HOW THE
STATE
IS PRESERVING
HEALTH BENEFITS

Tennessee’s State Group Insurance Program health care costs are rising, and State revenues are falling. Our solution for preserving comprehensive, affordable and dependable benefits for our members is to reduce plan costs. To do this, we are making changes to the State Group Insurance Program that will:

- help our members get or stay healthy
- reduce unnecessary use of health care services, and
- provide more efficient delivery of care.

WHAT’S CHANGING

- Starting in 2011, we will offer two new PPO (preferred provider organization) options. The current PPO, HMO and POS options will no longer be available.
- Both plan options will have deductibles, co-pays and co-insurance.
- You will save money if you take an active role in your health.
- Premium levels (tiers) will expand from two to four.
- For the first time in many years, you will have to choose a health insurance option during the Annual Enrollment Transfer Period.

...AND WHAT’S NOT

- All health care services covered under your current plan will be covered under both of the new options.
- You will continue to have a choice of plan options and carriers.
- Whichever option and carrier you choose, you will still have a large network of doctors and hospitals available to you. It is unlikely you will have to switch doctors.
- You can continue to cover your spouse and eligible children (with more premium levels).

Attention Retirees!

If you are a retiree younger than age 65, these changes affect you. You will still have the same comprehensive benefits as active employees. Be sure to read this and future information carefully.

A Note about National Health Care Reform

We have been asked by members whether the changes to the State Group Insurance Program are a result of national health care reform. The answer, simply, is no. The changes have been in the works for some time due to the State’s budget challenges and our rising costs. They are needed to sustain benefits and choice for our members and are not related to national health care reform.
YOUR 2011 Health Options

Over the last few years, the current health insurance options have not done a good job of controlling costs. Even our HMO option is no longer keeping costs down. So starting in January 2011, our current PPO, POS and HMO options will not be available. Instead, you will have two new options, both of which are PPOs:

• Partnership PPO
• Standard PPO

PPOs are a popular option for employer-sponsored health plans. A PPO, or preferred provider organization, offers you choice and cost savings. You can see any doctor or go to any health care facility you want. However, if you use an “in-network” provider, you will always pay less. That’s because an in-network provider has agreed to provide services to our members at discounted rates. The networks of doctors and hospitals will be similar to what you have now.

Comparing YOUR OPTIONS

In many ways, the Partnership and Standard PPOs will be identical. Both will cover the same services. In fact, they will cover the same services that are covered under your current option—regardless of whether you’re in the PPO, POS or HMO.

Both options will now include a deductible. You will have to meet your deductible before the plan pays for hospital charges and some other services. After you meet your deductible, you pay a share of the costs up to the plan’s out-of-pocket maximum. Both options include an out-of-pocket maximum, which protects you financially if you need a lot of medical care.

Not all services are subject to the deductible. For example, when you visit your primary care physician, you will only pay a co-pay for the service. For these services, the plan pays the rest of the cost, even if you have not met your deductible.

The two options are very similar. However, there’s an important difference between the two options: If you choose the Partnership PPO, you must commit to a Partnership Promise (see page 5), and the State will reward you with lower costs. If you choose the Standard PPO, you do not need to commit to the Partnership Promise, but your costs will be higher.

More Premium Levels

If you choose family coverage in 2011, your premium will reflect the size and makeup of your family. Currently, there are only two premium levels—employee and family. Next year, there will be four:

• employee
• employee + spouse
• employee + child(ren)
• employee + spouse + child(ren)
PARTNERSHIP PROMISE

IF YOU CHOOSE THE PARTNERSHIP PPO, YOUR PARTNERSHIP PROMISE WILL COMMIT YOU TO THREE STEPS TO GET STARTED ON THE ROAD TO HEALTHIER LIVING:

1. Know your health history.  2. Know your health risks.  3. Take steps to get and stay healthy.

• Complete a Health Questionnaire.
  You will need to answer questions about your current health. Questions will be included about your age, what you eat, how much you exercise and whether you use tobacco or alcohol. An independent wellness vendor will conduct the survey. This vendor will keep your answers strictly confidential. As is the case today, neither the State nor your employer can see your responses or your personal health information without your permission.

• Take a Health Screening.
  You will also need to take part in a health screening. This screening takes basic health measures such as your height, weight, blood pressure and cholesterol levels. You can choose to do the screening with your doctor (as part of a physical examination), or you can choose to do it at one of the health screening sites that will be set up around the State. As with the health questionnaire, neither the State nor your employer can see your responses or your personal health information without your permission.

• Reduce Your Health Risk Factor(s).
  Depending on the results of your questionnaire and screening, you may be eligible for professional support services to lower your health risks. For example, the independent wellness vendor may recommend that you work with one of their health coaches. You will have a number of options—and be able to choose whichever works best for you. The health plan will pay for the option you choose.

In return for making the Partnership Promise, you will pay less for your health care under the Partnership PPO than under the Standard PPO.

• Your premium will be less each month for all premium levels.

• Your annual deductible will be less than the deductible for the Standard PPO.

• Your co-pays and co-insurance for all types of medical care are likely to be lower.

• Your out-of-pocket maximum will be lower, which will give you more financial protection.

Choosing a PPO

Both the Partnership PPO and the Standard PPO will be available to all members—active employees, retirees under age 65 and eligible dependents. However, a member and all dependents must enroll in the same option. So if you choose the Partnership PPO, your spouse (but not your children) must also commit to the Partnership Promise.

Anyone can enroll in the Partnership PPO even if you smoke, don’t exercise or have a chronic health condition. In fact, we encourage you to enroll. You do not have to commit to quit smoking or run a marathon. You just have to commit to be serious about your health and do what you can to stay well or get better.
Did You Know?

