

CONTRACT #4
RFS # 317.01-300
FA # 07-17169-00

Finance & Administration
Benefits Administration

VENDOR:
BlueCross BlueShield of
Tennessee, Inc.
(CoverTN – Plan B)

CoverTN Plan B

A detailed breakdown of the actual expenditures anticipated in each year of the contract, including specific line items, the source of funds (federal, state, or other--if other, please specify source), and the disposition of any excess funds.

Please see attached financial forecast in response to this item. The source of funding for this contract is state dollars with the other two thirds of the premium paid by the participant and/or employer.

A detailed breakdown in dollars of any savings that the department anticipates will result from this contract, including but not limited to, reduction in positions, reduced equipment costs, travel, or any other item related to the contract.

No savings are anticipated as a result from this contract amendment. The amendment does provide additional benefits to the Plan that adds value for the member with no additional cost to the State or the member.

The intent of the data match function is to ensure individuals who are not eligible for CoverTN coverage would be detected through the data match performed by the Contractor and removed from the program. This function serves to maintain the expenditure of funds for those individuals eligible for the program and not waste funds on individuals ineligible. While not considered a savings, the performance of the data match is deemed a financial control for the program. The cost of the data match function, the go-bare programming and the reporting package is included in the amendment document.

A detailed analysis in dollars of the cost of obtaining this service through the proposed contract as compared to other options.

This contract is in the third year of the original term of the contract. The actual expenditures anticipated in each year of the contract going forward are included above in the response to question number one.

The data match function is performed by the Contractor and compares members of CoverTN to confirm that the applicant does not have current health benefits coverage with the Contractor or has had health benefits coverage with the Contractor in the past six months. The data belongs to BCBST and this function could not be performed by the State.

Assumption: CoverTN retains its FY 2009 funding levels

Month	Population Projection	Plan A	Plan B	Cost Plan A	Cost Plan B
		58%	42%	65.17	68.55
Jul-09	21,864	12681	9183	826,428.30	629,486.21
Aug-09	22,520	13062	9458	851,221.15	648,370.79
Sep-09	23,196	13453	9742	876,757.79	667,821.92
Oct-09	23,891	13857	10034	903,060.52	687,856.57
Nov-09	24,608	14273	10335	930,152.34	708,492.27
Dec-09	25,346	14701	10645	958,056.91	729,747.04
Jan-10	26,614	15436	11178	1,005,959.75	766,234.39
Feb-10	27,944	16208	11737	1,056,257.74	804,546.11
Mar-10	29,342	17018	12323	1,109,070.63	844,773.41
Apr-10	30,222	17529	12693	1,142,342.74	870,116.62
May-10	31,128	18055	13074	1,176,613.03	896,220.12
Jun-10	32,062	18596	13466	1,211,911.42	923,106.72
Total FY 10				\$12,047,832.31	\$9,176,772.16

NOTE: CoverTN can support approximately 27,000 enrollees. This shows us going to 32,000 in order to show us spending all our budgetary dollars for FY 10.

Jul-10	27000	15,660	11340	1,020,562.20	777,357.00
Aug-10	27000	15,660	11340	1,020,562.20	777,357.00
Sep-10	27000	15,660	11340	1,020,562.20	777,357.00
Oct-10	27000	15,660	11340	1,020,562.20	777,357.00
Nov-10	27000	15,660	11340	1,020,562.20	777,357.00
Dec-10	27000	15,660	11340	1,020,562.20	777,357.00
Jan-11	27000	15,660	11340	1,020,562.20	777,357.00
Feb-11	27000	15,660	11340	1,020,562.20	777,357.00
Mar-11	27000	15,660	11340	1,020,562.20	777,357.00
Apr-11	27000	15,660	11340	1,020,562.20	777,357.00
May-11	27000	15,660	11340	1,020,562.20	777,357.00
Jun-11	27000	15,660	11340	1,020,562.20	777,357.00
Total FY 11				\$12,246,746.40	\$9,328,284.00

Jul-11	27000	15,660	11340	1,020,562.20	777,357.00
Aug-11	27000	15,660	11340	1,020,562.20	777,357.00
Sep-11	27000	15,660	11340	1,020,562.20	777,357.00
Oct-11	27000	15,660	11340	1,020,562.20	777,357.00
Nov-11	27000	15,660	11340	1,020,562.20	777,357.00
Dec-11	27000	15,660	11340	1,020,562.20	777,357.00

Jan-12
Feb-12
Mar-12
Apr-12
May-12
Jun-12

Total CY 11 \$6,123,373.20 \$4,664,142.00

Total Projected Expenditures for this contract \$30,417,951.91 \$23,169,198.16

**AMENDMENT TWO
TO FA-07-17169-00**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and BlueCross BlueShield of Tennessee, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The following provisions are added to Contract Section A Definitions:

"Voluntary Buyout Program (VBP)" includes former State employees who signed an agreement with the State to terminate their employment during 2008 or 2009 in exchange for an established package of benefits and who were eligible for continuation of health coverage under the Public Health Service Act (codified at 42 USC § 300bb-1 *et seq.*). For purposes of the non-eligibility components of this Contract, the Contractor shall treat VBP enrollees as employees of non-participating employers unless the State and the Contractor agree to a different protocol.

2. The text of Contract Section A Definitions, "\$41,000 a year" is deleted in its entirety and replaced with the following:

"\$41,000 a year" means the income level that the State updates each year with the release of the Census Bureau's federal poverty guidelines. This income level is approximately 300 percent of the federal poverty level for a household of four.

3. The text of Contract Section A.2.1.2 is deleted in its entirety and replaced with the following:

A.2.1.2 The Contractor shall not modify the services or benefits provided to members during the term of this contract without the consent of the State. Any modification to services or benefits shall be implemented through a contract amendment (see Section D.2). If, in any calendar year after year one and when membership reaches 100,000 member months, the Contractor's average PMPM for claims incurred during the contract year and paid through the sixth month following the end of the contract year plus an estimate of incurred but not reported claims costs is \$20 above or below the average premium amount PMPM, minus (x) the administrative component and (y) the broker commissions, the Contractor shall cooperate with the State in restructuring the Contractor's benefits so that the benefit cost is within \$20 of the average premium amount PMPM minus the administrative component.

4. The following provision is added as Contract Section A.4.7; renumber existing Section A.4.7 and subsequent sections as necessary:

A.4.7 The Contractor shall determine eligibility for applicants for VBP participants (and their spouses, as applicable). In order to determine eligibility for VBP participants and their spouses, the Contractor shall:

A.4.7.1 Verify that the applicant is a VBP participant based on information provided by the State;

A.4.7.2 Confirm that the application for the applicant (and spouse, if applicable) includes a residential street address in Tennessee; and

A.4.7.3 Screen the VBP participant's application and approve eligibility unless the applicant self-attests on the application that he/she:

A.4.7.3.1 Is under age nineteen (19);

A.4.7.3.2 Is not a U.S. citizen or qualified alien;

A.4.7.3.3 Earns more than \$41,000 a year;

A.4.7.3.4 Has health benefits coverage other than coverage offered as part of the VBP package; or

A.4.7.3.5 Has had health benefits coverage within the last six (6) months (unless Contractor is directed by the State in writing to waive this requirement for such applicant, or any group of applicants, in accordance with TCA § 56-7-3005(c), as amended).

A.4.7.4 If the applicant is determined to be eligible, approve eligibility for the applicant's spouse (as applicable) unless the spouse self-attests on the application that he/she:

A.4.7.4.1 Is under age nineteen (19);

A.4.7.4.2 Is not a U.S. citizen or qualified alien; or

- A.4.7.4.3 Has health benefits coverage other than coverage offered as part of the VBP package; or
- A.4.7.4.4 Has had health benefits coverage within the last six (6) months (unless Contractor is directed by the State in writing to waive this requirement for such applicant, or any group of applicants, in accordance with TCA § 56-7-3005(c), as amended).

5. The text of renumbered Contract Section A.4.8 is deleted in its entirety and replaced with the following:

A.4.8 The Contractor shall not request any verification documents for the self-attested eligibility elements listed in Sections A.4.3.3, A.4.3.4., A.4.5.2, A.4.5.3, A.4.6.2, A.4.6.3, A.4.7.3 or A.4.7.4. If the Contractor has good cause to doubt the veracity of any of the attestations, then the Contractor shall refer the application to the State. While awaiting the State's response, the Contractor shall presume the truthfulness of the applicant's representations and approve or deny eligibility accordingly.

6. The text of renumbered Contract Section A.4.8.1 is deleted in its entirety and replaced with the following:

A.4.8.1 If an employee, Tennessean Between Jobs, VBP participant, or a self-employed individual is ineligible for any of the reasons listed in Sections A.4.3, A.4.5, A.4.6 or A.4.7, then the spouse is not eligible unless he or she qualifies independent of his or her status as a spouse.

7. The text of renumbered Contract Section A.4.11 is deleted in its entirety and replaced with the following:

A.4.11 Individuals may apply for CoverTN within the following timeframes:

A.4.11.1 Current employees of participating employers (and their spouses) shall have ninety (90) days from when the Contractor receives the necessary forms to activate the participating employer, provided that the participating employer shall have one (1) year from when it receives confirmation from the State/its vendor that the employer is a participating employer (or one (1) year after CoverTN begins operations, whichever is later) to submit such necessary activation forms to the Contractor.

A.4.11.2 New employees of participating employers (and their spouses) shall have 30 calendar days from the employee's start date of employment to submit an application to a CoverTN plan.

A.4.11.3 Employees of participating employers may also apply for CoverTN during open enrollment (see Section A.5.3.1) or if the employee involuntarily loses other health insurance coverage (e.g., the employee involuntarily loses coverage under his/her spouse's plan).

A.4.11.4 Self-employed individuals (and their spouses) shall have ninety (90) days from when the Contractor receives the necessary forms to activate the self-employed individual, provided that the self-employed individual shall have one (1) year from when it receives confirmation from the State/its vendor that it is a qualified self-employed individual (or one (1) year after CoverTN begins operations, whichever is later) to submit such necessary activation forms to the Contractor.

A.4.11.5 Employees of non-participating employers (during Phase 2) may enroll at any time. There is no time limit for applying.

A.4.11.6 New and current employees of participating employers (and their spouses) shall have thirty (30) calendar days from the date of a qualifying event to submit an application to a CoverTN plan.

A.4.11.7 Applicants eligible as Tennesseans Between Jobs (and their eligible spouses) shall have ninety (90) calendar days from the date on which the State notifies the applicant that he or she is a qualified Tennessean Between Jobs to submit an application to the CoverTN plan.

A.4.11.8 Applicants eligible as VBPs (and their eligible spouses) must submit an application to enroll in the CoverTN plan within ninety (90) calendar days of April 1, 2009, which is the first date that VBPs may be effective with the CoverTN plan.

8. The following provision is added as Contract Section A.4.21:

A.4.21 Contractor shall perform a daily match of the participating employers, self-employed individuals, and employees of non-participating employers provided by the State against the Contractor's enrollment files to confirm that such applicant does not have current health benefits coverage with the Contractor or has not had health benefits coverage with the Contractor in the past six (6)

months. The Contractor shall provide the State with a report of the results of such daily data match on a weekly basis.

9. The text of Contract Sections A.4.3.3.5, A.4.3.4.4, A.4.5.2.6, A.4.5.3.4, A.4.6.2.6 and A.4.6.3.4 are deleted in their entirety and replaced with the following in each instance:

Has had health benefits coverage within the last six (6) months (unless Contractor is directed by the State in writing to waive this requirement for such applicant, or any group of applicants, in accordance with TCA § 56-7-3005(c), as amended).

