



Common Sense Health Coverage
for Uninsured Tennesseans

TennCare was once a partial solution for the uninsured

- Majority of uninsured were never on TennCare
- Program is mired in multiple federal lawsuits
- TennCare was bankrupting the state

New approach to helping the uninsured is needed

- TennCare no longer the best option
- Number of uninsured had increased since 1994; our plan to assist them had not changed in more than a decade
- Fewer employers can afford to offer health coverage
- A new, affordable, common sense approach is needed

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 CoverTennessee

Accessibility

- State facilitates the market to bring health coverage costs within reach
- Make affordable coverage options available to children, chronically ill and working people

Effectiveness

- Pay for what's most cost effective: 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 behavior that affects their health

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

The 3 insurance programs and CoverRx will be available in early 2007. Project Diabetes and Coordinated School Health programs are underway



Creates a partnership between state and federal government to offer health insurance to every uninsured child 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** sources (\$3 to \$1 federal match vs. \$2 for \$1 match in TennCare)
- 49 other states** operate State Children's Health Insurance Plan (SCHIP)



Eligibility:

- Open to children **18 and under**
- Household **income up to 250%** of federal poverty level (FPL)
 - Buy in is available for children with higher household incomes
- US Citizen** or qualified 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**



Timeline:

- September, 2006:** Sent Tennessee plan to CMS for federal approval
 - CMS has up to 90 days to approve
 - Timeline is pending, assuming CMS approval by January, 2007
- October, 2006:** Issue RFP for Plan Administrator
- Last quarter, 2006:** Award Contract
- Last quarter, 2006:** Begin Enrollment
- First quarter, 2007:** Coverage begins



Provides health insurance option for seriously ill adults who can afford health coverage, but have previously been turned down by insurance companies as uninsurable

- 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; 33 states currently operate similar pools



Eligibility

- No income determination, no asset test
- Tennessee residency: 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)

Operational rules for these criteria are still in development



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 does not include disenrollees who left TennCare due to any change other than eligibility reform



Benefits

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



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



Timeline

- ❑ **September, 2006:** Board of Directors named
 - Oversees the design and administration of the program
- ❑ **October, 2006:** Issue RFP to secure plan administrator
 - Plan administrator = the insurance company selected to run the plan
- ❑ **December, 2006:** Award Contract to plan administrator
- ❑ **First quarter, 2007:** Enrollment and coverage begins



Creates a partnership between the state, small employers and individuals to offer affordable, portable, basic health benefits for working Tennesseans who are uninsured

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



Affordable healthcare coverage

- Reduced premiums shared equally between the employer, individual and state
- Individuals' monthly premium share range between \$33 and \$99
- Premiums vary depending on age, tobacco use, and BMI
- No deductibles; reasonable co-pays capped at:
 - \$25 for doctor and outpatient hospital visits
 - \$10 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



□ **Basic** health benefits

- Focus on first dollar coverage (no deductible) for preventive and primary care
- Provide most needed services to those who have no coverage today
- Cost containment through service limits rather than excluding services (except maternity)
- Minimum services that must be offered include:
 - Physician services
 - Hospital services
 - Generic pharmacy coverage
 - Outpatient services
 - Lab services



- ❑ Two insurance companies will offer CoverTN coverage
 - Carriers will compete for participants
 - Participants select carrier of their choice

- ❑ Strong interest from established carriers to compete for this business



Start small and grow over time

- ❑ At launch, CoverTN will target participating employers
 - Keeps the plan manageable
 - Increases number of younger, healthier participants (stabilizes the plan)
 - These employers have committed 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 eligibility requirements

- Business is located in Tennessee
- Business has 25 or fewer full time employees or equivalent; also includes sole proprietors
- 50% of employees earn \$41,000 or less
- Business offers the plan to all employees
- Business has not offered employer-sponsored insurance for 6 months, or if offered, the employer has not paid 50% or more of employee premiums

Qualifying small businesses may offer CoverTN to all employees, even if some earn more than the targeted income



Employee eligibility requirements

- Tennessee resident
- Works at least 20 hours per week, on average
- Commits to pay 1/3 premium
- Spousal coverage is also available
 - Employer has the option of whether or not to contribute 1/3 of the spousal premium

