

COVERTN FREQUENTLY ASKED QUESTIONS

1. What is CoverTN?

CoverTN provides a limited-benefit health care option that is affordable, portable and meets the needs of small business owners, the self-employed, working individuals without access to coverage and those between jobs. CoverTN provides low-cost coverage for basic medical services, with a focus on preventive care.

2. How does CoverTN differ from traditional health insurance plans?

CoverTN plan benefits are limited in nature compared to traditional comprehensive insurance. For instance, there are annual limits for services covered by CoverTN, which means a member may have out-of-pocket expenses in the event of catastrophic medical conditions. However, treatment will be covered up to the annual maximum and CoverTN members will pay BlueCross BlueShield network rates for any treatment above the annual maximum.

3. What are the eligibility categories?

CoverTN is open to four categories of people:

- Small business owners and their employees
- Self-employed individuals
- Individuals who work at least 20 hours per week but cannot afford traditional health insurance
- Individuals who, within the previous six months, have lost their job or had work hours reduced to less than 20 hours per week.

4. How does a small business qualify for CoverTN?

The requirements for a small business to participate in CoverTN are simple:

- Business must be located in Tennessee
- 50 or fewer full-time equivalent employees
- At least 50 percent of employees must earn \$55,000 or less per year
- Business cannot have offered employer-sponsored health insurance in the previous six months, or if offered, employer did not pay more than 50 percent of the employee's premium
- CoverTN must be offered to all eligible employees
- Business must commit to pay 1/3 share of monthly premium for all participating employees

5. How do employees of participating small businesses qualify for CoverTN?

In order to enroll in CoverTN, an employee of a participating small business must meet the following requirements:

- U.S. Citizen or qualified legal alien
- Age 19 or older
- Work an average of 20 hours per week
- Does not currently have health insurance, or not has voluntarily stopped health insurance in the past six months
- Commit to pay 1/3 of the monthly premium
- See question #29 for enrollment timetables

6. How do self-employed individuals qualify for CoverTN?

The self-employed must meet the following requirements in order to enroll in CoverTN:

- Tennessee resident (minimum of six months)
- U.S. Citizen or qualified legal alien
- Age 19 or older
- Works an average of 20 hours per week
- Annual adjusted gross income of \$55,000 or less
- Does not currently have health insurance, or not has voluntarily stopped health insurance in the past six months
- Commit to pay 2/3 of the monthly premium

7. How does a working individual with no health insurance qualify for CoverTN?

Individuals who work but do not have health insurance must meet the following requirements in order to enroll in CoverTN:

- Tennessee resident (minimum of six months)
- U.S. Citizen or qualified legal alien
- Age 19 or older
- Works an average of 20 hours per week
- Annual income of \$55,000 or less
- Does not currently have health insurance, or not has voluntarily stopped health insurance in the past six months
- Commit to pay 2/3 of the monthly premium

8. How does someone who recently lost their job qualify for CoverTN?

For those who have experienced a recent job loss or reduction in work hours, the requirements for eligibility are:

- Tennessee resident (minimum of six months)
- U.S. Citizen or qualified legal alien
- Age 19 or older
- Worked at least one 20-hour week in the previous six months or had work hours reduced to less than 20 hours per week
- Annual income of \$55,000 or less
- Not currently insured
- Commit to pay 2/3 of the monthly premium

9. Are spouses eligible for CoverTN?

Yes. Spouses of CoverTN participants may be eligible for CoverTN, although employers are not required to contribute to a spouse's monthly premium. In order for a spouse to qualify for coverage, they must meet the following requirements:

- U.S. Citizen or qualified legal alien
- Age 19 or older
- Does not currently have health insurance, or not has voluntarily stopped health insurance in the past six months
- Commit to pay 2/3 of the monthly premium

10. Are there exceptions to the Tennessee residency requirement?

The only time a non-Tennessee resident can qualify for CoverTN is when the individual works for a Tennessee company that participates in CoverTN or the individual is the spouse of such an employee. In such a situation, if all other requirements are met, the employee can enroll in the program, though the state will not contribute 1/3 of the monthly premium.

