

PUBLIC NOTICE

CALL FOR A SPECIAL MEETING OF THE BLOUNT COUNTY BOARD OF COMMISSIONERS TO BE HELD IN ROOM 430 AT THE BLOUNT COUNTY COURTHOUSE, COURT STREET, MARYVILLE, TENNESSEE, ON TUESDAY, FEBRUARY 9, 2016, AT 5:00 P.M.

I, Mayor Ed Mitchell, pursuant to and in accordance with the authority vested in me by Tennessee Code Annotated § 5-5-105, hereby call the Board of County Commissioners of Blount County, Tennessee, to meet in special session on the 9th day of February, 2016, 5:00 P.M. for the following:

- A. Approval of Resolution to add plan design to the current health plan offerings that complies with State Law for Blount County School System Employees.

February 2, 2016

APPROVED:

ATTEST:

Jerome Moon
Commission Chairman

Roy Crawford, Jr.
County Clerk

Ed Mitchell
County Mayor

RESOLUTION NO. 16-02-005

SPONSORED BY COMMISSIONERS MIKE LEWIS AND TOM STINNETT

A RESOLUTION TO ADOPT AN UPDATED BENEFIT PLAN DESIGN THAT MEETS THE STATE STANDARDS SET ASIDE FOR CERTAIN SCHOOL SYSTEM EMPLOYEES.

WHEREAS, the Blount County Board of Commissioners met on September 17, 2015 and approved a change to the County's health benefit plan design;

WHEREAS, The Blount County School Board was notified by the State of Tennessee that the change in plan design did not meet the State's requirements and would result in the loss of BEP funds if the County's plan was not brought into compliance;

WHEREAS, The Blount County Human Resources Department and the County's insurance broker worked with the State of Tennessee to develop a plan that complied with State standards;

WHEREAS, the approved health benefit plan design contains two plan choices;

WHEREAS, Plan 1 offerings are as follows:

- \$750 Individual Deductible/\$1500 Family Deductible
- \$4,000 Out of Pocket Maximum

WHEREAS, Plan 2 offerings are as follows:

- \$625 Individual Deductible/\$1250 Family Deductible
- \$4,000 Out of Pocket Maximum

WHEREAS, the Prescription offerings for both Plan 1 and Plan 2 are as follows:

- Tier 1 - \$10 (Generics)
- Tier 2 - 30% coinsurance (Maximum of \$60)
- Tier 3 - 40% coinsurance (Maximum of \$100)
- Tier 4 - 50% coinsurance (Maximum of \$200)

WHEREAS, the Monthly Premium structure for Plan 1 is as follows:

	<u>Employer Premium</u>	<u>Employee Premium</u>	<u>Total Premium</u>
• Employee Only	\$425.00	\$85.00	\$510.00
• Employee + Spouse	\$975.00	\$200.00	\$1,175.00
• Employee + Child(ren)	\$975.00	\$175.00	\$1,150.00
• Family	\$975.00	\$225.00	\$1,200.00

WHEREAS, the Monthly Premium structure for Plan 2 is as follows:

	<u>Employer Premium</u>	<u>Employee Premium</u>	<u>Total Premium</u>
• Employee Only	\$425.00	\$93.00	\$518.00
• Employee + Spouse	\$975.00	\$218.00	\$1,193.00
• Employee + Child(ren)	\$975.00	\$193.00	\$1,168.00
• Family	\$975.00	\$243.00	\$1,218.00

WHEREAS, if both spouses work within the County, the maximum Employee Premium to be paid will be the family premium. The Employer premium will be budgeted for every eligible employee who elects coverage.

WHEREAS, the approval of the recommended plan designs and monthly premium structure, is necessary for the Blount County School System to continue to receive its BEP funding;

NOW, THEREFORE BE IT RESOLVED by the Board of County Commissioners of Blount County, Tennessee, assembled in a special called meeting this 9th day of February, 2016, adopts the benefit plan designs and monthly premium structures for Blount County employees and retirees is hereby approved.

