



COVER  TENNESSEE

2011 Report to the General Assembly

COVER TENNESSEE

COVER  **TN**
COVER  TENNESSEE

COVER  **Kids**
COVER  TENNESSEE

ACCESS  **TN**
COVER  TENNESSEE

COVER  **Rx**
COVER  TENNESSEE

About Cover Tennessee

Cover Tennessee was established during the 2006 legislative session, and the intent was clear: provide practical, affordable health care options for the uninsured in Tennessee.

From the beginning, the primary objective of Cover Tennessee's four programs has been to fill gaps in the health insurance market which historically prevented working adults, children and the chronically ill from obtaining health coverage.

With a common sense design and flexible programs, Cover Tennessee truly reflects the priorities of Tennesseans. Cover Tennessee offers a solution to put coverage in the hands of those who need it most and serves as a national model for how a state can partner with its citizens to provide health care.

Cover Tennessee is built on four primary principles

Accessibility

Health care cost is the largest barrier for access to insurance. Cover Tennessee makes coverage affordable for those who otherwise cannot purchase private insurance, whether through efficient benefit design or shared premium cost.

Effectiveness

Through smart, responsible management and measured growth, Cover Tennessee offers programs which address specific health needs of Tennesseans and ensure valuable, cost-effective benefits for both the member and the state.

Personal Responsibility

Individual responsibility for personal health and wellness is part of the solution to the health care crisis. Cover Tennessee helps its members understand this principle through benefit designs or premium structures that link personal health choices and cost. For the adult programs, premiums are based on a member's weight and tobacco use, which partially reflect the cost impact of an individual's health decisions. Wellness visits are free and the plans encourage members to establish and maintain a connection with a primary care provider.

Sustainability

Cover Tennessee seeks to do the most good with the resources available in order to be affordable to members and sustainable for the state.

Cover Tennessee is also portable


Each insurance policy offered by Cover Tennessee, whether for a working individual, a child or the chronically ill, is tied to the individual. Unlike employer-sponsored coverage, members do not forfeit coverage if they lose a job.

Claim Administrators

CoverTN and CoverKids are fully insured products through BlueCross BlueShield of Tennessee, which assumes full risk for both programs.

AccessTN is administered by BlueCross BlueShield of Tennessee. The product is self-insured by the state, which accepts full risk for the plan.

CoverRx is administered by ExpressScripts, Inc.



Cover Tennessee is a diverse family of programs

Designed to address the needs of four targeted segments of the uninsured population, the programs of Cover Tennessee — CoverTN, CoverKids, AccessTN and CoverRx — represent an innovative and common sense approach to serving the health needs of Tennesseans.

Collectively, the four programs have a current enrollment of more than 126,000 members.

CoverTN

Created to provide an affordable, basic health care option to small businesses and the working uninsured, CoverTN is a partnership where the state, employers and employees pay equal shares of the monthly premium.

A guiding principle for CoverTN is to provide a coverage option where none previously existed. With total premiums averaging \$179 per month (\$59 per share), the program offers coverage within reach for a population that's historically been unable to afford private health insurance.

The program intentionally started small with the plan for slow, measured growth over time. This philosophy proved effective: in the first three years of operation CoverTN was able to improve benefits and expand eligibility while maintaining a relatively constant premium level.

Over time, CoverTN made changes in eligibility requirements, which allowed the program to address the emerging crisis of those facing job loss and serve a wider range of Tennesseans.

As a result of reaching its budget capacity in November 2009, new enrollment in CoverTN was suspended. Enrollment remained closed in 2011.

CoverKids

CoverKids provides free, comprehensive health insurance for children in families who don't qualify for TennCare but still can't afford private coverage.

Launched in 2007 as part of the federally funded Children's Health Insurance Program (CHIP), CoverKids serves the needs of those children who historically may have fallen through the cracks. Families earning within 250 percent of the federal poverty level (FPL), \$55,875 for a family of four, can qualify for the program, provided the children have been uninsured for at least three months.

The comprehensive benefit plan covers virtually all aspects of a child's health.

Families pay low co-pays for these medical services. Preventive care, including age-appropriate immunizations, are covered at 100 percent by the plan.