11. Are there exceptions to the requirement for applicants to be uninsured for six months?

The only exceptions to the six month go-bare requirement are as follows:

- Separation from employment (voluntary or involuntary)
- Cancellation of group or individual health insurance coverage by the insurance carrier for reasons other than non-payment of premium, fraud or misrepresentation
- A health insurance carrier's decision to no longer sell small group benefits coverage
- Loss of eligibility for TennCare or CoverKids
- Active duty in the Armed Forces during the previous six months

12. Why is there a requirement that the company cannot have offered insurance for the previous six months?

CoverTN is not intended to replace existing, comprehensive health insurance coverage. Rather, it is designed to provide health insurance options where none currently exist. The six month "go bare" requirement helps protect the program from being used by companies that already offer health insurance.

13. Who is a qualified legal alien?

A qualified legal alien is someone who is not a U.S. Citizen, but who does live in the United States legally. To be a qualified alien, a person must meet certain conditions. These conditions are defined by federal law at 8 U.S.C. §1622(b). A person must be a U.S. Citizen or qualified alien in order to enroll in CoverTN.

14. What qualifies someone as "self-employed?"

Self-employed means an individual is in business for his or her self, or works as an independent contractor with no employees. Self-employed applicants must be able to show income from their business equal to at least 20 hours per week at minimum wage, or about \$6,100 per year.

15. Can a county or city government, or a school district participate in CoverTN if they meet eligibility criteria?

Yes. However, they also have access to broader coverage at favorable terms through the State's public sector health insurance programs. The State sponsored Local Government Plan is a pool for counties, municipalities and qualified quasi-governmental agencies. Information is available at www.state.tn.us/finance/ins/.

- 16. What is a “full-time equivalent” employee?**
One full-time equivalent employee is any combination of employees who work a total of 40 hours per week. For example, one employee who works 40 hours per week counts as one full-time equivalent employee, or two part-time employees who each work 20 hours per week count as one full-time equivalent employee.
- 17. How many full-time equivalent employees are allowed for CoverTN?**
For a business to qualify for CoverTN, it must employ 50 or fewer full-time equivalent employees.
- 18. Are all employees, including part-time workers, eligible for CoverTN?**
An employer must offer CoverTN to all employees who work an average of at least 20 hours per week and who meet all other employee eligibility requirements (i.e., age, income). Only these employees will qualify to participate in CoverTN.
- 19. Is the self-employed income requirement based on adjusted gross income?**
Yes. Adjusted gross income (AGI) is the income on which an individual calculates federal income tax. AGI is determined by subtracting any unreimbursed business expenses or other deductions from gross income. AGI is the income before itemized deductions for items such as medical expenses, state and local income taxes and real estate taxes.
- 20. Should an employer consider an employee's individual income or their household income when qualifying a business?**
The employer should use the employee's individual gross income.
- 21. Are seasonal employees eligible for CoverTN?**
Yes, seasonal employees who work an average of 20 hours per week annually are eligible for CoverTN.
- 22. Can someone who works multiple part time jobs, but doesn't work 20 hours per week at any of them, enroll in CoverTN?**
Provided all other eligibility requirements are met for the Employees of Non-Participating Employers category, hours from multiple jobs may be combined to total at least 20 hours per week in order to meet the hourly eligibility requirement.
- 23. Are children of employees eligible for CoverTN?**
No. All CoverTN policies are individual policies and do not include family coverage.

Employees with uninsured children 18-years-old or younger may be eligible for coverage through CoverKids, another Cover Tennessee program. For additional information on CoverKids, go to www.CoverKids.com.

24. Can a company still participate in CoverTN if its eligibility status changes during the year (i.e., grows to more than 50 employees, etc.)?

Yes. Two of the employer eligibility requirements – 50 or fewer full-time equivalent employees and half of the employees earn \$55,000 or less per year – are required only during the initial qualifying step of enrollment in the program.

25. What is considered health insurance?

The following are considered health insurance policies and if active, or active within the previous six months, would make a business or individual ineligible for CoverTN:

- Basic Medical Coverage (hospitalization plans)
- Major Medical Insurance
- Comprehensive Medical Insurance
- Short-term Medical Policies
- Limited-Benefit Plans
- Mini-Medical Plans
- Catastrophic Health Insurance Plans with deductibles less than \$15,000
- Health Savings Accounts (High Deductible Plans)

The following are not considered health insurance and would be permissible to keep with CoverTN active.

- Supplemental Insurance Policies
- Critical Illness Plans (i.e., cancer insurance)
- Veteran's Administration (VA Benefits)
- Disability Insurance
- Dental Insurance

26. My business is located in Tennessee, but I have employees who are not Tennessee residents. Can they participate in CoverTN?