10. The text of Contract Section E.2 is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Manager of Procurements and Contracting
Tennessee Department of Finance and Administration,
Benefits Administration Division
312 Rosa L Parks Avenue, Suite 2600
Nashville, TN 37243
marlene.alvarez@state.tn.us
Telephone: 615.253.8358
FAX: 615.253.8556

The Contractor:

Amy Bercher, Senior Product Manager
BlueCross BlueShield of Tennessee, Inc.
One Cameron Hill Circle
Chattanooga, Tennessee 37402
Amy_Bercher@VSHPTN.com
Telephone: 423.535.5983
FAX: 423.591.9111

with a copy to:

BlueCross BlueShield of Tennessee, Inc.
Attention: Associate General Counsel
One Cameron Hill Circle
Chattanooga, TN 37402
Fax: 423.535.1984

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

11. The following is added as Contract Section C.11:

C.11 Data Match Process Reimbursement. The State shall reimburse Contractor the one-time sum of \$37,246 for the development and implementation of the data match and report provided by Contractor pursuant to Section A.4.21, and \$2,443 per month, for the continued provision of this data match and report during the initial term of the Contract. The State further agrees to pay \$884 per month for this data match and report during any extension of the term of this Contract.

The Contractor shall include the one-time amount in the invoice to the State next following the execution of this Amendment and the monthly amount in its standard monthly invoice to the State beginning with the invoice next following the execution of this Amendment.

12. The following is added as Contract Section C.12:

C.12 Go-Bare Programming Expense Reimbursement. The State shall reimburse Contractor the one-time sum of \$38,420 for expenses associated with the reprogramming of certain aspects of the enrollment process, enrollment form and other services provided by the Contractor in connection with changes by the State to the administration of the "go-bare" criteria. The Contractor shall include this one-time amount in the invoice to the State next following the execution date of this Amendment.

13. The following is added as Contract Section C.13:

C.13 Reporting Package Reimbursement. The State shall reimburse Contractor the one-time sum of \$2,500 for a portion of the development, implementation and provision of a monthly reporting package provided by the Contractor. The Contractor shall include this one-time amount in the invoice to the State next following the execution date of this Amendment.

14. The following provision is added as Contract Section E.13.:

E.13. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
- b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

15. Contract Attachment A, Plan B: "Benefits and Cost Sharing", Part B: "Summary of Benefits and Coverage." attached hereto.

16. Contract Attachment D is deleted in its entirety and replaced with updated Contract Attachment D attached hereto.

The revisions set forth herein shall be effective as of April 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

BLUECROSS BLUESHIELD OF TENNESSEE, INC.:

CONTRACTOR SIGNATURE **DATE**

SONYA K. NELSON, VICE PRESIDENT, STATE GOVERNMENT PROGRAMS

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER **DATE**

APPROVED:

COMMISSIONER OF FINANCE & ADMINISTRATION **DATE**

COMPTROLLER OF THE TREASURY **DATE**

Plan B
Benefits and Cost-Sharing

Part B: Summary of Benefits and Coverage					
Service Description	Required? (Yes/No)	Included in your CoverTN plan? (Yes/No)	CoverTN Cost-Sharing Requirements (No deductibles or coinsurance permitted)	Service Limitations/Exclusions	Copayment (if any)
Hospital Inpatient					
Medical	YES	YES	Maximum \$100 copay per admission.	Subject to \$15,000 annual payment limit for medical and behavioral health services Note 1	\$100 copayment per admission
Surgical	YES	YES	Maximum \$100 copay per admission.	Subject to \$15,000 annual payment limit for medical and behavioral health services Note 1	\$100 copayment per admission
Psychiatric	YES	YES	Maximum \$100 copay per admission.	Subject to \$15,000 annual payment limit for medical and behavioral health services Inpatient psychiatric and substance abuse services limited to 5 days per year. Note 1	\$100 copayment per admission

Substance Abuse	YES	YES	Maximum \$100 copay per admission.	Subject to \$15,000 annual payment limit for medical and behavioral health services Inpatient psychiatric and substance abuse services limited to 5 days per year. Inpatient substance abuse services limited to medical detox only at a medical facility. Note 1	\$100 copayment per admission
Dialysis Clinic	No	No			\$
Skilled Nursing Facility	No	No			\$
Other (specify)	No	No			\$
Hospital Outpatient					
Emergency Room	YES	YES	Maximum \$100 copay per visit for non-emergency conditions.	Limited to 2 ER visits per calendar year	\$100 copayment for non-emergent services
Medical	YES	YES	Maximum \$25 copay per visit.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year Note 1	\$25 copayment per visit
Surgery/Procedures	YES	YES	Maximum \$25 copay per visit.	Subject to outpatient visit limit of 1 surgical visit per calendar year Note 1	\$25 copayment per visit
Radiology	YES	YES	Maximum \$25 copay per visit.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year Note 1	\$25 copayment per visit

Pathology	YES	YES	Maximum \$25 copay per visit.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year Note 1	\$25 copayment per visit
Other (specify)	No	No			\$
Outpatient Behavioral Health					
OP Mental Health Services	YES	YES	Maximum \$25 copay per encounter.	Subject to behavioral health visit limit of 10 visits per calendar year for mental health and substance abuse services	\$25 copayment per visit
OP Substance Abuse Services	YES	YES	Maximum \$25 copay per encounter.	Subject to behavioral health visit limit of 10 visits per calendar year for mental health and substance abuse services	\$25 copayment per visit
Physician Services					
<i>Inpatient Surgery</i>					
Primary Surgeon	YES	YES	Maximum \$25 copay per encounter.	Inpatient stay must be covered	No copayment
Anesthesia	YES	YES	Maximum \$25 copay per encounter.	Inpatient stay must be covered	No copayment
<i>Outpatient Surgery</i>					
OP Hospital	YES	YES	Maximum \$25 copay per encounter.	Subject to outpatient visit limit of 1 surgical visit per calendar year Note 1	No copayment
Surgical Center	YES	YES	Maximum \$25 copay per encounter.	Subject to outpatient visit limit of 1 surgical visit per calendar year Note 1	No copayment

	Office	YES	YES	Maximum \$25 copay per encounter.	Subject to office visit limit of 12 visits to a Primary Care Physician (PCP) or 6 visits to a specialist per calendar year for medical, surgical or preventive services performed in an office setting Note 1	\$20 copayment per visit
	Inpatient Visits	YES	YES	Maximum \$25 copay per visit.	Inpatient stay must be covered	No copayment
	Preventive Services					
	Adult preventive physical exams, including lab tests	YES	YES	Maximum \$25 copay per encounter.	One adult physical exam per calendar year, subject to office visit limit of 12 visits to a PCP per calendar year for medical, surgical or preventive services performed in an office setting One well woman exam per calendar year, subject to office visit limit of 12 visits to a PCP per calendar year for medical, surgical or preventive services performed in an office setting	No copayment No copayment
	Pap smears	YES	YES	Maximum \$10 copay per test (in addition to any physician fee, etc.); plans may instead have all-inclusive per visit copay.	Included with one well woman visit per calendar year	No copayment
	PSA	YES	YES	Maximum \$10 copay per test (in addition to any physician fee, etc.); plans may instead have all-inclusive per visit copay.	Included with one adult physical exam per calendar year	No copayment

	Mammography	YES	YES	Maximum \$10 copay per test (in addition to any physician fee, etc.); plans may instead have all-inclusive per visit copay.	Included with one well woman visit per calendar year Mammograms performed in an outpatient setting will be subject to the outpatient visit limit of 2 non-surgical visits per calendar year	No copayment	
	Immunizations/Vaccinations	YES	YES	No copay.	Included with one adult physical exam per calendar year	No copayment	
	Other (specify)	No	No			\$	
	Services related to ER visit	YES	YES	Maximum \$25 copay per encounter.	Limited to 2 ER visits per calendar year	\$25 copayment per encounter for both emergent and non-emergent services	
	<i>Diagnostic and Therapeutic Services</i>						
	PCP visits	YES	YES	Maximum \$25 copay per visit; also, one visit without charge for health assessment every three years.	Subject to office visit limit of 12 visits per calendar year for medical, surgical or preventive services performed in an office setting	\$20 copayment per visit	
	Specialist visits	YES	YES	Maximum \$25 copay per visit.	Subject to office visit limit of 6 visits per calendar year for medical, surgical or preventive services performed in an office setting	\$20 copayment per visit	

Lab	YES	YES	Maximum \$10 copay per test.	Office visit must be covered for related lab work to be covered Does not count toward visit limit when performed separately from an office visit Office lab services are not covered after the office visit limit is met	No copayment
Chemotherapy	No	YES		Subject to office visit limit of 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services performed in an office setting, regardless of whether an office visit is filed with the services	No copayment
Radiation	No	YES		Subject to office visit limit of 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services performed in an office setting, regardless of whether an office visit is filed with the services	No copayment
Allergy tests, injections, and sera	No	No			\$
Other (specify)	No	No			\$
Other Provider Services					
PT, OT, and speech therapists	No	No			\$
Audiology	No	No			\$

Vision	No	YES		Subject to office visit limit of 12 visits to a PCP or 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services performed in an office setting Medical benefit only Glasses or contacts following cataract surgery limited to \$200 per year	\$20 copayment per visit
Chiropractic	No	No			\$
Podiatry	No	No			\$
Dental Services	No	No			\$
Urgent Care	YES	YES	Maximum \$25 copay per encounter.	Subject to office visit limit of 12 visits to a PCP or 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services performed in an office setting Subject to outpatient visit limit of 2 non-surgical visits and 1 surgical visit per calendar year	Office Visit - \$20 copayment per visit Outpatient - \$25 copayment per visit
Other (specify)	No	No			\$
Radiology					
IP (Professional)	YES	YES	Maximum \$25 copay per encounter.	Subject to \$15,000 annual payment limit for medical and behavioral health services Note 1	Included in \$100 copayment per admission No additional copayment per encounter

OP (Professional)	YES	YES	Maximum \$25 copay per encounter.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year and 1 surgical visit per calendar year Note 1	Included in \$25 copayment per visit No additional copayment per encounter
Office (Combined)	YES	YES	Maximum \$25 copay per encounter.	Subject to office visit limit of 12 visits to a PCP or 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services when performed in conjunction with an office visit Does not count toward visit limit when performed separately from an office visit Office x-ray services are not covered after the office visit limit is met	Included in \$20 copayment per visit No additional copayment per encounter
Other (specify)	No	No			\$
Pathology					
IP (Professional)	YES	YES	Maximum \$25 copay per encounter.	Subject to \$15,000 annual payment limit for medical and behavioral health services Note 1	Included in \$100 copayment per admission No additional copayment per encounter

OP (Professional)	YES	YES	Maximum \$25 copay per encounter.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year and 1 surgical visit per calendar year Note 1	Included in \$25 copayment per visit No additional copayment per encounter
Office (Combined)	YES	YES	Maximum \$25 copay per encounter.	Subject to office visit limit of 12 visits to a PCP or 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services when performed in conjunction with an office visit Does not count toward visit limit when performed separately from an office visit Office x-ray services are not covered after the office visit limit is met	Included in \$20 copayment per visit No additional copayment per encounter
Other (specify)	No	No			\$
Miscellaneous Services					
PDN/Home Health Care	No	YES		Subject to annual payment limit of \$500	No copayment
Hospice Care	No	YES		Subject to annual payment limit of \$5,000 for inpatient and/or outpatient services	No copayment
Air Ambulance	No	No			
Ground and other ambulance	YES	YES	Maximum \$25 copay per emergent encounter; maximum \$50 copay for non-emergency.	Limited to 2 trips per calendar year	No copayment
Non-Emergency Transportation	No	No			
Durable Medical Equipment	No	No			
Prosthetics	No	No			