BE IT FURTHER RESOLVED THAT THIS RESOLUTION TAKES EFFECT FROM AND AFTER ITS PASSAGE, THE PUBLIC WELFARE REQUIRING IT; AND THAT ANY PRIOR RESOLUTION TO THE CONTRARY IS HEREBY DECLARED VOID.

CERTIFICATION OF ACTION

ATTEST

Chairman

County Clerk

Approved: _____

Vetoed: _____

County Mayor

Date



Blount County Government

Human Resources Department

Jenny Morgan
Director of Human Resources
397 Court Street
Maryville, Tennessee 37804
Phone: 865/273-5781
Fax: 865/273-5783
jmorgan@blounttn.org
www.blounttn.org/hr

TO: All County Commissioners

RE: Notice from the State re: Healthcare Plan

DATE: February 2, 2016

The Blount County School system has been notified by the State of TN Department of Finance and Administration Benefits Administration department that the County's healthcare plan does not meet the state standards. We have achieved a rating of 94.4% on our current plan design and need to have 95% or more in order to be in compliance. This is a matter of significance because there could be a potential impact to the funding the system receives from the state.

Director of Schools, Robert Britt, and Finance Director, Randy Vineyard have filed a request for a waiver and we are pursuing a final resolution to this matter.

Below is the timeline of events:

- ❖ **August, 17, 2015** - School system receives letter from the Division of Benefits Administration requesting documentation on benefits offerings for the year 2015
- ❖ **Date unknown** - School System representatives respond to request from state and provide a copy of the 2015 Benefit Guide Book
- ❖ **October 16, 2015** - School system receives letter from the Division of Benefits Administration determining the County's healthcare plan is equal to the State's Partnership PPO plan (the basic plan for comparison)
- ❖ **December 14, 2015** - County Finance Director, Randy Vineyard, receives email from Director of Schools, Rob Britt; with a letter attached dated December 4, 2015 from the Division of Benefits Administration stating the County's healthcare plan is inferior with a rating of 93.2%.
- ❖ **December 17, 2015** - The Finance Director, HR Director, Jenny Morgan, and CBIZ Benefits Broker, Cole Harris all meet with Director of Schools Britt and David Murrell, Assistant Director of Administration, Personnel & Student Services for Blount County Schools. This group had a conference call with a representative from the state, Christa Martin, and Aon Hewitt, the actuarial firm for the state.
- ❖ **December 18, 2015** - Cole Harris submitted additional information for the state to send to Aon Hewitt to include in their review. We received notification from Christa Martin that the actuaries reviewed the information and adjusted their analysis for the healthcare plan to 94.1% and provided scenarios that will help the healthcare plan achieve the rating of 95% or higher. A deadline of 90 days was given (March 9, 2016) to have any changes approved in order for the school system to continue to receive funding from the state.

- ❖ **December 21, 2015** – Letter is drafted to send to the Division of Benefits Administration requesting an appeal to the state’s decision.
- ❖ **December 22, 2015** – Letter is sent from Directors Britt and Vineyard
- ❖ **January 14, 2016** – Directors Britt and Vineyard receive letter from Division of Benefits Administration stating they cannot recommend that the LEIC reverse their decision. The LEIC has a meeting on February 4, 2016 at 10:00 am CST. Cole Harris from CBIZ will attend this meeting on behalf of the County.
- ❖ **January 22, 2016** – Blount County submitted an additional plan design to the state for review to see if the plan will meet the requirements for the School System.
- ❖ **January 26, 2016** – Blount County received notice from the state that the 2nd plan design received a rating of 95.5% and is therefore deemed equal to the State plan.
- ❖ **February 9, 2016** – Special called meeting of County Commission is held for discussion and action on the additional plan design.
- ❖ **March 9, 2016** – Date the School System will no longer receive BEP payments if the County does not take the necessary action to offer the additional plan.

Next Steps:

If the resolution is approved, we will notify the State of the approval, the date the plan will be effective, and when an enrollment period will be provided to employees.

If the resolution is not approved, Blount County Schools will likely lose approximately \$3.3m of funding from the State.