In order to increase awareness and enroll more children, CoverKids partners each year with the Tennessee Department of Education to distribute program information to school children and their families.

Additional outreach efforts have included community partnerships and close work with children’s hospitals across the state, as well as targeted outreach to the faith and non-profit community.

AccessTN

As Tennessee’s high-risk plan for the chronically ill, AccessTN offers comprehensive coverage to those who are considered medically uninsurable because of pre-existing health conditions.

Due to the higher risk of its population, the monthly premiums for AccessTN are more expensive than those of similar commercial coverage. Members are responsible for these premiums, which are based on age, weight and tobacco use and also vary depending on the plan an individual selects.

For those members who can’t afford the full premium, AccessTN offers a premium assistance program which currently covers 20, 40, 60 or 80 percent of the total monthly cost. Nearly 80 percent of members receive premium assistance.

As the premium assistance program has changed, AccessTN has seen a slight decrease in the rate of new enrollment since many who apply need greater financial support than is available. AccessTN membership has remained at almost 3,500 members throughout 2011.

The premium assistance program is closed to new members as a result of budget limitations.

CoverRx

Originally part of the Health Care Safety Net, CoverRx provides pharmacy assistance to those who don’t have prescription drug coverage.

With more than 49,000 members, CoverRx offers access to more than 250 generic medications at low, income-based co-pays. Covered medications also include low-cost insulin and diabetic supplies, which help address Tennessee’s ongoing diabetes epidemic.

Since 2007, CoverRx has partnered with the Department of Mental Health and Developmental Disabilities to provide coverage of selected behavioral health drugs for the state’s severely and persistently mentally ill population.

In addition to coverage of insulin and diabetic supplies, the CoverRx formulary continues to include free flu and pneumococcal shots. The formulary is reviewed annually to ensure the best coverage for members.

Procurement: Cover Tennessee (program-wide)	
Contractor	Function
AON Consulting, Inc.	Actuarial and evaluation services
Thomson Reuters	Health care data warehouse and analytics



Program Facts and Observations

- Most CoverTN members — more than 50 percent — are between the ages of 40- and 64-years-old.
- CoverTN continues to enroll employees and their dependent spouses of already participating businesses through an annual open enrollment period and at the time of hire.
- Members in CoverTN continue to receive care for a variety of conditions. Even with benefit limits, less than 1 percent of members exhausted the maximum benefit limit of \$25,000 in 2011.

Program Overview

CoverTN is a partnership between the state, employers and individuals that makes health care coverage affordable. To keep costs low, the program offers basic coverage and each party agrees to pay one-third of the monthly premium. Individual shares of the monthly premium range from \$37 to \$109.

CoverTN is also portable, which allows individuals to take coverage with them if they change jobs or experience periods of unemployment.

There are no deductibles for CoverTN and members pay reasonable co-pays for medical services.

Eligibility

Designed to serve the health insurance needs of the working uninsured, CoverTN offers coverage through the following eligibility categories:

- Tennessee employers with 50 or fewer full-time equivalent employees, where half of the employees earn \$55,000 or less per year and the employer has not offered health insurance for at least six months. If offered, the employer has not paid more than 50 percent of the employee's premium.
- Individuals working for the above-mentioned businesses, who work an average of at least 20 hours per week and have not had health insurance in the previous six months.

Enrollment in CoverTN is closed as a result of the program reaching its budget capacity. Those currently enrolled in the program continue to receive benefits.

Eligibility (continued)

- Self-employed Tennesseans who work an average of at least 20 hours per week, have an adjusted gross income of \$55,000 or less per year and have not had health insurance in the previous six months.
- Tennessee residents who work an average of at least 20 hours per week, earn \$55,000 or less per year and have not had health insurance in the previous six months.
- Recently unemployed Tennesseans who have worked at least one 20-hour week in the previous six months, or had their work hours reduced to less than 20 hours per week, and earned less than \$55,000 per year.