Corrective Appliance	No	No	No				
Medical Supplies	No	No	No				
Diabetic supplies and injectibles	No	YES	YES			Diabetic supplies must be purchased through the pharmacy benefit to be covered	No copayment for meters Strips subject to \$10 copayment Supplies subject to \$5 copayment
Organ/Tissue Transplants and Donor Services	No	No	No				
Reconstructive Breast Surgery	No	YES	YES			Inpatient - Subject to \$15,000 annual payment limit for inpatient medical and behavioral health services Outpatient - Subject to outpatient visit limit of 1 surgical visit per calendar year Note 1	Included in \$100 copayment per admission Included in \$25 copayment per outpatient visit
Other (specify)	No	No	No				\$
Pharmacy							
Generic	YES	YES	YES	Maximum \$10 copay per prescription.		Subject to quarterly payment limit of \$75	\$8 copayment per 30 day supply
Name-Brand	No	YES	YES	Please see Attachment 6.3, Section A, item A.12 for limitations; maximum \$25 copay per prescription.		Limited to insulin and brand name test strips only	\$10 copayment per 30 day supply

Other (specify)	No	YES	All services subject to a payment maximum of \$25,000 per calendar year	varies

Note 1: All services subject to an overall payment maximum of \$25,000 per calendar year

**Contract Attachment D
Premium Amounts for CY 2007**

Total Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
Under 30	\$ 103.00	\$ 113.00	\$ 123.00	\$ 133.00
30-39	\$ 126.00	\$ 139.00	\$ 146.00	\$ 159.00
40-49	\$ 155.00	\$ 170.00	\$ 175.00	\$ 190.00
50-59	\$ 189.00	\$ 208.00	\$ 209.00	\$ 228.00
60-64	\$ 216.00	\$ 238.00	\$ 236.00	\$ 258.00
65+	\$ 253.00	\$ 278.00	\$ 273.00	\$ 298.00

State Share of Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
Under 30	\$ 34.33	\$ 37.67	\$ 41.00	\$ 44.33
30-39	\$ 42.00	\$ 46.33	\$ 48.67	\$ 53.00
40-49	\$ 51.67	\$ 56.67	\$ 58.33	\$ 63.33
50-59	\$ 63.00	\$ 69.33	\$ 69.67	\$ 76.00
60-64	\$ 72.00	\$ 79.33	\$ 78.67	\$ 86.00
65+	\$ 84.33	\$ 92.67	\$ 91.00	\$ 99.33

Contractor's administrative component of the premium amounts: \$9.50 per member per month

Premium Amounts for CY 2008

Total Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
Under 30	\$ 112.58	\$ 123.58	\$ 134.58	\$ 145.58
30-39	\$ 137.88	\$ 152.18	\$ 159.88	\$ 174.18
40-49	\$ 169.78	\$ 186.28	\$ 191.78	\$ 208.28
50-59	\$ 207.18	\$ 228.08	\$ 229.18	\$ 250.08
60-64	\$ 236.88	\$ 261.08	\$ 258.88	\$ 283.08
65+	\$ 277.58	\$ 305.08	\$ 299.58	\$ 327.08

State Share of Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
Under 30	\$ 37.53	\$ 41.19	\$ 44.86	\$ 48.53
30-39	\$ 45.96	\$ 50.73	\$ 53.29	\$ 58.06
40-49	\$ 56.59	\$ 62.09	\$ 63.93	\$ 69.43
50-59	\$ 69.06	\$ 76.03	\$ 76.39	\$ 83.36
60-64	\$ 78.96	\$ 87.03	\$ 86.29	\$ 94.36
65+	\$ 92.53	\$ 101.69	\$ 99.86	\$ 109.03

Contractor's administrative component of the premium amounts: \$9.73 per member per month

Premium Amounts for CY 2009

Total Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 112.58	\$ 123.58	\$ 134.58
30-39	\$ 137.88	\$ 152.18	\$ 159.88	\$ 174.18
40-49	\$ 169.78	\$ 186.28	\$ 191.78	\$ 208.28
50-59	\$ 207.18	\$ 228.08	\$ 229.18	\$ 250.08
60-64	\$ 236.88	\$ 261.08	\$ 258.88	\$ 283.08
65+	\$ 277.58	\$ 305.08	\$ 299.58	\$ 327.08

State Share of Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 37.53	\$ 41.19	\$ 44.86
30-39	\$ 45.96	\$ 50.73	\$ 53.29	\$ 58.06
40-49	\$ 56.59	\$ 62.09	\$ 63.93	\$ 69.43
50-59	\$ 69.06	\$ 76.03	\$ 76.39	\$ 83.36
60-64	\$ 78.96	\$ 87.03	\$ 86.29	\$ 94.36
65+	\$ 92.53	\$ 101.69	\$ 99.86	\$ 109.03

Contractor's administrative component of the premium amounts: \$10.07 per member per month



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION

312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-3590 or (800) 253-9981
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

RECEIVED

JAN 30 2009

FISCAL REVIEW

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Laurie Lee *LL*

Date: January 29, 2009

RE: Amendments # 2 to CoverTN Plan A and B contracts

Please find attached Non-Competitive Amendment requests to add language to each of the existing contracts with BlueCross BlueShield of Tennessee (BCBST) for Plans A and B signed by Commissioner Goetz. The original procurement sought two vendors with different benefit plans and BCBST was awarded both contracts under their Plan A and Plan B proposal submissions. The two plans differ only in the benefits package contained in Attachment A, Part B of both documents.

The modification to both of the CoverTN contracts through this basically identical amendment to both plans clarifies existing contract language, updates the summary of benefits coverage in Attachment A, Part B for both documents and details eligibility requirements for those individuals participating in the VBP for CoverTN coverage.

The base contract and amendment # 1 with BCBST for both Plan A and B are included for review as is the proposed amendment to each document.

Thank you for your consideration of this request to amend both contracts with a start date for the amendment of April 1, 2009.

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED

Commissioner of Finance & Administration

1) RFS #	31701-30003	
2) Procuring Agency :	Department of Finance and Administration	
EXISTING CONTRACT INFORMATON		
3) Service Caption :	Provides statewide administrative services for the CoverTN program under Plan B	
4) Contractor :	BlueCross BlueShield of Tennessee, Inc.	
5) Contract #	FA-17169-00	
6) Contract Start Date :	January 12, 2007	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2009	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 50,000,000	
PROPOSED AMENDMENT INFORMATON		
9) Amendment #	Two	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	April 1, 2009	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2009	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$ 50,000,000	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
<p>This amendment:</p> <ul style="list-style-type: none"> • Defines special eligibility category for former State employees who participated in the State's Voluntary Buyout Program(VBP) and enrollment procedures for this group • Clarifies administrative procedures around employer participation and participation of Tennesseans Between Jobs and VBP participants • Authorizes programming for certain eligibility changes, program integrity activities and reporting for program evaluation • Authorizes ongoing data match activities to support program integrity • Expands member benefits within the program's fixed payment 		
15) Explanation of Need for the Proposed Amendment :		
This amendment benefits the state by expanding member benefits without increasing the per member per month charge.		

expanding eligibility criteria and cleaning up contract language to clarify administrative procedures.

16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)

BlueCross BlueShield of Tennessee, Inc., 801 Pine Street-4G, Chattanooga, TN., 37402

17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)

Documentation is ... Not Applicable to this Request Attached to this Request

18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)

Documentation is ... Not Applicable to this Request Attached to this Request

19) Department of Human Resources Endorsement : (required for state employees training service)

Documentation is ... Not Applicable to this Request Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

This contract is in the second year of the term and the State is satisfied with the performance of the Contractor. The benefit and eligibility changes permitted by this amendment enhance the benefits of the core contract without adding cost. The programming changes enable the State to perform critical program integrity functions. It is therefore in the best interest of the State to continue this business commitment and to implement this amendment. The agency did not attempt to identify competitive procurement alternatives.

21) Justification for the Proposed Non-Competitive Amendment :

The amendment language adds some responsibilities to the Contractor that will benefit the State and plan members. Specifically, the Amendment expands the member's benefits within the fixed per member per month rate and enables the State's Voluntary Buyout participants to enroll in CoverTN. The administrative changes in the amendment either clarify contract language or make the language consistent for the new eligibility categories.

AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

M. J. Galt

1/30/09

**Supplemental Documentation Required for
Fiscal Review Committee**

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358		
*Contract Number:	FA-07-17169-00	*RFS Number:	31701-30003		
*Original Contract Begin Date:	Jan. 12, 2007	*Current End Date:	Dec. 31, 2009		
Current Request Amendment Number: <i>(if applicable)</i>	# 2				
Proposed Amendment Effective Date: <i>(if applicable)</i>	April 1, 2009				
*Department Submitting:	Finance and Administration				
*Division:	Benefits Administration				
*Date Submitted:	Jan. 30, 2009				
*Submitted Within Sixty (60) days: <i>If not, explain:</i>	Yes				
*Contract Vendor Name:	BlueCross BlueShield of Tennessee, Inc.				
*Current Maximum Liability:	\$50,000,000				
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Contract Summary Sheet)					
FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY	FY
\$2,000,000.00	\$13,000,000.00	\$23,000,000.00	\$12,000,000.00	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)					
FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY	FY
\$275,830.85	\$4,140,355.60	\$2,547,954.25	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			Contract Per Member Per Month (PMPM) expenditures are based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of each contract, and therefore funding needs may vary. Surplus funds were not spent.		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			Surplus funds for the CoverTN program were carried forward to ensure adequate funding to sustain program growth. Carry forward authority is PC 1203, Section 35, item 11.		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:					
*Contract Funding Source/Amount:	State:	\$50,000,000	Federal:		
Interdepartmental:			Other:		
If "other" please define:					
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>			Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>		
Amendment # 1 - August, 2008			Clarifies contract language, expands member methods of payment, requires more frequent updates to member handbook, allows county governments to become "participating employers", allows the State to waive the six month "go bare requirement" in certain situations such as an individual's employment termination		
Method of Original Award: <i>(if applicable)</i>			RFP in calendar year 2006		

CoverTN BCBST Payments Contract FA0717169

As of January 29, 2009

Contract Number	Effective Month	Total		
FA0717169	APRIL 2007	367.67		
FA0717169	MAY 2007	25,972.35		
FA0717169	JUNE 2007	93,432.47		
FA0717169	JUNE 2007	156,058.36	FY 07 Total	275,830.85
FA0717169	JULY 2007	201,456.08		
FA0717169	AUGUST 2007	247,624.73		
FA0717169	OCTOBER 2007	282,695.26		
FA0717169	OCTOBER 2007	306,002.00		
FA0717169	NOVEMBER 2007	328,891.52		
FA0717169	JANUARY 2008	379,267.47		
FA0717169	FEBRUARY 2008	369,375.06		
FA0717169	FEBRUARY 2008	376,547.58		
FA0717169	MARCH 2008	349,059.35		
FA0717169	MARCH 2008	51,530.38		
FA0717169	MAY 2008	414,420.95		
FA0717169	MAY 2008	402,745.29		
FA0717169	JUNE 2008	430,739.93	FY 08 Total	4,140,355.60
FA0717169	JULY 2008	432,249.87		
FA0717169	SEPTEMBER 2008	430,670.94		
FA0717169	SEPTEMBER 2008	405,700.85		
FA0717169	OCTOBER 2008	410,325.23		
FA0717169	DECEMBER 2008	422,863.84		
Edison Contract #2890	JANUARY 2009	<u>446,143.52</u>	FY 09 Total	2,547,954.25
	Grand Total	6,964,140.70		

C O N T R A C T A M E N D M E N T C O V E R

RFS Tracking #	Edison Contract ID #	Amendment #
31701-30003	0000000000000000000000002890	2

Amendment Purpose	Delegated Authority Requisition ID # (ONLY if applicable)
Provides statewide administrative services for the CoverTN program under Plan B. Amendment clarifies existing contract language, updates the summary of benefits and coverage and details eligibility requirements for those individuals participating in the VBP for CoverTN coverage.	