Thank you,



Jenny Morgan
Director of Human Resources



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION

312 Rosa L. Parks Avenue
Suite 1900 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-4517 or (800) 253-0029
FAX (615) 253-8556

Larry B. Martin
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

August 17, 2015

Rob Britt, Director of Schools
Blount County School System
831 Grandview Drive
Maryville, TN 37803

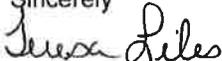
Dear Mr. Britt:

Each year the Department of Education is authorized to pay the Local Education Agencies an amount determined in the general appropriations act on behalf of each eligible instructional and support staff employee of a local education agency, and the employee's dependents based on, among other factors, the aggregate average health care cost. As explained in TCA 8-27-303(a) (2) any local education agency who makes medical insurance available to its instructional employees and support staff must provide benefits that are equal or superior to the benefits of the Local Education Plan offered through the State to be eligible to receive these direct payments.

Benefits Administration will need a copy of your health insurance plan design to determine whether or not your current plan is equal or superior to the plan offered through the Local Education Plan administered by our Division. **Please submit this document by the close of business no later than August 31, 2015.** The document you provide Benefits Administration should reflect the benefits you are offering for the year 2015. This plan design can be a one or two page document that shows, at a minimum, any co-pays, deductibles, co-insurance, out of pocket maximum, or pharmacy benefits. We will submit this information to the Division's consulting actuary, AonHewitt, for their assessment of your plan. You will receive a written report explaining the results of the evaluations.

Based on TCA 8-27-303(g) if the result of the evaluation is determined to be inferior to the Local Education Plan all direct payments from the Department of Education shall be discontinued no later than ninety (90) days after the final determination is made. During this period of time your agency may implement improved benefits and submit the revised plan for re-evaluation. Alternatively, any school system whose benefits are determined not to be "equal or superior" may elect to either enroll in the Local Education Plan or maintain your benefits with your current carrier and no longer receive the state support for your plan.

If able, please email an electronic copy of your plan design to me at Teresa.Liles@tn.gov. If you cannot send an electronic copy you can either fax a copy or mail it to the address listed above. Should you have any questions I can be reached at (615) 532-2227 Monday thru Friday between the hours of 6:30am -3:00pm (CST).

Sincerely


Teresa Liles
Manager of Program Integrity Fraud Unit

Frequently Asked Questions

1. Does Benefits Administration itself make the "equal to or superior" determinations?

No. State law requires Benefits Administration to periodically evaluate the "equal or superior" plans of the LEAs that administer independent insurance pools in order to ensure that those plans satisfy the statutory "equal or superior" requirement. TCA § 8-27-303(g). As permitted by state statute, we rely on external actuarial consultants to make the "equal or superior" determinations. The actuarial consultants do so by determining if the independent plans are actuarially equivalent to the value of the Local Education Plan.

2. Is an "equal to or superior" determination based on more than just copay-to-copay comparison between those plans and the Local Education Plan that Benefits Administration manages?

Yes. The "equal to or superior" determination is a much more comprehensive actuarial assessment and comparison of the value of the benefit of both the independent plan and the Local Education Plan that Benefits Administration manages.

3. If "equal or superior" plans have copays, deductibles and/or coinsurance amounts that are higher than those in the Local Education Plan that Benefits Administration manages, will those plans lose their "equal or superior" status?

No, not necessarily. The "equal to or superior" determination is a much more comprehensive actuarial assessment of the value of the benefit.

4. Benefits Administration raised some of the copays, deductibles and coinsurance levels in the Local Education Plan. Can we use the same cost-sharing amounts?

No, not necessarily. While we did change some cost-sharing amounts, we also added a comprehensive wellness benefit program, and we expanded access to primary care and preventive services. These changes to the benefit alter (and improve) its "value" – which would not be reflected in a simple comparison of copayments, etc.

5. Benefits Administration expanded eligibility for child dependents under age 26 – and they expanded access to preventive and behavioral health services. Do we also have to implement these same changes?

This question goes beyond the "equal or superior" requirements. All self-funded group insurance plans subject to the Public Health Service Act (which includes self-funded, nonfederal governmental plans like our plans and the equal or superior plans) must adhere to the requirements of the Patient Protection and Affordable Care Act (Pub. L. 111-148), as amended. This includes new requirements related to dependent coverage, enrollment rules, coverage and cost-sharing for preventive and mental health/substance abuse treatment services, etc.

