generic \$25 co-pay brand Max quarterly benefit \$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 other services 1 surgical visit per year 2 non-surgical visits per year	\$100 co-pay ER non-emergency \$25 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



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

For Small Business

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COVER TN

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
- Business has not offered employer-sponsored insurance for 6 months, or if offered, employer has not paid 50% or more of employee premiums



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

There is no family policy under CoverTN, but the spouse of a CoverTN plan participant may be eligible to enroll in a separate individual CoverTN policy if he/she otherwise meets employee eligibility requirements.



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 1/3 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



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Employee Information:
Company Name: _____
Company Address: _____
City: _____
The 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

Employer Pre-qualification Form

Employer Information:

Company Name:

Company Address:

City: State: Zip:

TN Employer number from quarterly SUTA form:

FEIN:

Company Contact Person:

First Name:

Middle Initial:

Last Name:

Employer Pre-qualification

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To receive periodic updates about the availability of Cover Tennessee programs, please enter your email address in the box below. You will receive an email from Cover TN.

Employee
Company
Company
City
TN Email
FAX
Company
First Name
Middle Initial
Last Name
Title of Co
Contact
Contact
Contact
Health Ins
Is your Co
Do you h
employee
Do half of
\$41,000.0
Have you
six months

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

For Small Business

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Premiums

Age	TOTAL PREMIUM AMOUNTS				1/3 SHARE OF PREMIUM			
	Does Not Use Tobacco		Uses Tobacco		Does Not Use Tobacco		Uses Tobacco	
	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

For Small Business

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COVER TN

Timeline

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

Now accepting applications!

Prescription Assistance

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COVER Rx

- ❑ **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

Prescription Assistance



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 covered 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.

COVER Rx

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

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.

Net Impact

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

For More Information

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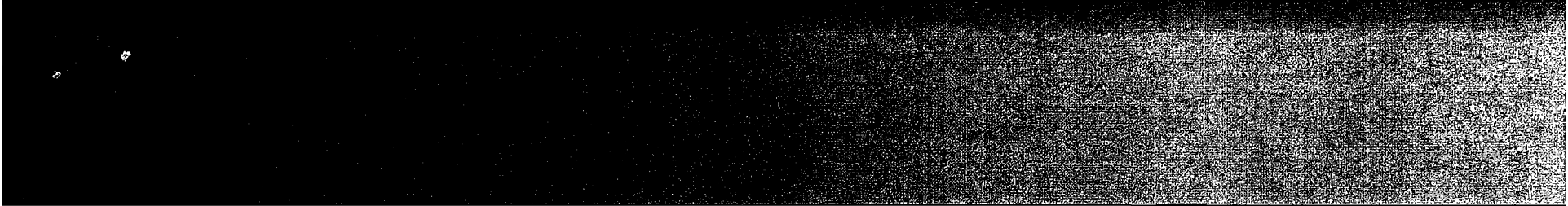
All products will be up and running in early 2007.

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

1-866-COVERTN

or

www.CoverTN.gov



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for Uninsured Tennesseans