- **Preventive care** refers to services or tests that help identify health risks. For example, preventive care includes mammograms and colonoscopies as well as regular blood pressure checks. In many cases, preventive care helps a member avoid a serious or even life-threatening disease.

- **Primary Care Physician** (also known as PCP) refers to your regular medical doctor. This is the physician you see most often. A PCP can be a general practitioner, a doctor who practices family medicine, internal medicine, OB/GYN or pediatrics or a nurse practitioner.

- A **deductible** is a fixed dollar amount you must pay each year before the plan pays any benefits. In the Partnership and Standard PPOs, the deductibles will mainly apply to hospitals and other high-cost services. The deductible will not apply to in-network primary care office visits or preventive care.

- **Meeting your deductible** means your out-of-pocket payments for covered medical services have reached the deductible amount. Once you meet your deductible, the plan will pay benefits for covered medical services for the rest of the year.

- A **co-pay** is a flat dollar amount that you pay for certain services. The co-pay for a visit to an in-network primary care physician in 2011 will be the same in both the Partnership and the Standard PPO.

- **Co-insurance** is the percentage of a dollar amount that you pay for certain services. Unlike a fixed co-pay, co-insurance varies, depending on the total charge for a service.

- An **out-of-pocket maximum** is the most you will pay for your deductible and co-insurance each year. The out-of-pocket maximum does not include premiums or co-pays. Once you reach your out-of-pocket maximum, the plan pays 100 percent of covered medical expenses for the rest of the year. We will know and communicate the 2011 maximums later this year.

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**Q&A**

**Will I lose benefits with either of the new health insurance options?**

No. The plans will still cover the same services that they do now. Both plan options will have deductibles, co-pays and co-insurance. You will have an opportunity to save on out-of-pocket costs by choosing the Partnership PPO and taking an active role in your health.

**When will I choose my new plan?**

The Annual Enrollment Transfer Period for 2011 will be September 15 to October 15. You’ll receive lots more information about the changes before then.

**Which insurance companies will administer the new options?**

We don’t know yet. Our current contracts expire in December 2010, and we are in the process of a competitive bid for these services. We will let you know as soon as contracts are signed.

**Will I have to change doctors next year?**

We will work closely with the new insurance carriers to make sure large networks are offered to our members. We won’t know which doctors are in the networks until the new insurance carriers are selected in June. During the Annual Enrollment Transfer Period this fall, plan members will have a choice between two insurance companies and will be able to see in advance which doctors are in each network.

**The Partnership Promise sounds fine for this year. What will I have to do in the future?**

We want to help you gradually take control of your health. The requirements each year will depend mostly on you and may change as you take steps to stay well or get better. If you decide not to commit to the Partnership PPO, you can switch to the Standard PPO during the Annual Enrollment Transfer Period.
**I have high blood pressure. Can I enroll in the Partnership PPO?**
Yes, absolutely! All members are eligible and encouraged to enroll and take advantage of the lower costs, regardless of current health, age or weight.

**I want to enroll in the Partnership PPO, but my spouse does not. Can we enroll in separate options?**
No. If your spouse is in your plan, you both must enroll in the same PPO.

**If I enroll in the Partnership PPO, what will I have to do to complete the health questionnaire? Who will see my answers?**
The State is currently in the process of contracting with a wellness vendor. The vendor will help you with the health questionnaire and schedule health screening events. The vendor will collect your data—but, by law, it will never release any identifiable information about you to either the State or your employer without your permission.

**I understand I will need to take certain tests as part of my Partnership Promise. Can I do them with my doctor?**
Yes. You can get the tests either through your doctor or at certain worksite events.

**I know I'm overweight. If I enroll in the Partnership PPO, will I be required to lose a certain number of pounds?**
No. There will be no “target weights” for members. The requirement is to show that you are making a sincere effort to meet your health goals.

**Am I going to be charged more next year for being a tobacco user?**
No. There will not be a surcharge for tobacco use. However, the Partnership PPO will require you to try to stop using tobacco. It will also offer incentives and resources to help you quit.

**If I enroll in the Partnership PPO for 2011, will I be able to switch to the Standard PPO in 2012?**
Yes. You will be able to switch during the Annual Enrollment Transfer Period.

**Do I have to meet the deductible for pharmacy benefits, too?**
No. You will not have to meet a deductible to receive pharmacy benefits. But your pharmacy co-pays will not count towards your out-of-pocket maximum for medical services.

**Is there an out-of-pocket maximum for my pharmacy benefits?**
No. You will always be responsible for pharmacy co-pays anytime you fill a prescription.

**REMINDER:** New Pharmacy Benefits Manager Starts July 1
CVS Caremark will become our new pharmacy benefits manager for all plans on July 1, 2010. The pharmacy network will include national chains (Wal-Mart, Walgreens, Target, Kroger and CVS) plus smaller independent pharmacies. You will receive a new ID card and other information from CVS Caremark in early June.

**What’s Next?**
Next month, ParTNers for Health will include more details about the Partnership and Standard PPOs. We’ll also focus on information you’ll need to make the right choices during the Annual Enrollment Transfer Period.

**Have More Questions?**
View a complete list at www.tn.gov/finance/ins. This list is updated frequently with new information.
WHAT YOU’LL FIND INSIDE

- What’s Changing…and What’s Not
- Your 2011 Health Insurance Options
- The Partnership Promise
- Questions and Answers
- What’s Next?

The information in this newsletter is current as of April 2010. Final plan information will be provided in future communications.