As a general matter, the “equal or superior” plans may choose to assess their overall compliance obligations by answering the following questions:

- Is the plan compliant with federal law, including the relevant provisions of the Public Health Service Act as amended by the recent federal health reforms?
- Is the plan compliant with state insurance law to the extent that it applies? Please note that the Attorney General recently issued an opinion (#09-157) that is of special relevance here.
- Does the plan satisfy the "equal or superior" requirement by providing a benefit with a value commensurate with that of the Local Education Plan? See TCA § 8-27-303(a)(2); TCA § 8-27-303(g).

All of these issues affect the value of the benefit design, so they indirectly influence the “equal or superior” determinations. However, the new federal health reforms, not the “equal or superior” requirements, would confer specific requirements to implement any plan changes related to dependent coverage, enrollment rules, coverage and cost-sharing for preventive and mental health/substance abuse treatment services.

Note: Administrators of equal or superior plans should consult with their legal counsel before making any definitive conclusions about their compliance responsibilities.

6. How often does Benefits Administration (and its actuarial consultants) review “equal or superior” determinations?

We will be conducting these reviews annually.

7. Benefits Administration has implemented a four-tier premium structure for the Local Education Plan? Do “equal or superior” plans have to use this same premium structure?

No.

8. How can I know if my benefit structure is “equal or superior” to the Local Education Plan?

As permitted by state statute, we rely on external actuarial consultants to make the “equal or superior” determinations. The actuarial consultants do so by determining if the independent plans are actuarially equivalent to the value of the Local Education Plan.



October 16, 2015

Laurie S. Lee
Executive Director
Division of Benefits Administration
Tennessee Department of Finance and Administration
312 Rosa L. Parks Avenue
Suite 1900
Nashville, TN 37243

Re: Determination of Equal/Superior Rating of Local Education Employer Plans for Purposes of Determining Opt-Out Eligibility – Blount County

Dear Laurie:

Tennessee Code Annotated 8-27-303(g) establishes the provisions by which a Local Education Association (LEA) can opt-out of the Local Education Plan and remain eligible for full Basic Education Program (BEP) funding. According to this statute, a LEA can establish their own employee health plan without affecting BEP funding if they offer a plan that is considered to be Equal or Superior to the Basic Plan offered in the Local Education Plan. The Partnership PPO is the Basic Plan in this determination.

Blount County provided Benefits Administration (BA) staff information and data on the health plan options they provide. Aon Hewitt, as the Actuary for the Local Education Plan, was asked by BA to evaluate the plan options and determine which plan(s) are Equal or Superior to the Basic Plan.

This determination is made by comparing the plan design of each option with the Basic Plan. That is, the composite overall benefit value of the deductibles, copays, coinsurance, out-of-pocket maximums etc. was determined for each option, and other factors such as demographic risk, claims experience, or geographic location were considered.



The following was used to classify each option as Equal, Superior or Inferior:

Rating	Classification
Less than 0.95	Inferior
0.95-1.05	Equal
More than 1.05	Superior

The table below shows the results of our analysis for Blount County, which includes the Rating and Classification for each option submitted.

Plan Name	Relative Value to Partnership PPO	Superior / Equal / Inferior
Blount County Three Tier Network	99.4%	Equal

If there are questions, or if additional information is required, please do not hesitate to contact me directly at 847-771-8398.

Sincerely,

Colleen M. Huber, FSA, MAAA
Vice President



December 4, 2015

Laurie S. Lee
Executive Director
Division of Benefits Administration
Tennessee Department of Finance and Administration
312 Rosa L. Parks Avenue
Suite 1900
Nashville, TN 37243

Re: Determination of Equal/Superior Rating of Local Education Employer Plans for Purposes of Determining Opt-Out Eligibility – Blount County

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Blount County provided Benefits Administration (BA) staff information and data on the health plan options they provide. Aon Hewitt, as the Actuary for the Local Education Plan, was asked by BA to evaluate the plan options and determine which plan(s) are Equal or Superior to the Basic Plan.