Contractor/Grantee	Contractor/Grantee FEIN or SSN
BlueCross BlueShield of Tennessee, Inc.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62 - 0427913

Begin Date	End Date	Subrecipient or Vendor	CFDA #(s)
January 12, 2007	December 31, 2009	<input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007	\$2,000,000.00				\$2,000,000.00
2008	\$13,000,000.00				\$13,000,000.00
2009	\$23,000,000.00				\$23,000,000.00
2010	\$12,000,000.00				\$12,000,000.00
TOTAL:	\$50,000,000.00				\$50,000,000.00

— COMPLETE FOR AMENDMENTS —			Procuring Agency Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Maureen Abbey, Director – Office of Business & Finance 312 Rosa L Parks Avenue, Suite 2000 Nashville, Tennessee 37243 615.741.6070
2007	\$2,000,000.00		Procuring Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.)
2008	\$13,000,000.00		
2009	\$23,000,000.00		
2010	\$12,000,000.00		
2011			
			Speed Code
			Account Code
TOTAL:	\$50,000,000.00		70804000

— OCR Use —	Procurement Process Summary (FA or ED-type only)
	The original contract (FA0717169) was procured through the RFP process.

**AMENDMENT TWO
TO FA-07-17169-00**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and BlueCross BlueShield of Tennessee, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The following provisions are added to Contract Section A Definitions:

"Voluntary Buyout Program (VBP)" includes former State employees who signed an agreement with the State to terminate their employment during 2008 or 2009 in exchange for an established package of benefits and who were eligible for continuation of health coverage under the Public Health Service Act (codified at 42 USC § 300bb-1 *et seq.*). For purposes of the non-eligibility components of this Contract, the Contractor shall treat VBP enrollees as employees of non-participating employers unless the State and the Contractor agree to a different protocol.

2. The text of Contract Section A Definitions, "\$41,000 a year" is deleted in its entirety and replaced with the following:

"\$41,000 a year" means the income level that the State updates each year with the release of the Census Bureau's federal poverty guidelines. This income level is approximately 300 percent of the federal poverty level for a household of four.

3. The text of Contract Section A.2.1.2 is deleted in its entirety and replaced with the following:

A.2.1.2 The Contractor shall not modify the services or benefits provided to members during the term of this contract without the consent of the State. Any modification to services or benefits shall be implemented through a contract amendment (see Section D.2). If, in any calendar year after year one and when membership reaches 100,000 member months, the Contractor's average PMPM for claims incurred during the contract year and paid through the sixth month following the end of the contract year plus an estimate of incurred but not reported claims costs is \$20 above or below the average premium amount PMPM, minus (x) the administrative component and (y) the broker commissions, the Contractor shall cooperate with the State in restructuring the Contractor's benefits so that the benefit cost is within \$20 of the average premium amount PMPM minus the administrative component.

4. The following provision is added as Contract Section A.4.7; renumber existing Section A.4.7 and subsequent sections as necessary:

A.4.7 The Contractor shall determine eligibility for applicants for VBP participants (and their spouses, as applicable). In order to determine eligibility for VBP participants and their spouses, the Contractor shall:

A.4.7.1 Verify that the applicant is a VBP participant based on information provided by the State;

A.4.7.2 Confirm that the application for the applicant (and spouse, if applicable) includes a residential street address in Tennessee; and

A.4.7.3 Screen the VBP participant's application and approve eligibility unless the applicant self-attests on the application that he/she:

A.4.7.3.1 Is under age nineteen (19);

A.4.7.3.2 Is not a U.S. citizen or qualified alien;

A.4.7.3.3 Earns more than \$41,000 a year;

A.4.7.3.4 Has health benefits coverage other than coverage offered as part of the VBP package; or

A.4.7.3.5 Has had health benefits coverage within the last six (6) months (unless Contractor is directed by the State in writing to waive this requirement for such applicant, or any group of applicants, in accordance with TCA § 56-7-3005(c), as amended).

A.4.7.4 If the applicant is determined to be eligible, approve eligibility for the applicant's spouse (as applicable) unless the spouse self-attests on the application that he/she:

A.4.7.4.1 Is under age nineteen (19);

A.4.7.4.2 Is not a U.S. citizen or qualified alien; or

- A.4.7.4.3 Has health benefits coverage other than coverage offered as part of the VBP package; or
- A.4.7.4.4 Has had health benefits coverage within the last six (6) months (unless Contractor is directed by the State in writing to waive this requirement for such applicant, or any group of applicants, in accordance with TCA § 56-7-3005(c), as amended).

5. The text of renumbered Contract Section A.4.8 is deleted in its entirety and replaced with the following:

A.4.8 The Contractor shall not request any verification documents for the self-attested eligibility elements listed in Sections A.4.3.3, A.4.3.4., A.4.5.2, A.4.5.3, A.4.6.2, A.4.6.3, A.4.7.3 or A.4.7.4. If the Contractor has good cause to doubt the veracity of any of the attestations, then the Contractor shall refer the application to the State. While awaiting the State's response, the Contractor shall presume the truthfulness of the applicant's representations and approve or deny eligibility accordingly.

6. The text of renumbered Contract Section A.4.8.1 is deleted in its entirety and replaced with the following:

A.4.8.1 If an employee, Tennessean Between Jobs, VBP participant, or a self-employed individual is ineligible for any of the reasons listed in Sections A.4.3, A.4.5, A.4.6 or A.4.7, then the spouse is not eligible unless he or she qualifies independent of his or her status as a spouse.

7. The text of renumbered Contract Section A.4.11 is deleted in its entirety and replaced with the following:

A.4.11 Individuals may apply for CoverTN within the following timeframes:

A.4.11.1 Current employees of participating employers (and their spouses) shall have ninety (90) days from when the Contractor receives the necessary forms to activate the participating employer, provided that the participating employer shall have one (1) year from when it receives confirmation from the State/its vendor that the employer is a participating employer (or one (1) year after CoverTN begins operations, whichever is later) to submit such necessary activation forms to the Contractor.

A.4.11.2 New employees of participating employers (and their spouses) shall have 30 calendar days from the employee's start date of employment to submit an application to a CoverTN plan.

A.4.11.3 Employees of participating employers may also apply for CoverTN during open enrollment (see Section A.5.3.1) or if the employee involuntarily loses other health insurance coverage (e.g., the employee involuntarily loses coverage under his/her spouse's plan).

A.4.11.4 Self-employed individuals (and their spouses) shall have ninety (90) days from when the Contractor receives the necessary forms to activate the self-employed individual, provided that the self-employed individual shall have one (1) year from when it receives confirmation from the State/its vendor that it is a qualified self-employed individual (or one (1) year after CoverTN begins operations, whichever is later) to submit such necessary activation forms to the Contractor.

A.4.11.5 Employees of non-participating employers (during Phase 2) may enroll at any time. There is no time limit for applying.

A.4.11.6 New and current employees of participating employers (and their spouses) shall have thirty (30) calendar days from the date of a qualifying event to submit an application to a CoverTN plan.

A.4.11.7 Applicants eligible as Tennesseans Between Jobs (and their eligible spouses) shall have ninety (90) calendar days from the date on which the State notifies the applicant that he or she is a qualified Tennessean Between Jobs to submit an application to the CoverTN plan.

A.4.11.8 Applicants eligible as VBPs (and their eligible spouses) must submit an application to enroll in the CoverTN plan within ninety (90) calendar days of April 1, 2009, which is the first date that VBPs may be effective with the CoverTN plan.

8. The following provision is added as Contract Section A.4.21:

A.4.21 Contractor shall perform a daily match of the participating employers, self-employed individuals, and employees of non-participating employers provided by the State against the Contractor's enrollment files to confirm that such applicant does not have current health benefits coverage with the Contractor or has not had health benefits coverage with the Contractor in the past six (6)

months. The Contractor shall provide the State with a report of the results of such daily data match on a weekly basis.

9. The text of Contract Sections A.4.3.3.5, A.4.3.4.4, A.4.5.2.6, A.4.5.3.4, A.4.6.2.6 and A.4.6.3.4 are deleted in their entirety and replaced with the following in each instance:

Has had health benefits coverage within the last six (6) months (unless Contractor is directed by the State in writing to waive this requirement for such applicant, or any group of applicants, in accordance with TCA § 56-7-3005(c), as amended).

10. The text of Contract Section E.2 is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Manager of Procurements and Contracting
Tennessee Department of Finance and Administration,
Benefits Administration Division
312 Rosa L Parks Avenue, Suite 2600
Nashville, TN 37243
marlene.alvarez@state.tn.us
Telephone: 615.253.8358
FAX: 615.253.8556

The Contractor:

Amy Bercher, Senior Product Manager
BlueCross BlueShield of Tennessee, Inc.
One Cameron Hill
Chattanooga, Tennessee 37402
Amy_Bercher@VSHPTN.com
Telephone: 423.535.5983
FAX: 423.535.7601

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

11. The following is added as Contract Section C.11:

C.11 Data Match Process Reimbursement. The State shall reimburse Contractor the one-time sum of \$74,492 for the development and implementation of the data match and report provided by Contractor pursuant to Section A.4.21, and \$4,886 per month, for the continued provision of this data match and report during the initial term of the Contract. The State further agrees to pay \$1,768 per month for this data match and report during any extension of the term of this Contract. The Contractor shall include the one-time amount in the invoice to the State next following the execution of this Amendment and the monthly amount in its standard monthly invoice to the State beginning with the invoice next following the execution of this Amendment.

12. The following is added as Contract Section C.12:

C.12 Go-Bare Programming Expense Reimbursement. The State shall reimburse Contractor the one-time sum of \$76,840 for expenses associated with the reprogramming of certain aspects of the enrollment process, enrollment form and other services provided by the Contractor in connection with changes by the State to the administration of the "go-bare" criteria. The Contractor shall include this one-time amount in the invoice to the State next following the execution date of this Amendment.

13. The following is added as Contract Section C.13:

C.13 Reporting Package Reimbursement. The State shall reimburse Contractor the one-time sum of \$5,000 for a portion of the development, implementation and provision of a monthly reporting package provided by the Contractor. The Contractor shall include this one-time amount in the invoice to the State next following the execution date of this Amendment.

14. The following provision is added as Contract Section E.13.:

E.13. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
- b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

15. Contract Attachment A, Plan B: "Benefits and Cost Sharing", Part B: "Summary of Benefits and Coverage." attached hereto.