Benefits

- 12 primary care provider visits per year
- Five or six specialist visits per year, depending on plan selection
- Pharmacy
- No limit for diabetic supplies and insulin
- Hospitalization
- Outpatient treatment
- Lab testing
- Radiology and pathology
- Mental health
- Ambulance
- Reconstructive breast surgery
- Chemotherapy and radiation
- Home health care
- Low co-pays
- \$25,000 annual benefit maximum

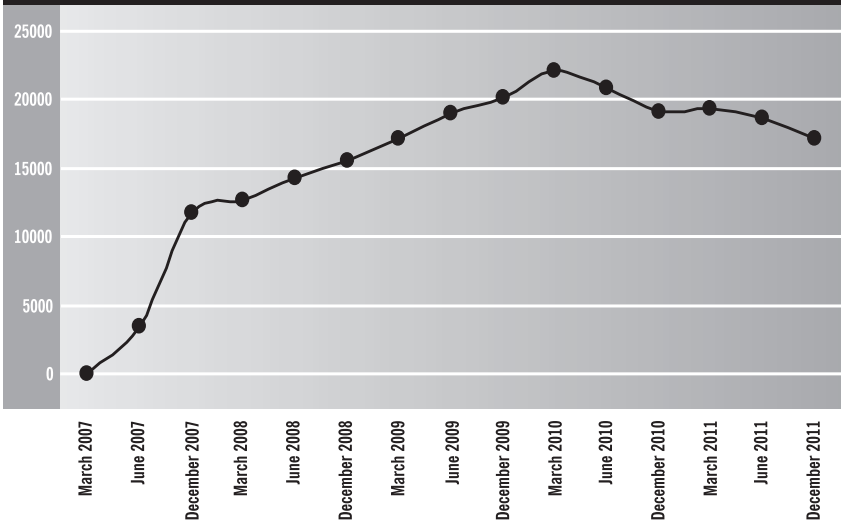
Participation: CoverTN

Total enrollment	17,125
Average monthly premium	\$ 178.95
Average monthly premium contribution	
State	\$ 59.65
Employer	\$ 59.65
Member	\$ 59.65
State premium contribution per member per year	\$ 715.80

Procurement: CoverTN

Contractor	Function
BlueCross BlueShield of Tennessee	Insurance and plan administration

Enrollment: CoverTN





Program Facts and Observations

- Almost 86 percent of CoverKids members have family incomes less than 210 percent FPL.
- 17 percent (8,167) of CoverKids members are younger than 5-years-old.
- For the 2011 plan year, CoverKids had a retention rate of nearly 78 percent.
- The CoverKids back-to-school campaign marked its fifth year in 2011, reaching thousands of children who would have otherwise been uninsured.

Program Overview

CoverKids provides comprehensive health coverage for uninsured Tennessee children. Emphasis is placed on preventive care and the services most needed by children, including vaccinations, physician visits and hospitalization, in addition to vision and dental benefits.

For qualifying families, there are no monthly premiums and the program has no deductibles. Members pay only affordable co-pays for services.

An online application is available at www.CoverKids.com

Eligibility

- Age 18 or younger
- Tennessee resident
- U.S. citizen or qualified legal alien
- Uninsured for at least three months
- Not eligible for TennCare
- Household income up to 250 percent of the federal poverty level (\$55,875 for a family of four)

Benefits

- Unlimited doctor visits, including check-ups
- Pharmacy
- Hospitalization
- Outpatient treatment
- Mental health
- Physical, speech and occupational therapy
- Substance abuse treatment
- Vision
- Dental
- No pre-existing condition exclusion
- Maternity coverage is available for women within 250 percent of the federal poverty level who meet other eligibility criteria
- Orthodontia (12-month waiting period)