This determination is made by comparing the plan design of each option with the Basic Plan. That is, the composite overall benefit value of the deductibles, copays, coinsurance, out-of-pocket maximums etc. was determined for each option, and other factors such as demographic risk, claims experience, or geographic location were considered.



The following was used to classify each option as Equal, Superior or Inferior:

Rating	Classification
Less than 0.95	Inferior
0.95-1.05	Equal
More than 1.05	Superior

The table below shows the results of our analysis for Blount County, which includes the Rating and Classification for each option submitted.

Plan Name	Relative Value to Partnership PPO	Superior / Equal / Inferior	Comments
Blount County Three Tier Network	93.2%	Inferior	Higher Deductible: \$750 Individual / \$1,500 Family Higher Out-of-Pocket Maximum: \$4,000 Per Covered Person

If there are questions, or if additional information is required, please do not hesitate to contact me directly at 847-771-8398.

Sincerely,

Colleen M. Huber, FSA, MAAA
Vice President

Director of Schools

Rob Britt

831 Grandview Drive
Maryville, TN 37803
(865) 984-1212
Fax: (865) 980-1002



Board of Education

James Compton
Charles Finley
Trevis D. Gardner
Fred Goins
Scott Helton
Bill Padgett
Debbie Sudhoff

~Educational Excellence For All Students~

December 22, 2015

Laurie S. Lee, Executive Director
Division of Benefits Administration
Tennessee Department of Finance and Administration
312 Rosa L. Parks Avenue, Suite 1900
Nashville, TN 37243

Re: Determination of Equal/Superior Rating of Local Education Employer Plans for Purposes of Determining Opt-Out Eligibility – Blount County – RESPONSE

Dear Ms. Lee:

We are requesting an appeal in reference to the two attached letters dated October 16th, 2015, and December 4th, 2015 in regards to the issue stated in the aforementioned letters.

As you are aware, the benefit process for a plan year begins six to nine months prior to the effective date of the plan year. During the process, Blount County Government had the difficult task of balancing the health fund budget within the parameters given by the County Commission, while still providing a competitive health plan for employees of all county departments, including schools. The end result is a combination of changes in all carriers used for the health and ancillary plans (excluding vision) and plan design/premium changes. The concern for the financial integrity of the employee was a primary factor when calculating the costs for the plan design and premium changes. It was determined that one plan design achieved this goal while limiting the financial exposure to the employee in premium changes. A two plan design offering was considered to the employees with one plan mirroring the existing, but the resulting payroll deductions would lead to costs that would be far too prohibitive for anyone to participate.

Due to the length of time needed to complete a successful transition in carrier and plan designs, approval for the plan was required no later than early October for the benefits, with an open enrollment occurring in early November. The State of Tennessee also has a process of determining plan designs and premiums for the same plan year of January 1, making it unlikely that the two processes could coincide effectively. The first approval letter of benefits, dated on October 16th, outlined approval of the benefits based on the existing plan data for that year. The process of sending in the current plan design is typical as plan designs, premiums, and other factors are generally not approved and effective in time for this process to take place. The timing of this process would dictate any concerns on the 2016 plan design and would be rectified for the 2017 plan year. The December 4th

~Uncompromising Educational Service~

letter was in reference to the School Board proactively submitting data after the approval was already given for the 2016 plan year. The data was not required, rather given as a proactive measure for our planning process that would begin in January 2016 for the 2017 plan year.

Our request is to not be punished for proactively providing data when the data was not requested and be given a waiver for the 2016 benefits plan year. With recent data provided, the Actuarial Value of the 2016 plan design calculates to 94.1% of the "Partnership PPO" plan of the State. If other data were to have been considered such as premium, wellness requirements/stipulations, etc. the State would find that the benefits are even more comparable than determined through this analysis.