16. Contract Attachment D is deleted in its entirety and replaced with updated Contract Attachment D attached hereto.

The revisions set forth herein shall be effective as of April 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

BLUECROSS BLUESHIELD OF TENNESSEE, INC.:

CONTRACTOR SIGNATURE

DATE

SONYA K. NELSON, VICE PRESIDENT, STATE GOVERNMENT PROGRAMS

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

APPROVED:

COMMISSIONER OF FINANCE & ADMINISTRATION

DATE

COMPTROLLER OF THE TREASURY

DATE

Plan B
Benefits and Cost-Sharing

Part B: Summary of Benefits and Coverage					
Service Description	Required? (Yes/No)	Included in your CoverTN plan? (Yes/No)	CoverTN Cost-Sharing Requirements (No deductibles or coinsurance permitted)	Service Limitations/Exclusions	Copayment (if any)
Hospital Inpatient					
Medical	YES	YES	Maximum \$100 copay per admission.	Subject to \$15,000 annual payment limit for medical and behavioral health services Note 1	\$100 copayment per admission
Surgical	YES	YES	Maximum \$100 copay per admission.	Subject to \$15,000 annual payment limit for medical and behavioral health services Note 1	\$100 copayment per admission
Psychiatric	YES	YES	Maximum \$100 copay per admission.	Subject to \$15,000 annual payment limit for medical and behavioral health services Inpatient psychiatric and substance abuse services limited to 5 days per year. Note 1	\$100 copayment per admission

Substance Abuse	YES	YES	Maximum \$100 copay per admission.	Subject to \$15,000 annual payment limit for medical and behavioral health services Inpatient psychiatric and substance abuse services limited to 5 days per year. Inpatient substance abuse services limited to medical detox only at a medical facility. Note 1	\$100 copayment per admission
Dialysis Clinic	No	No			\$
Skilled Nursing Facility	No	No			\$
Other (specify)	No	No			\$
Hospital Outpatient					
Emergency Room	YES	YES	Maximum \$100 copay per visit for non-emergency conditions.	Limited to 2 ER visits per calendar year	\$100 copayment for non-emergent services
Medical	YES	YES	Maximum \$25 copay per visit.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year Note 1	\$25 copayment per visit
Surgery/Procedures	YES	YES	Maximum \$25 copay per visit.	Subject to outpatient visit limit of 1 surgical visit per calendar year Note 1	\$25 copayment per visit
Radiology	YES	YES	Maximum \$25 copay per visit.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year Note 1	\$25 copayment per visit

Pathology	YES	YES	Maximum \$25 copay per visit.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year Note 1	\$25 copayment per visit
Other (specify)	No	No			\$
Outpatient Behavioral Health					
OP Mental Health Services	YES	YES	Maximum \$25 copay per encounter.	Subject to behavioral health visit limit of 10 visits per calendar year for mental health and substance abuse services	\$25 copayment per visit
OP Substance Abuse Services	YES	YES	Maximum \$25 copay per encounter.	Subject to behavioral health visit limit of 10 visits per calendar year for mental health and substance abuse services	\$25 copayment per visit
Physician Services					
<i>Inpatient Surgery</i>					
Primary Surgeon	YES	YES	Maximum \$25 copay per encounter.	Inpatient stay must be covered	No copayment
Anesthesia	YES	YES	Maximum \$25 copay per encounter.	Inpatient stay must be covered	No copayment
<i>Outpatient Surgery</i>					
OP Hospital	YES	YES	Maximum \$25 copay per encounter.	Subject to outpatient visit limit of 1 surgical visit per calendar year Note 1	No copayment
Surgical Center	YES	YES	Maximum \$25 copay per encounter.	Subject to outpatient visit limit of 1 surgical visit per calendar year Note 1	No copayment

Office	YES	YES	Maximum \$25 copay per encounter.	Subject to office visit limit of 12 visits to a Primary Care Physician (PCP) or 6 visits to a specialist per calendar year for medical, surgical or preventive services performed in an office setting Note 1	\$20 copayment per visit
Inpatient Visits	YES	YES	Maximum \$25 copay per visit.	Inpatient stay must be covered	No copayment
Preventive Services					
Adult preventive physical exams, including lab tests	YES	YES	Maximum \$25 copay per encounter.	One adult physical exam per calendar year, subject to office visit limit of 12 visits to a PCP per calendar year for medical, surgical or preventive services performed in an office setting One well woman exam per calendar year, subject to office visit limit of 12 visits to a PCP per calendar year for medical, surgical or preventive services performed in an office setting	No copayment No copayment
Pap smears	YES	YES	Maximum \$10 copay per test (in addition to any physician fee, etc.); plans may instead have all-inclusive per visit copay.	Included with one well woman visit per calendar year	No copayment
PSA	YES	YES	Maximum \$10 copay per test (in addition to any physician fee, etc.); plans may instead have all-inclusive per visit copay.	Included with one adult physical exam per calendar year	No copayment

	Mammography	YES	YES	Maximum \$10 copay per test (in addition to any physician fee, etc.); plans may instead have all-inclusive per visit copay.	Included with one well woman visit per calendar year Mammograms performed in an outpatient setting will be subject to the outpatient visit limit of 2 non-surgical visits per calendar year	No copayment	
	Immunizations/Vaccinations	YES	YES	No copay.	Included with one adult physical exam per calendar year	No copayment	
	Other (specify)	No	No			\$	
	Services related to ER visit	YES	YES	Maximum \$25 copay per encounter.	Limited to 2 ER visits per calendar year	\$25 copayment per encounter for both emergent and non-emergent services	
	<i>Diagnostic and Therapeutic Services</i>						
	PCP visits	YES	YES	Maximum \$25 copay per visit; also, one visit without charge for health assessment every three years.	Subject to office visit limit of 12 visits per calendar year for medical, surgical or preventive services performed in an office setting	\$20 copayment per visit	
	Specialist visits	YES	YES	Maximum \$25 copay per visit.	Subject to office visit limit of 6 visits per calendar year for medical, surgical or preventive services performed in an office setting	\$20 copayment per visit	

Lab	YES	YES	Maximum \$10 copay per test.	Office visit must be covered for related lab work to be covered Does not count toward visit limit when performed separately from an office visit Office lab services are not covered after the office visit limit is met	No copayment
Chemotherapy	No	YES		Subject to office visit limit of 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services performed in an office setting, regardless of whether an office visit is filed with the services	No copayment
Radiation	No	YES		Subject to office visit limit of 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services performed in an office setting, regardless of whether an office visit is filed with the services	No copayment
Allergy tests, injections, and sera	No	No			\$
Other (specify)	No	No			\$
Other Provider Services					
PT, OT, and speech therapists	No	No			\$
Audiology	No	No			\$

Vision	No	YES		Subject to office visit limit of 12 visits to a PCP or 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services performed in an office setting Medical benefit only Glasses or contacts following cataract surgery limited to \$200 per year	\$20 copayment per visit
Chiropractic	No	No			\$
Podiatry	No	No			\$
Dental Services	No	No			\$
Urgent Care	YES	YES	Maximum \$25 copay per encounter.	Subject to office visit limit of 12 visits to a PCP or 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services performed in an office setting Subject to outpatient visit limit of 2 non-surgical visits and 1 surgical visit per calendar year	Office Visit - \$20 copayment per visit Outpatient - \$25 copayment per visit
Other (specify)	No	No			\$
Radiology					
IP (Professional)	YES	YES	Maximum \$25 copay per encounter.	Subject to \$15,000 annual payment limit for medical and behavioral health services Note 1	Included in \$100 copayment per admission No additional copayment per encounter

OP (Professional)	YES	YES	Maximum \$25 copay per encounter.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year and 1 surgical visit per calendar year Note 1	Included in \$25 copayment per visit No additional copayment per encounter
Office (Combined)	YES	YES	Maximum \$25 copay per encounter.	Subject to office visit limit of 12 visits to a PCP or 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services when performed in conjunction with an office visit Does not count toward visit limit when performed separately from an office visit Office x-ray services are not covered after the office visit limit is met	Included in \$20 copayment per visit No additional copayment per encounter
Other (specify)	No	No			\$
Pathology					
IP (Professional)	YES	YES	Maximum \$25 copay per encounter.	Subject to \$15,000 annual payment limit for medical and behavioral health services Note 1	Included in \$100 copayment per admission No additional copayment per encounter

OP (Professional)	YES	YES	Maximum \$25 copay per encounter.	Subject to outpatient visit limit of 2 non-surgical visits per calendar year and 1 surgical visit per calendar year Note 1	Included in \$25 copayment per visit No additional copayment per encounter
Office (Combined)	YES	YES	Maximum \$25 copay per encounter.	Subject to office visit limit of 12 visits to a PCP or 6 visits to a specialist per calendar year for medical, surgical, diagnostic, preventive or other services when performed in conjunction with an office visit Does not count toward visit limit when performed separately from an office visit Office x-ray services are not covered after the office visit limit is met	Included in \$20 copayment per visit No additional copayment per encounter
Other (specify)	No	No			\$
Miscellaneous Services					
PDN/Home Health Care	No	YES		Subject to annual payment limit of \$500	No copayment
Hospice Care	No	YES		Subject to annual payment limit of \$5,000 for inpatient and/or outpatient services	No copayment
Air Ambulance	No	No			
Ground and other ambulance	YES	YES	Maximum \$25 copay per emergent encounter; maximum \$50 copay for non-emergency.	Limited to 2 trips per calendar year	No copayment
Non-Emergency Transportation	No	No			
Durable Medical Equipment	No	No			
Prosthetics	No	No			

Corrective Appliance	No	No	No				
Medical Supplies	No	No	No				
Diabetic supplies and injectibles	No	YES	YES			Diabetic supplies must be purchased through the pharmacy benefit to be covered	No copayment for meters Strips subject to \$10 copayment Supplies subject to \$5 copayment
Organ/Tissue Transplants and Donor Services	No	No	No				
Reconstructive Breast Surgery	No	YES	YES			Inpatient - Subject to \$15,000 annual payment limit for inpatient medical and behavioral health services Outpatient - Subject to outpatient visit limit of 1 surgical visit per calendar year Note 1	Included in \$100 copayment per admission Included in \$25 copayment per outpatient visit
Other (specify)	No	No	No				\$
Pharmacy							
Generic	YES	YES	YES			Maximum \$10 copay per prescription.	Subject to quarterly payment limit of \$75
Name-Brand	No	YES	YES			Please see Attachment 6.3, Section A, item A.12 for limitations; maximum \$25 copay per prescription.	Limited to insulin and brand name test strips only \$10 copayment per 30 day supply

Other (specify)	No	YES	All services subject to a payment maximum of \$25,000 per calendar year	varies

Note 1: All services subject to an overall payment maximum of \$25,000 per calendar year

**Contract Attachment D
Premium Amounts for CY 2007**

Total Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 103.00	\$ 113.00	\$ 123.00
30-39	\$ 126.00	\$ 139.00	\$ 146.00	\$ 159.00
40-49	\$ 155.00	\$ 170.00	\$ 175.00	\$ 190.00
50-59	\$ 189.00	\$ 208.00	\$ 209.00	\$ 228.00
60-64	\$ 216.00	\$ 238.00	\$ 236.00	\$ 258.00
65+	\$ 253.00	\$ 278.00	\$ 273.00	\$ 298.00

State Share of Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 34.33	\$ 37.67	\$ 41.00
30-39	\$ 42.00	\$ 46.33	\$ 48.67	\$ 53.00
40-49	\$ 51.67	\$ 56.67	\$ 58.33	\$ 63.33
50-59	\$ 63.00	\$ 69.33	\$ 69.67	\$ 76.00
60-64	\$ 72.00	\$ 79.33	\$ 78.67	\$ 86.00
65+	\$ 84.33	\$ 92.67	\$ 91.00	\$ 99.33

Contractor's administrative component of the premium amounts: \$9.50 per member per month

Premium Amounts for CY 2008

Total Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 112.58	\$ 123.58	\$ 134.58
30-39	\$ 137.88	\$ 152.18	\$ 159.88	\$ 174.18
40-49	\$ 169.78	\$ 186.28	\$ 191.78	\$ 208.28
50-59	\$ 207.18	\$ 228.08	\$ 229.18	\$ 250.08
60-64	\$ 236.88	\$ 261.08	\$ 258.88	\$ 283.08
65+	\$ 277.58	\$ 305.08	\$ 299.58	\$ 327.08

State Share of Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 37.53	\$ 41.19	\$ 44.86
30-39	\$ 45.96	\$ 50.73	\$ 53.29	\$ 58.06
40-49	\$ 56.59	\$ 62.09	\$ 63.93	\$ 69.43
50-59	\$ 69.06	\$ 76.03	\$ 76.39	\$ 83.36
60-64	\$ 78.96	\$ 87.03	\$ 86.29	\$ 94.36
65+	\$ 92.53	\$ 101.69	\$ 99.86	\$ 109.03

Contractor's administrative component of the premium amounts: \$9.73 per member per month