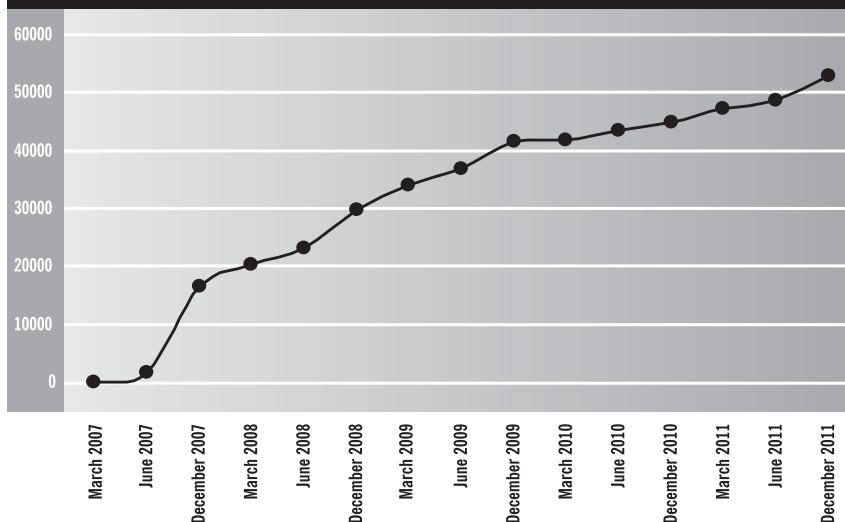
Participation: CoverKids

Total enrollment	52,844
State premium contribution per child per month	\$ 217.97
Average monthly premium paid by member	\$ 0.00

Procurement: CoverKids

Contractor	Function
BlueCross BlueShield of Tennessee	Insurance and plan administration
National Guardian Life Insurance Company (DentaQuest)	Dental insurance and plan administration
Randy Fritz	Operations consultant
Policy Studies, Inc.	Eligibility and enrollment

Enrollment: CoverKids



Program Facts and Observations

- 81 percent of AccessTN's members are enrolled in Plan One, with a \$1,000 deductible and premium assistance.
- AccessTN also offers a plan with a \$5,000 deductible and an HSA-eligible plan with a \$3,000 deductible.
- AccessTN's innovative benefit design covers comprehensive treatment for complex and catastrophic medical conditions.

Program Overview

AccessTN provides comprehensive health insurance for Tennesseans who are uninsurable due to pre-existing medical conditions. The program also offers guaranteed issue coverage to those completing COBRA eligibility.

The program offers three plan options with varying deductibles, so members may choose the plan that best fits their needs.

No person is turned away because of health status or medical conditions. In fact, more than 50 medical conditions constitute automatic medical eligibility for the program.

Eligibility

- Tennessee resident for six months
- U.S. citizen or qualified legal alien
- Age 0 to 64
- Uninsurable because of health status
- No access to employer-sponsored health insurance, except CoverTN
- No health insurance for previous three months (some exceptions apply for those finishing COBRA, TennCare or CoverKids)
- No income limits or asset test

The premium assistance program is closed to new members as a result of budget limitations.

- Premium assistance up to 80 percent available for qualifying households
- Those older than 65 who are not eligible for Medicare may also join

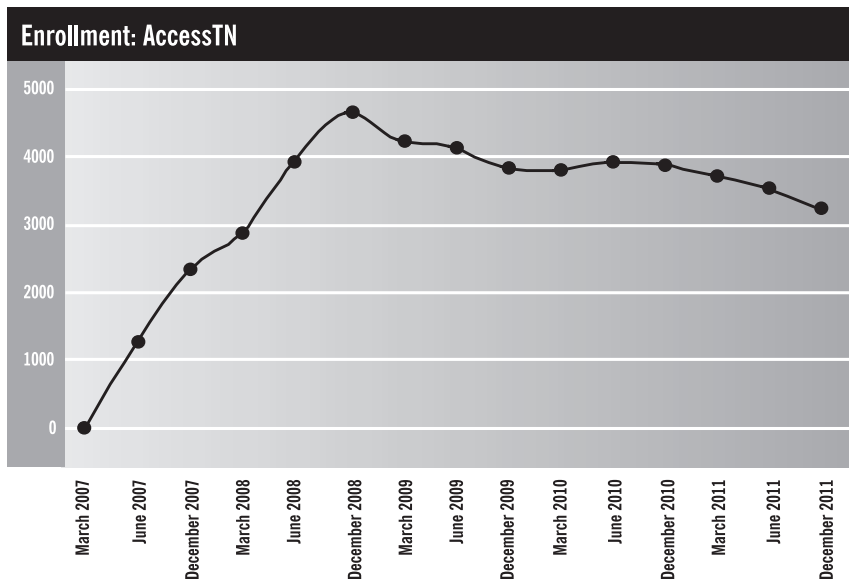
Benefits

- Comprehensive health insurance
- Three plan options with \$1,000, \$3,000 and \$5,000 deductibles
- Covers 50 percent of medical benefits for pre-existing conditions for six months before full benefit begins
- All plans have full pharmacy coverage from day one
- Coverage for those declined for commercial insurance and automatic qualification for more than 50 medical conditions such as:
 - Alzheimer’s disease
 - Cancer
 - Diabetes
 - Heart attack
 - HIV/AIDS