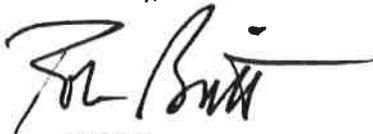
The Actuarial Analysis states that if Blount County Government reduces the Deductible from \$750 to \$625 and leaves all other benefits the same, this would bring the plan in compliance at 95.1%. The appearance of this minor change creates huge burdens for the County in terms of administration, communication, costs to the health fund, and overall confusion for the employees. The Tennessee Code Annotated 8-27-303(f) states: "The local education insurance committee shall periodically evaluate local plans determined to be equal or superior to the *basic* plan to ensure that such plans maintain benefits equal or superior to the *basic* health plan." After discussions with the State, it was determined that the definition "*basic*" applied to each of the four health plans currently offered. While the "Partnership PPO" plan does fall into the category of one of the four basic plan designs, it is also not a plan that all employees would have access to participate in the "Partnership PPO" plan design. They must agree and adhere to the Partnership Promise, which not all employees feel comfortable with abiding. Also, a prudent person would define the word "*basic*" as giving reference to a more minimal or basic plan design rather than the Premier of the four options.

If only \$125 in deductible reduction (of the current \$750) would be needed to compare accurately with a \$400 deductible "Partnership PPO" plan, it would be very reasonable to suggest that the current \$750 deductible would be considered supreme to the "Standard" plan of \$800, the "Limited" plan of \$1,200, and the new "Health Savings" plan of \$1,500, which all employees have access to regardless of required activities in wellness.

Please consider the above information while determining the outcome of our appeal for a waiver in the 2016 plan year. In conclusion, please do not penalize Blount County Schools for pro-actively providing non-requested information and providing a health plan that is a relative rounding factor away from being considered equal to the "Partnership PPO" plan, while exceeding the actuarial value of the three remaining *basic* plan designs offered through the State of Tennessee.

We look forward to your response to this appeal.

Sincerely,



Rob Britt
Director of Schools



Randy Vineyard
Blount County Government
Director of Finance



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
312 Rosa L. Parks Avenue
Suite 1900 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243

Larry Martin
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

January 14, 2016

Mr. Rob Britt
Director of Schools
Blount County Schools

Mr. Randy Vineyard
Director of Finance
Blount County Government
831 Grandview Drive
Maryville, Tennessee 37803

Dear Mr. Britt and Mr. Vineyard:

On January 7, 2016, Benefits Administration received your letter dated December 22, 2015, which outlined your request that Benefits Administration waive its Tenn. Code Ann. § 8-27-303(f) determination that the Blount County Schools health insurance plan did not qualify as “equal or superior” to the State’s basic insurance plan. It is our understanding that your request for waiver is based upon: (1) your disagreement with Benefits Administration’s utilization of the Partnership PPO as the “basic plan” in the equal or superior plan determination, and (2) your contention that Benefits’ determination operates to penalize the LEA for providing notification of its 2016 plan design in October 2015. It is our position that neither of your positions authorizes Benefits Administration or the Local Education Insurance Committee to grant a waiver to Blount County LEA for offering a plan which we have determined to have fallen short of the statutory “equal or superior” requirement for 2016.

The Partnership PPO is considered to be the “basic plan” for purposes of the statutory determination because it has been chosen by the majority of insurance plan members. In fact, the Partnership PPO is chosen more than all other options combined, and twice as much as the next highest option (52.47% of contracts as compared to the Standard PPO (23.90%), Limited PPO (22.58%), and Health Savings CDHP (1.05%)). Because the overwhelming majority of the members are in the Partnership PPO plan and because the Basic Education Plan (BEP) formula for insurance payment is based on an aggregate average of all participating agencies, Benefits Administration considers it to be the “basic plan” for this purpose. Benefits Administration has used the Partnership PPO as the “basic plan” in equal or superior plan evaluations since 2011, including those of the Blount County Schools, and is not in a position to create an exception to our practice which has been consistently applied to all.