Premium Amounts for CY 2009

Total Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 112.58	\$ 123.58	\$ 134.58
30-39	\$ 137.88	\$ 152.18	\$ 159.88	\$ 174.18
40-49	\$ 169.78	\$ 186.28	\$ 191.78	\$ 208.28
50-59	\$ 207.18	\$ 228.08	\$ 229.18	\$ 250.08
60-64	\$ 236.88	\$ 261.08	\$ 258.88	\$ 283.08
65+	\$ 277.58	\$ 305.08	\$ 299.58	\$ 327.08

State Share of Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 37.53	\$ 41.19	\$ 44.86
30-39	\$ 45.96	\$ 50.73	\$ 53.29	\$ 58.06
40-49	\$ 56.59	\$ 62.09	\$ 63.93	\$ 69.43
50-59	\$ 69.06	\$ 76.03	\$ 76.39	\$ 83.36
60-64	\$ 78.96	\$ 87.03	\$ 86.29	\$ 94.36
65+	\$ 92.53	\$ 101.69	\$ 99.86	\$ 109.03

Contractor's administrative component of the premium amounts: \$10.07 per member per month



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North - 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman

Representatives

Curt Cobb
Curtis Johnson
Gerald McCormick
Mary Pruitt
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*
Donna Rowland
David Shepard
Curry Todd
Eddie Yokley

Sen. Douglas Henry, Vice-Chairman

Senators

Doug Jackson
Bill Ketron
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*
Reginald Tate
Jamie Woodson

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee
Bill Ketron, Chairman, Contract Services Subcommittee

DATE: June 25, 2008

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meetings 6/24)

CC
BK

RFS# 317.30-041

Department: Finance & Administration/Benefits Administration

Contractor: BlueCross BlueShield of Tennessee (BCBST)

Summary: The vendor currently provides statewide administrative services for the CoverTN program under Plan B. These services include, but are not limited to, marketing, eligibility determination, enrollment and disenrollment processing, premium collection, and delivery of benefits. The proposed amendment clarifies contract language, adds additional responsibilities for the vendor, and allows county governments to participate in CoverTN after meeting certain requirements. The term of the contract remains the same, effective through December 31, 2009, with the option to extend in one-year increments for a total of five years.

Maximum liability: \$50,000,000

Maximum liability w/amendment: \$50,000,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: The Honorable Mike Morrow, Deputy Commissioner
Mr. Robert Barlow, Director, Office of Contracts Review



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FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-3590 or (800) 253-9981
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Brian Haile, Deputy Director, Benefits Administration *BH*

Date: May 29, 2008

RE: Amendments to CoverTN Plan A and B contracts

Please find attached Non-Competitive Amendment requests to add language to each of the existing contracts with BlueCross BlueShield of Tennessee (BCBST) for Plans A and B signed by Commissioner Goetz. The original procurement sought two vendors with different benefit plans and BCBST was awarded both contracts under their Plan A and Plan B proposal submissions. The modification to both of the CoverTN contracts through this identical amendment to both plans clarifies some contractual language, corrects a reference to a contract attachment and adds additional responsibilities that the Contractor is willing to accept. Additionally, the amendments facilitate the implementation of SB 4076/HB 4025, which the General Assembly passed on May 15, 2008. The amendments to both contracts are slated to take effect August 1, 2008.

The base contract with BCBST for Plan A and B are included for review as is a draft of the amendment to both documents to address the inclusion of additional responsibilities, the reference correction and clarifications to the original contract with BCBST for the CoverTN program.

Thank you for your consideration of this request to amend both contracts.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration
Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.30-041-07	
2) State Agency Name :	Department of Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Provides statewide administrative services for the CoverTN program under Plan B.	
4) Contractor :	BlueCross BlueShield of Tennessee, Inc.	
5) Contract #	FA-07-17169-00	
6) Contract Start Date :		January 12, 2007
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :		December 31, 2009
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :		\$50,000,000.00
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #		One
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)		August 1, 2008
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :		December 31, 2009
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :		\$50,000,000.00
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/>	use of Non-Competitive Negotiation is in the best interest of the state
	<input type="checkbox"/>	only one uniquely qualified service provider able to provide the service
14) Description of the Proposed Amendment Effects & Any Additional Service :		
<p>The amendment:</p> <ul style="list-style-type: none"> • Clarifies that the Contractor shall provide written notices to applicants regarding its eligibility determinations; • Requires Contractor to provide more frequent updates to the Member Handbook if annual updates are insufficient; • Expands methods of payments that members may use to remit premiums to the Contractor; • Provides CoverTN members with access to the BlueCard PPO Program card program; • Allows the carrier to increase broker fees in order to induce insurance brokers to more actively market the product; and 		

- Corrects ambiguities in definitions, policies and procedures and several scrivener's errors in the original contract.

Pursuant to SB 4076/HB 4025, which the General Assembly passed on May 15, 2008, the amendment also:

- Allows county governments to become "participating employers" in CoverTN if these county governments do not offer health insurance to their employees;
- Clarifies that any CoverTN member may have catastrophic coverage in addition to CoverTN as long as that coverage has a deductible of at least \$15,000 annually; and
- Allows the state to waive the six-month "go-bare requirement" in certain situations (e.g., employer goes out of business, carrier no longer offers group products, carrier no longer covers the business, or individual's employment is terminated).

15) Explanation of Need for the Proposed Amendment :

This amendment clarifies some contractual language, corrects a reference to a contract attachment and adds additional responsibilities that the Contractor is willing to accept. Additionally, the amendment facilitates the implementation of SB 4076/HB 4025, which the General Assembly passed on May 15, 2008.

16) Name & Address of Contractor's Current Principal Owner(s) :

(not required if proposed contractor is a state education institution)

BlueCross BlueShield of Tennessee, Inc., 801 Pine Street-4G, Chattanooga, TN., 37402

17) Documentation of Office for Information Resources Endorsement :

(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :

(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :

(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

This contract is in the second year of the term and the State is satisfied with the performance of the Contractor. In addition, the provisions of SB 4076/HB 4025, which was enacted on May 15, 2008, become effective on July 1, 2008. Timely implementation of this new law requires an immediate change to the current contract, the program's policies, and its operating procedures. It is therefore in the best interest of the State to continue this business commitment. The agency did not attempt to identify competitive procurement alternatives.

21) Justification for the Proposed Non-Competitive Amendment :

The amendment language adds some responsibilities to the Contractor that will benefit the State and the recipients. The clarifications included in this document also provide access to the BlueCard Program which to date has not been included under the terms of the contract, and it implements recently-enacted legislation that modified the CoverTN program.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



5/28/08
Date

Agency Head Signature

CONTRACT SUMMARY SHEET

021908

RFS #		Contract #	
317.30-041-07		FA-07-17169-01	
State Agency		State Agency Division	
Dept. of Finance and Administration		Benefits Administration	
Contractor Name		Contractor ID # (FEIN or SSN)	
Blue Cross Blue Shield of Tennessee, Inc.		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-0427913	
Service Description		To provide statewide administrative services for the CoverTN program under Plan B. Amendment complies with new statute.	
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 12, 2007	December 31, 2009	Vendor	

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AUG 21 2008

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Mark Each TRUE Statement					
<input checked="" type="checkbox"/> Contractor is on STARS			<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts		
Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
350.30	100	08	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007	\$2,000,000				\$2,000,000
2008	\$13,000,000				\$13,000,000
2009	\$23,000,000				\$23,000,000
2010	\$12,000,000				\$12,000,000
TOTAL:	\$50,000,000				\$50,000,000

— COMPLETE FOR AMENDMENTS ONLY —		
FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2007	\$2,000,000	
2008	\$13,000,000	
2009	\$23,000,000	
2010	\$12,000,000	
TOTAL	\$50,000,000	
End Date:	December 31, 2009	December 31, 2009

State Agency Fiscal Contact & Telephone #

Maureen Abbey
20th Floor, Tennessee Tower
615-741-6070

State Agency Budget Officer Approval

Maureen Abbey

Funding Certification (certification, required by T.C.A. § 9-4-5113 that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

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 AUG - 6 PM 2:02
 PROBLEMS SERVICE
 OFFICE OF
 AGENTS SERVICES

Contractor Ownership (complete for ALL base contracts - N/A to amendments or delegated authorities)

African American
 Person w/ Disability
 Hispanic
 Small Business
 Government

Asian
 Female
 Native American
 NOT Minority/Disadvantaged
 Other

Contractor Selection Method (complete for ALL base contracts - N/A to amendments or delegated authorities)

RFP
 Competitive Negotiation *
 Alternative Competitive Method *

Non-Competitive Negotiation *
 Negotiation w/ Government (ID, GG, GU)
 Other *

Procurement Process Summary (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

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over PCM

7/29/08

**AMENDMENT ONE
TO FA-07-17169-00**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and BlueCross BlueShield of Tennessee, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The following provisions are added to Contract Section A Definitions:

"Health Benefits Coverage" includes medical insurance in force currently or in force during the past six (6) months that would make a participating employer or enrollee ineligible pursuant to § 56-7-3005. Health benefits coverage shall include but not be limited to basic medical coverage (hospitalization plans), major medical insurance, comprehensive medical insurance, short-term medical policies, limited-benefit plans, mini-medical plans, and high deductible health plans with health savings accounts. Health benefits coverage shall not include catastrophic health insurance plans that only provide medical services after satisfying a deductible in excess of fifteen thousand dollars (\$15,000). Additionally, health benefits coverage shall not include medical insurance that is available to an enrollee pursuant either to the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986 (Pub. L. No. 99-272, codified at 29 U.S.C. § 1161 *et seq.*) and which the individual declined, or to § 56-7-2312 *et seq.* and which the individual declined.

"Involuntary Loss of Coverage" means the loss of health benefits coverage arising from, but not limited to the following circumstances: (i) A separation from employment, voluntary or involuntary; (ii) A health insurance carrier's cancellation of group or individual health benefits coverage for reasons other than premium non-payment, fraud, or misrepresentation; (iii) A health insurance carrier's decision to no longer sell small group health benefits coverage; or (iv) The loss of eligibility for TennCare or CoverKids. Involuntary loss of coverage shall not include situations in which the primary insured dropped dependent spouse or dependent child(ren) from the health benefits coverage policy.

"Participating Local County Government" is defined as county government enumerated in § 5-1-101 and established under title 5 or as a metropolitan government under title 7 who has been determined by the State or its vendor to be eligible to participate in CoverTN and has enrolled in the CoverTN program. Participating local county governments include those who meet the eligibility criteria and guidelines established by the department for county governments to enroll in the program. The criteria shall include but not be limited to: (1) only county governments who have not offered health benefits coverage to their employees for at least the previous twelve (12) months shall be eligible to participate in the program, except that coverage under a group insurance plan offered by counties to eligible local education employees defined in 8-27-02(e)(2) will not preclude the county government's participation; (2) all of a participating county government's employees eligible for the program operated pursuant to this part shall be limited to citizens of the United States, except that individuals satisfying the federally defined exceptions contained in 8 U.S.C. § 1622(b) shall also be eligible to apply; (3) a minimum employee participation of fifty percent (50%) of county government employees eligible to participate in the program shall be required; (4) a participating local county government shall contribute a minimum of sixty-six percent (66%) toward the premiums of its eligible, participating employees on a uniform basis.

"Qualifying Event" is defined as marriage, death of spouse, divorce or annulment, involuntary loss of health insurance coverage, spouse becoming entitled to Medicare, or meeting the six- (6) month go-bare requirement in cases of a voluntary loss of coverage.