Participation: AccessTN	
Total enrollment	3,265
Average monthly premium paid by member	\$ 721.22
Average monthly premium assistance per member per month*	\$ 513.44
Claims cost per member per year	\$ 11,596.68

* includes only those members receiving assistance

Procurement: AccessTN	
Contractor	Function
BlueCross BlueShield of Tennessee	Plan administration





Program Facts and Observations

- Members are classified into one of three income groups — those who are below the federal poverty level (up to 100 percent FPL), those between 101 and 149 percent FPL and those between 150 and 250 percent FPL.
- 81 percent of members fall in the lowest co-pay group, with household incomes at or below the FPL.
- The most frequently filled covered drugs in calendar year 2011 were Lantus, and Trazadone, an anti-depressant, which reflects the program's support of the Mental Health Safety Net services.

Program Overview

CoverRx is a pharmacy assistance program for those who have no pharmacy coverage but need medications. The program provides members with access to more than 250 medications, including insulin and diabetic supplies.

There are no monthly premiums for CoverRx — only affordable co-pays for prescriptions. Co-pays are based on household income.

Members may also participate in other discount programs offered through retail pharmacies and pharmaceutical manufacturers as a way of maximizing cost savings.

Eligibility

- Tennessee resident for six months
- U.S. citizen or qualified legal alien
- Age 19 to 64
- Annual household income up to 250 percent of federal poverty level (up to \$27,225 for a single individual)
- No pharmacy coverage, such as TennCare or employer-sponsored health insurance
- Does not have Medicare

Benefits

- Access to more than 250 generic medications
- Insulin and diabetic supplies are covered
- Discounts for non-covered medications
- Limit of five prescriptions per month; insulin and diabetic supplies do not count towards the five prescription limit
- Free coverage of flu and pneumococcal shots

Participation: CoverRx

Total enrollment	53,008
Claims cost per member per month	\$ 13.88
Average monthly premium paid by member	\$ 0.00

Procurement: CoverRx

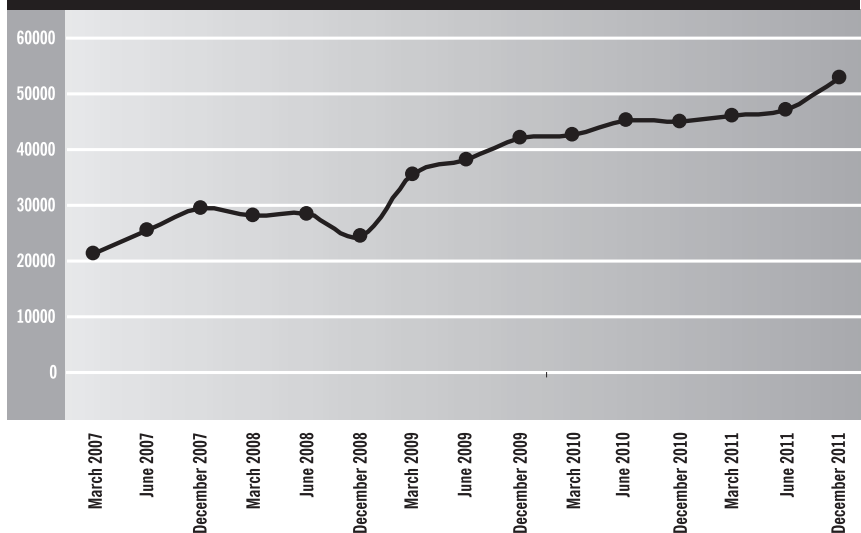
Contractor	Function
Express Scripts	Plan administration and enrollment

Covered Medications

Generic equivalents for many well known brand name drugs are available, including:

- Zocor® for high cholesterol
- Flonase® for asthma
- Paxil® for anxiety and depression

Enrollment: CoverRx





Tennessee Department of Finance and Administration
January 2012

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