With regard to your concerns about timing, on June 23, 2015 the Local Education Insurance Committee approved the plan design for 2016. Blount County could have submitted proposed plan changes to Benefits Administration for guidance on whether the changes would affect the equal or superior status any time after that. However, Benefits Administration received no

Mr. Rob Britt
Mr. Randy Vineyard
January 14, 2016
Page Two

information about the Blount County LEA plan until November 20, 2015. Tennessee law requires all LEAs with active "equal or superior" plans to provide Benefits Administration with notification of changes to their plan benefits within 30 days prior to the effective date of the changes. *See*, Tenn. Code Ann. § 8-27-303(g). Therefore, Blount County's notification of the plan benefit changes, as well as Benefits Administration's review of those changes, did not violate any legal requirements, and Benefits is taking no action to penalize Blount County LEA for having submitted timely notification of benefit changes.

Benefits Administration cannot recommend that the Local Education Insurance Committee reverse the previous determination, communicated to you by letter dated December 11, 2015, that Blount County LEA's plan falls short of the statutory "equal or superior" requirement. As to your request for a waiver of this requirement, Tenn. Code Ann. § 8-27-303(f) provides no authority for the Local Education Insurance Committee to grant a waiver of the "equal or superior" requirement for Blount County's 2016 plan.

We intend to present this issue to the Local Education Insurance Committee at its upcoming meeting on **January 22, 2016, at 10:30 a.m. CST. The meeting will be held at in the Tennessee Room, 3rd Floor, William R. Snodgrass Tennessee Tower, 312 Rosa L. Parks Avenue, in Nashville.** This is a public meeting and you are welcome to attend and address the Committee. If the Committee agrees with Benefits Administration's determination, direct payments to the LEA will be discontinued as of March 9, 2016, which is 90 days from the December 11, 2015 determination of deficiency. Until March 9, 2016, Blount County Schools has the continued opportunity to cure the deficiency by amending its plan in order to satisfy the "equal or superior" requirement or to join the Local Education Plan Benefits.

Please be aware that if you intend to amend your plan to satisfy the "equal or superior" requirement, or join the Local Education Insurance Plan, advance time is required to complete the administrative process for either of these actions. It is imperative that you notify Benefits Administration as soon as possible if you intend to take advantage of either of these options so that we may take prompt action to help with the resolution of this situation.

Thank you very much for your continued attention to this matter and for your cooperation with our department.

Sincerely,



Laurie Lee

Cc: Larry Martin, Commissioner, Finance and Administration
Chair, Local Education Insurance Committee



January 26, 2016

Mr. Cole Harris
CBIZ Benefits & Insurance Services of Tennessee
Franklin Square
9648 Kingston Pike, Suite 8
Knoxville, TN 37922-2398

Dear Mr. Harris,

Subject: Blount County Plan Valuation Responses

Please see the answers provided below in response to your recent correspondence.

- **Please have AON reprocess the benefits plan based on the attached options off of the most recent colonoscopy revision. This would be offered as an additional option to the existing 2016 option. The second option was based on Aon's recommendation number 3 from the below e-mail that was recommended prior to the change based off of the colonoscopy/mammography update.**

Response: The table below shows the results of our analysis based on the plan design options provided by Blount County on January 22nd. We also factored in the additional data and plan design provisions provided by Blount County, such as 2014 utilization information for tiered network, on-site clinic and full description of colonoscopy/mammography benefits.

Plan Name	Relative Value to Partnership PPO	Superior / Equal / Inferior	Comments
Benefits Plan 1	94.4%	Inferior	Higher Deductible: \$750 Individual / \$1,500 Family Higher Out-of-Pocket Maximum: \$4,000 Per Covered Person
Benefits Plan 2	95.4%	Equal	

Please note that Benefit Plan 2 met the rating requirements by a slight margin; the threshold for equal coverage is 95% compared to Benefit Plan 2 at 95.4%. Any future plan design changes to Benefit Plan 2 may result in inferior coverage. In order to avoid termination of state payments authorized under TCA 8-27-303 (a) (1), it's critical for Blount County to notify Benefit Administration of any plan design changes to measure the impact.

Should you have additional questions, please do not hesitate to contact me at +1.847.771.8398 or colleen.huber@aonhewitt.com.

Sincerely,



Colleen Huber, FSA, MAAA
Aon Consulting, Inc.

cc: Christa W. Martin, Tennessee Department of Finance & Administration
Lynn Xiong, Aon Hewitt
Trey Sarsfield, Aon Hewitt