Employer Pre-qualification



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Cover Tennessee

COVER TN
COVER + TENNESSEE

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

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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



Timeline

- ❑ **September, 2006:** Began pre-qualification of eligible employers
- ❑ **October, 2006:** Issued RFP to select plan administrator
 - Plan administrator = the insurance company selected to run the plan
- ❑ **January, 2007:** Award Contract (s)
- ❑ **First quarter, 2007:** Enrollment and coverage begins



Expands the state's successful Safety Net program for affordable medication to other low-income Tennesseans

- ❑ This is not insurance
 - **Provides 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 residents (6 months)
 - Age 19 to 64
 - Household income below 250% FPL



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 begins

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 bring awareness to communities about ways to make healthier lifestyle choices
 - **Healthy Teen Intervention** -- Clinical Trial with the National Institutes of Health (NIH)
 - Haywood County High School and Cookeville High School among the 8 schools chosen nationally by the NIH
 - Tennessee will be expanding the program to 10 additional schools
- ❑ 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

Project *DIABETES*

Coordinated School Health (CSH)

- ❑ Successful pilot program has led Tennessee to be the first state to fund CSH statewide expansion
 - **School-based program creating communitywide change**
 - Designed to empower kids to make healthier lifestyle choices related to exercise, diet and behavior
 - Engages parents, school personnel and the wider community in creating a healthier environment and culture
 - Works in conjunction with mandatory physical education and other initiatives for healthier schools

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.

- 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**
- 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



Preliminary Qualification Form

Please take a moment to verify that all information entered is correct.

Employer Information

Business name:	Company
Business Address:	180 Wallace rd
City:	City
State:	TN
Zip Code:	Zipco
TN employer number from quarterly SUTA form:	55-555555
FEIN:	66-666666
Company Contact Person:	
First Name:	Some
Middle Initial:	b
Last Name:	Body
Title of Contact Person:	Title
Contact's Phone:	(555)555-5555
Contact's Fax:	(666)666-6666
Contact's Email:	anyone@email.com

Health Insurance

Is your Company located in Tennessee?	No
Do you have fewer than 25 full-time equivalent employees?	No
Do half of your employees earn below \$41,000.00 per year?	No
Have you offered health insurance in the last six months?	No
If so, did you pay less than 50% of the employee premium?	No



Email Sign Up

Contact Us

Newsroom

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 1-866-CoverTN.

Thank you for registering

Congratulations! Based on the information that you supplied, your company may qualify for the CoverTN program. With CoverTN, you and your employees will be able to get affordable health coverage.

The CoverTN program is in the final stages of development. We expect it to be available in early 2007. In the meantime, we will email you with updates about CoverTN. In fact, we have already sent you an email to confirm that we have received your information. We will certainly keep you informed as we roll out the program over the next few months.

Again, thank you for registering. I am proud of the CoverTN program, and I am pleased that you are interested in joining.

Governor Phil Bredesen

Feedback

Close

- ❑ The direct and indirect costs of obesity, including medical costs and lost productivity, amount to more than \$117 billion each year, according to estimates from the U.S. Department of Health and Human Services (HHS). This includes \$61 billion in direct medical costs for treatment of related diseases and \$56 billion in indirect costs such as lost productivity.
- ❑ A 2002 study published in Health Affairs found that obesity increases health care costs for inpatient ambulatory care by 36 percent and medication costs by 77 percent compared to people in a normal weight range.
- ❑ A 2002 study from the Agency for Healthcare Research and Quality determined that obese individuals age 55 and older have higher annual medical care expenses than normal-weight and overweight individuals (\$7,235 for obese, \$5,478 for overweight, and \$5,390 for normal-weight persons).
- ❑ Employers and businesses bear a sizable portion of the costs associated with treating obesity-related conditions. These costs are primarily for lost productivity, paid sick leave, and the increased costs of health, life, and disability insurance. Obese employees take more sick leave than non-obese employees and are twice as likely to have high-level absenteeism -- seven or more absences due to illness during a six month period.

Source: F as in Fat, Trust for America's Health, August 2005 & August 2006