"Tennessean Between Jobs" means an individual who is a U.S. citizen or qualified alien adult (age 19 or older), who is domiciled in Tennessee and (i) who has been determined by the State through its online eligibility verification process to be currently unemployed and who has worked at least one (1) week for a minimum of twenty (20) hours during the preceding six (6) months; or (ii) who has been determined by the State through its online eligibility verification process to be currently employed, and who is not working more than twenty (20) hours per week (on average) but has worked at least one (1) week for a minimum of twenty (20) hours during the preceding six (6) months. For purposes of the non-eligibility components of this Contract, the Contractor shall treat Tennesseans Between Jobs as employees of non-participating employers unless the State and the Contractor agree to a different protocol.

"\$41,000 a year" means the income level that the State updates each year with the release of the Census Bureau's federal poverty guidelines. This income level is approximately 200 percent of the federal poverty level for a household of four.

2. The text of Contract Section A Definitions, "Non-Participating Employer" is deleted in its entirety and replaced with the following:

"Non-Participating Employer" is defined as an employer who is not eligible to participate in CoverTN, or who is eligible but chooses not to participate.

3. The text of Contract Section A Definitions, "Participating Employer" is deleted in its entirety and replaced with the following:

"Participating Employer" is defined as an employer who has been determined by the State or its vendor to be eligible to participate in CoverTN and has enrolled in the CoverTN program. This may include churches, private schools, associations, and other non-profit organizations that meet the employer eligibility criteria established by the State. In phase 1, participating employer will include employers with fewer than twenty-five (25) full-time equivalent employees who meet the other criteria established by the State, which are: (a) being incorporated in Tennessee and operating in Tennessee as its principal place of business; (b) having half or more of its employees receiving wages less than \$41,000; and (c) not having offered health insurance for at least the preceding six months for which the employer paid at least fifty (50) percent of the premium. In phase 2, participating employer will include employers with fewer than fifty (50) full-time equivalent employees. Pursuant to SB 4076/HB 4025 and beginning July 1, 2008, participating employer will also include participating local county governments.

4. The text of Contract Section A.2.9.2 is deleted in its entirety and replaced with the following:

A.2.9.2. If the Contractor has a service limit for a particular service that is expressed other than in terms of units (e.g., an expenditure limit) or has a combination of service limits, and allowed charges are greater than the limit, the provider may bill the member the difference between the amount paid by the Contractor for the service and the amount allowed by the Contractor's CoverTN plan for the service.

5. The text of Contract Section A.4.3 is deleted in its entirety and replaced with the following:

A.4.3 In order to determine eligibility for employees of participating employers (and their spouses, as applicable) or for self-employed individuals (and their spouses, as applicable), the Contractor shall:

A.4.3.1 Verify that the employer is a participating employer of that the applicant is a qualified self-employed individual (as applicable) based on information provided by the State;

A.4.3.2 Confirm that the application for the applicant (and spouse, if applicable) includes a residential street address in Tennessee; and

A.4.3.3 Screen the application and approve eligibility for the applicant unless the applicant self-attests on the application that he/she:

A.4.3.3.1 Is under age nineteen (19);

A.4.3.3.2 Is not a U.S. citizen or qualified alien;

A.4.3.3.3 Does not work more than twenty (20) hours per week (on average);

A.4.3.3.4 Has health benefits coverage; or

A.4.3.3.5 Voluntarily stopped health benefits coverage within the last six (6) months (unless in TennCare, in armed forces, or employer did not pay at least fifty (50) percent).

A.4.3.4 If the applicant is determined to be eligible, approve eligibility for the applicant's spouse (as applicable) unless the spouse self-attests on the application that he/she:

A.4.3.4.1 Is under age nineteen (19);

A.4.3.4.2 Is not a U.S. citizen or qualified alien;

A.4.3.4.3 Has health benefits coverage;

A.4.3.4.4 Voluntarily stopped health benefits coverage within the last six (6) months (unless in TennCare, in armed forces, or employer did not pay at least fifty (50) percent).

6. The text of Contract Section A.4.5.1 is deleted in its entirety and replaced with the following:

A.4.5.1 Confirm that the application for the applicant (and spouse, if applicable) includes a residential street address in Tennessee; and

7. The text of Contract Section A.4.5.2 is deleted in its entirety and replaced with the following:

A.4.5.2 Screen the application and approve eligibility for the applicant unless the applicant self-attests on the application that he/she:

A.4.5.2.1 Is under age nineteen (19);

A.4.5.2.2 Is not a U.S. citizen or qualified alien;

A.4.5.2.3 Does not work more than twenty (20) hours per week (on average);

A.4.5.2.4 Earns more than \$41,000 a year;

A.4.5.2.5 Has health benefits coverage; or

A.4.5.2.6 Voluntarily stopped health benefits coverage within the last six (6) months (unless in TennCare, in armed forces, or employer did not pay at least fifty (50) percent).

8. The following provision is added as Contract Section A.4.5.3:

A.4.5.3 If the applicant is determined to be eligible, approve eligibility for the applicant's spouse (as applicable) unless the spouse self-attests on the application that he/she:

A.4.5.3.1 Is under age nineteen (19);

A.4.5.3.2 Is not a U.S. citizen or qualified alien;

A.4.5.3.3 Has health benefits coverage;

A.4.5.3.4 Voluntarily stopped health benefits coverage within the last six (6) months (unless in TennCare, in armed forces, or employer did not pay at least fifty (50) percent).

9. The text of Contract Section A.4.6 is deleted in its entirety and replaced with the following:

A.4.6 The Contractor shall determine eligibility for applicants for Tennesseans Between Jobs (and their spouses, as applicable). In order to determine eligibility for applicants for Tennesseans Between Jobs and their spouses, the Contractor shall:

A.4.6.1 Confirm that the application for the applicant (and spouse, if applicable) includes a residential street address in Tennessee; and

A.4.6.2 Screen the application and approve eligibility for the applicant unless the applicant self-attests on the application that he/she:

A.4.6.2.1 Is under age nineteen (19);

A.4.6.2.2 Is not a U.S. citizen or qualified alien;

A.4.6.2.3 Has not worked at least twenty (20) hours in any one week within the last six (6) months;

A.4.6.2.4 Earns more than \$41,000 a year;

A.4.6.2.5 Has health benefits coverage; or

A.4.6.2.6 Voluntarily stopped health benefits coverage within the last six (6) months (unless in TennCare, in armed forces, or employer did not pay at least fifty (50) percent).

A.4.6.3 If the applicant is determined to be eligible, approve eligibility for the applicant's spouse (as applicable) unless the spouse self-attests on the application that he/she:

A.4.6.3.1 Is under age nineteen (19);

A.4.6.3.2 Is not a U.S. citizen or qualified alien;

A.4.6.3.3 Has health benefits coverage; or

A.4.6.3.4 Voluntarily stopped health benefits coverage within the last six (6) months (unless in TennCare, in armed forces, or employer did not pay at least fifty (50) percent).

10. The following provision is added as Contract Section A.4.7.1:

A.4.7.1 If an employee, Tennessean Between Jobs, or self-employed individual is ineligible for any of the reasons listed in Sections A.4.3, A.4.5, or A.4.6, then the spouse is not eligible unless he or she qualifies independent of his or her status as a spouse.

11. The following provision is added as Contract Section A.4.10.6:

A.4.10.6 New and current employees of participating employers (and their spouses) shall have thirty (30) calendar days from the date of a qualifying event to submit an application to a CoverTN plan.

12. The following provision is added as Contract Section A.4.10.7:

A.4.10.7 Applicants eligible as Tennesseans Between Jobs (and their eligible spouses) shall have ninety (90) calendar days from the date on which the State notifies the applicant that he or she is a qualified Tennessean Between Jobs to submit an application to the CoverTN plan.

13. The text of Contract Section A.4.11. is deleted in its entirety and replaced with the following:

A.4.11. An application from a potential member should include an identifier to the participating employer or self-employed individual so that the Contractor may draft the participating employer's bank account or the self-employed individual's bank account.

14. The text of Contract Section A.4.12. is deleted in its entirety and replaced with the following:

A.4.12. The Contractor shall determine eligibility for potential members and send a notice to each applicant notifying him/her of the disposition of his/her application within the timeframes specified in Contract Attachment B, Performance Guarantee #1 (Eligibility Determination).

15. The text of Contract Section A.5.1.1. is deleted in its entirety and replaced with the following:

A.5.1.1 The Contractor shall enroll eligible applicants and their eligible spouses into the Contractor's plan. A spouse may only enroll (a) when his/her spouse who is an eligible

employee or self-employed individual enrolls; (b) during open enrollment; (c) within thirty (30) calendar days from the date of a qualifying event. In order to enroll, the spouse shall complete and submit a change form to the Contractor. In all instances, the Contractor shall ask the prospective member spouse to self-attest that he or she is a U.S. citizen or qualified alien.

16. The text of Contract Section A.5.2.7. is deleted in its entirety and replaced with the following:

A.5.2.7. The Contractor shall bill the employer for the first month of enrollment. The Contractor shall require pre-payment of subsequent premiums. For example, payment for August coverage shall be required in July.

17. The text of Contract Section A.5.2.10. is deleted in its entirety and replaced with the following:

A.5.2.10. In phase 2, once an employee of a non-participating employer is enrolled, the Contractor shall notify the member (and the employer, if the employer will contribute or otherwise make payment on behalf of the member) of the applicable premium for each employee and spouse (if applicable), the amount due from the employer (if applicable) and member, and the due date. If the employer contributes to the employer's premium, conducts withholding on behalf of the employee, or otherwise makes payment on behalf of the member, the Contractor shall send a monthly statement to the employer that details the premium amounts due and notifies the employer that these amounts will be paid through bank draft. The Contractor shall draft the employer's banking account for applicable premium amounts on the due date.

18. The text of Contract Section A.5.2.11, is deleted in its entirety and replaced with the following:

A.5.2.11. If the member is responsible for payment of all or part of the premium due, the Contractor shall send a statement to the member at least quarterly that details the premium amounts due. The member may pay these amounts through bank draft, credit card, debit card or check. The Contractor shall draft the member's banking account for applicable premium amounts (employer and member share) or charge the designated credit or debit card on the due date.

19. The text of Contract Section A.5.3.4. is deleted in its entirety and replaced with the following:

A.5.3.4. The Contractor shall disenroll a member from its plan for non-payment of premiums (see Sections A.5.2.13 through A.5.2.15). If a member is disenrolled for non-payment of premiums, he/she is terminated from the CoverTN program and shall not be able to enroll in a CoverTN plan for a period of six (6) months from the date of disenrollment. However, if an employee was disenrolled as a result of non-payment by the employer, the employee may re-enroll if he/she applies as an employee of another qualifying employer or pays the entire non-state share. The Contractor shall not require these individuals to pay past due premiums that were not paid by the employer. If these individuals re-enroll within 63 calendar days of disenrollment, then the employee will receive credit for any of the pre-existing condition waiting period satisfied during the initial coverage period (see Section A.2.4).

20. The following provision is added as Contract Section A.6.10:

A.6.10. The State shall have access to Contractor's BlueCard PPO Program in accordance with Contract Attachment G, BlueCard PPO Program.

21. The text of Contract Section A.9.12. is deleted in its entirety and replaced with the following:

A.9.12. The State may assist the Contractor in identifying fraud and performing fraud investigations of members and providers for the purpose of recovery of overpayments

due to fraud. In the event the Contractor discovers evidence that an unusual transaction has occurred that merits further investigation, the Contractor shall inform Benefits Administration who will notify the Office of the Inspector General.

22. The text of Contract Section A.11.9. is deleted in its entirety and replaced with the following:

A.11.9. The Contractor, following review and approval by the State, shall update, print, and distribute to members' homes a Member Handbook. The Member Handbook shall be specific to the CoverTN plan and shall describe and outline plan benefits, limitations and exclusions, co-payments, how to access services, and other information helpful to members. The Member Handbook shall be at least at a sixth grade reading level and shall be available in Spanish.

A.11.9.1 The number of member handbooks to be printed shall be in sufficient quantities for the members and shall be mailed to members' homes with the provider directory (see Section A.6.4). The Contractor shall send a member handbook and provider directory to new members as specified in Section A.5.1.3 and Contract Attachment B, Performance Guarantee #3 (Member Handbooks and Provider Network Directories Distributed). The Contractor shall also provide member handbooks and provider directories to members after open enrollment, as specified in Contract Attachment B, Performance Guarantee #3 (Member Handbooks and Provider Network Directories Distributed).

A.11.9.2 Failure to have the member handbook approved by the State before release shall result in an assessment of \$1,000 per occurrence. The State shall notify the Contractor of any such occurrence. Any amounts due for the Contractor's noncompliance with this pre-approval provision shall be paid annually upon request by the State.

23. The text of Contract Section D.8. is deleted in its entirety and replaced with the following:

D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this contract.

a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document included as Contract Attachment E, hereto, semi-annually during the period of this contract. Such attestations shall be maintained by the contractor and made available to state officials upon request.

b. Prior to the use of any subcontractor in the performance of this contract, and semi-annually thereafter, during the period of this contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this contract. Attestations obtained from such subcontractors shall be maintained by the contractor and made available to state officials upon request.

c. The Contractor shall maintain records for all personnel used in the performance of this contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.

- d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this contract.
- e. For purposes of this contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the contract.

24. The text of Contract Section D.13. is deleted in its entirety and replaced with the following:

D.13. Independent Contractor. The parties hereto, in the performance of this contract, shall not act as employees, partners, joint ventures, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this contract.

The State acknowledges its understanding that this Contract constitutes a contract solely between the State and Contractor, which is an independent corporation operating under a license from the BlueCross and BlueShield Association, an association of independent BlueCross and BlueShield Plans (the "Association") permitting Contractor to use the BlueCross and BlueShield Service Marks in the State of Tennessee, and that Contractor is not contracting as the agent of the Association. The State further acknowledges and agrees that it has not entered into this Contract based upon representations by any person other than Contractor and that neither the Association nor any other Blue Cross Blue Shield licensee shall be considered to be a party to this Contract. This paragraph shall not create any additional obligations whatsoever on the part of Contractor other than those obligations created under other provisions of this Contract.

25. The text of Contract Section E.2. is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Manager of Procurement and Contracting

Tennessee Department of Finance and Administration
Benefits Administration
312 Rosa L. Parks Avenue
26th Floor, WRS Tennessee Tower
Nashville, Tennessee 37243-1102
Phone: 615-253-8358
Fax: 615-253-8556
marlene.alvarez@state.tn.us

The Contractor:

Ms. Amy Bercher, Senior Product Manager
BlueCross BlueShield of Tennessee, Inc.
801 Pine Street – 4G
Chattanooga, TN 37402
Phone: 423-535-5983
Fax: 423-535-7601
amy_bercher@bcbst.com

with a copy to:

Ms. Tena Roberson,
Director, Legal Services & Deputy General Counsel
BlueCross BlueShield of Tennessee, Inc.
801 Pine Street – 8P
Chattanooga, TN 37402
Phone: 423-535-5158
Fax: 423-535-4576
tena_roberson@bcbst.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

26. The following is added as Contract Section E.12.:

E.12. Definitional Terms. All references to "sole proprietor" shall be deleted and replaced with "self-employed individual."

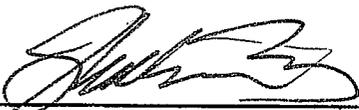
27. Contract Attachment D is deleted in its entirety and replaced with the new Contract Attachment D attached hereto.

28. Contract Attachment G attached hereto is added as a new Contract Attachment.

The revisions set forth herein shall be effective August 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

BLUECROSS BLUESHIELD OF TENNESSEE, INC.:



CONTRACTOR SIGNATURE

8/04/08

DATE

Dr. Steven Cowley, President, Govt Business and Emerging Markets
PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr. *8-5-08*
M. D. GOETZ, JR., COMMISSIONER DATE

APPROVED:

M. D. Goetz, Jr. IKW AUG 06 2008
M. D. GOETZ, JR., COMMISSIONER DATE
DEPARTMENT OF FINANCE AND ADMINISTRATION

John G. Morgan *8/7/08*
JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

**Contract Attachment D
Premium Amounts for CY 2007**

Total Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 103.00	\$ 113.00	\$ 123.00
30-39	\$ 126.00	\$ 139.00	\$ 146.00	\$ 159.00
40-49	\$ 155.00	\$ 170.00	\$ 175.00	\$ 190.00
50-59	\$ 189.00	\$ 208.00	\$ 209.00	\$ 228.00
60-64	\$ 216.00	\$ 238.00	\$ 236.00	\$ 258.00
65+	\$ 253.00	\$ 278.00	\$ 273.00	\$ 298.00

State Share of Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 34.33	\$ 37.67	\$ 41.00
30-39	\$ 42.00	\$ 46.33	\$ 48.67	\$ 53.00
40-49	\$ 51.67	\$ 56.67	\$ 58.33	\$ 63.33
50-59	\$ 63.00	\$ 69.33	\$ 69.67	\$ 76.00
60-64	\$ 72.00	\$ 79.33	\$ 78.67	\$ 86.00
65+	\$ 84.33	\$ 92.67	\$ 91.00	\$ 99.33

Contractor's administrative component of the premium amounts: \$9.50 per member per month

Premium Amounts for CY 2008

Total Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 112.58	\$ 123.58	\$ 134.58
30-39	\$ 137.88	\$ 152.18	\$ 159.88	\$ 174.18
40-49	\$ 169.78	\$ 186.28	\$ 191.78	\$ 208.28
50-59	\$ 207.18	\$ 228.08	\$ 229.18	\$ 250.08
60-64	\$ 236.88	\$ 261.08	\$ 258.88	\$ 283.08
65+	\$ 277.58	\$ 305.08	\$ 299.58	\$ 327.08

State Share of Premium Amounts by Premium Group

Age	Does not use Tobacco		Uses Tobacco	
	<i>Normal Weight</i>	<i>Obese</i>	<i>Normal Weight</i>	<i>Obese</i>
	Under 30	\$ 37.53	\$ 41.19	\$ 44.86
30-39	\$ 45.96	\$ 50.73	\$ 53.29	\$ 58.06
40-49	\$ 56.59	\$ 62.09	\$ 63.93	\$ 69.43
50-59	\$ 69.06	\$ 76.03	\$ 76.39	\$ 83.36
60-64	\$ 78.96	\$ 87.03	\$ 86.29	\$ 94.36
65+	\$ 92.53	\$ 101.69	\$ 99.86	\$ 109.03

Contractor's administrative component of the premium amounts: \$9.73 per member per month

Contract Attachment G BLUECARD PPO PROGRAM

Like all Licensees of the BlueCross BlueShield Association, the Contractor participates in a program called BlueCard. Whenever members access health care services outside Tennessee, the claim for those services may be processed through BlueCard and presented to Contractor for payment in conformity with network access rules of the BlueCard policies then in effect. Under BlueCard, when members receive Covered Services within the geographic area served by an on-site BlueCross and/or BlueShield Licensee ("Host Plan"), the Plan will remain responsible to the Group for fulfilling the Plan's contract obligations. However, the Host Plan will only be responsible, in accordance with applicable BlueCard policies, if any, for providing such services as contracting with its Participating Providers and handling all interactions with its Participating Providers. The financial terms of BlueCard are described below.

The calculation of the member's liability for Covered Services claims incurred outside the Plan's service area which are processed through the BlueCard PPO Program will typically be at the lower of the provider's Billed Charges or the negotiated price Contractor pays the Host Plan.

The methods employed by the Host Plan to determine a negotiated price will vary among Host Plans based on the terms of each Host Plan's provider contracts. The negotiated price paid to a Host Plan by Contractor on a claim for health care services processed through BlueCard may represent:

- 1 the actual price paid by the Host Plan on such a claim; or
- 2 an estimated price determined by the Host Plan in accordance with BlueCard policies, based on the actual price increased or reduced to reflect aggregate payments expected to result from settlements, withholds, any other contingent payment arrangements and non-claims transactions with all of the Host Plan's health care Providers or one or more particular Providers; or
- 3 an average price, determined by the Host Plan in accordance with BlueCard policies, based on a billed charges discount representing the Host Plan's average savings expected after settlements, withholds, any other contingent payment arrangements and non-claims transactions for all of its providers or for a specified group of providers. An average price may result in greater variation to the member and the Group from the actual price than would an estimated price.

Host Plans using either the estimated price or average price methods may, in accordance with BlueCard policies, prospectively adjust the estimated or average price to correct for over- or underestimation of past prices. However, the amount the member pays is considered a final price and will not be affected by such prospective adjustment.

In addition, laws in certain states may require BlueCross and/or BlueShield Plans to use a basis for calculating member liability for Covered Services that does not reflect the entire savings realized, or expected to be realized, on a particular claim or to add a surcharge. Thus, if the member receives Covered Services in these states, the member's liability for Covered Services will be calculated using these states' statutory methods.

Under BlueCard, recoveries from a Host Plan or from Participating Providers of a Host Plan can arise in several ways, including, but not limited to, anti-fraud and abuse audits, provider/hospital audits, credit balance audits, utilization-review refunds, and unsolicited refunds. In some cases, the Host Plan will engage third parties to assist in discovery or collection of recovery amounts. The fees of such a third party are netted against the recovery. Recovery amounts, net of fees, if any, will be applied in accordance with applicable BlueCard policies, which generally require correction on a claim-by-claim or prospective basis.

CONTRACT SUMMARY SHEET

8-8-05

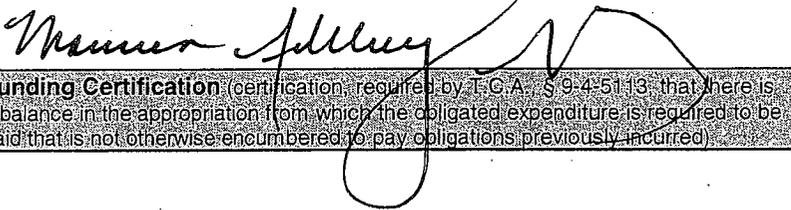
RFS.# 350.30-041-07		Contract # FA-07- 17169-00	
State Agency Dept. of Finance and Administration		State Agency Division Division of Insurance Administration	
Contractor Name Blue Cross Blue Shield of Tennessee, Inc.		Contractor ID # (FEIN or SSN) <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-0427913	
Service Description To provide statewide administrative services for the CoverTN program under Plan B.			
Contract Begin Date January 12, 2007	Contract End Date December 31, 2009	SUBRECIPIENT or VENDOR? Vendor	CFDA #

Mark, if Statement is TRUE

Contractor is on STARS as required Contractor's Form W-9 is on file in Accounts as required

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
350.30	100 201	08 4	11		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007	\$2,000,000				\$2,000,000
2008	\$13,000,000				\$13,000,000
2009	\$23,000,000				\$23,000,000
2010	\$12,000,000				\$12,000,000
TOTAL	\$50,000,000				\$50,000,000

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Maureen Abbey <i>MA</i> 20 th Floor, Tennessee Tower 615-741-6070
FY: 2007			State Agency Budget Officer Approval  Funding Certification (certification required by T.C.A. § 9-4-51-13 that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
FY: 2008			
FY: 2009			
TOTAL			
End Date:			

Contractor Ownership

African American
 Disabled
 Hispanic
 Small Business
 NOT minority/disadvantaged
 Asian
 Female
 Native American
 OTHER minority/disadvantaged—

Contractor Selection Method

RFP
 Competitive Negotiation
 Alternative Competitive Method
 Non-Competitive Negotiation
 Government
 Other

Procurement Process Summary

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