Yes. Employees of participating employers who work in Tennessee but live in bordering states are eligible for CoverTN. In this case, the state will not contribute to the monthly premium of a non-Tennessee resident, so the employer or employee must pay the state's portion of the monthly premium. These employees must also visit network providers within Tennessee to receive benefits.

27. Can an employer impose a waiting period for employees before becoming eligible for CoverTN benefits?

No. Eligible employees must enroll within 90 days of their employer's approval to participate in CoverTN. A newly hired employee and his or her spouse have 30 days from the date of hire to submit an enrollment form for CoverTN.

After the initial enrollment period, eligible employees may only enroll during the annual open enrollment period, which takes place during the month of October.

- 28. Can an employer who offers a carve-out plan to certain classes of employees offer CoverTN to those employees not eligible for the carve-out?**
Yes. Employers who offer a carve-out plan (sometimes referred to as an owner-only, manager-only or salaried employee-only plan) to certain classes of employees, can offer CoverTN to those excluded from the carve-out. Individuals eligible for, or participating in, the carve-out plan are not eligible for CoverTN.
- 29. Do employers who terminate existing health insurance coverage have to go without health insurance for six months before qualifying as a business with CoverTN?**
If the employer paid more than 50% of the employee premiums, yes the business must go without health insurance for six months before applying as a business with CoverTN.

If the employer paid less than 50% of the employee premiums, the business can apply for CoverTN without waiting six months.
- 30. If my employer terminated existing employer sponsored health insurance, do I have to go without health insurance for six months before enrolling in CoverTN?**
Yes. All employees working for a business that offers CoverTN must go without health insurance for six months before enrolling.
- 31. Does an employer or employee who terminates CoverTN coverage have to go without health insurance for six months before re-enrolling in CoverTN?**
Yes. An employer or employee may not be eligible for CoverTN again until the six month go-bare requirement has been met.
- 32. Can someone who has been out-of-work for more than six months enroll as part of the Tennesseans Between Jobs category?**
No. Tennesseans Between Jobs is open to workers who have lost their jobs in the previous six months and meet other eligibility requirements. However, the spouse of someone who is enrolled in CoverTN can enroll provided they meet other eligibility requirements.
- 33. Are Tennesseans Between Jobs still eligible to participate in CoverTN if their unemployment compensation runs out and they are still unemployed?**
Yes. Once approved for CoverTN eligibility and enrolled in the program, members can remain in the program as long as they pay the two-thirds share of the monthly premium and are a Tennessee resident.
- 34. Can an unemployed individual who is receiving COBRA benefits drop coverage to join CoverTN as a Tennessean Between Jobs?**
No. Someone who is receiving COBRA benefits must exhaust those benefits in order to qualify for CoverTN. Those exhausting COBRA coverage will not have to wait to join CoverTN.

Also, individuals are not required to take COBRA when leaving their job in order to qualify for CoverTN.

35. Other CoverTN eligibility categories require employers, employees and individuals to have been without health insurance for six months. Do Tennesseans Between Jobs have to meet this requirement to join CoverTN?

No. The six month waiting period is only for individuals who have dropped health coverage. Anyone who has lost health insurance as a result of a job loss can join CoverTN without waiting six months.

36. Can someone who enrolls as a Tennessean Between Jobs keep their CoverTN coverage if they are hired by a company offering employer-sponsored health insurance?

Yes. Once enrolled, any change in employment status will not affect a member's continued eligibility for the program as long as other eligibility requirements are met and monthly premiums are paid. However, both benefit plans should be compared to see which plan best suits individual health insurance needs.

37. What insurance company offers CoverTN?

BlueCross BlueShield of Tennessee was awarded the CoverTN contract through a competitive bid process. Individuals will have two different plans from which to choose — Plan A and Plan B.

38. What is the difference between Plan A and Plan B?

The main differences between the two plans are coverage for inpatient hospitalization, prescription drug benefit limits and the number of specialist visits. People with more prescriptions may find Plan A to be a better option for them. People who anticipate an inpatient hospital stay may find Plan B a better choice.

39. Does CoverTN have a deductible?

No. Because CoverTN is designed to provide coverage for the most needed services, the plan will not have a deductible. Members need only meet their co-pay requirements to gain immediate access to services.

40. Is there a pre-existing condition waiting period for CoverTN?

Yes. CoverTN has a 12-month pre-existing condition waiting period. No benefits will be paid for conditions present during the immediate six months prior to enrolling in CoverTN. After the member has been enrolled in CoverTN for 12 months, CoverTN will begin covering these conditions.

The pre-existing condition waiting period can be shortened or waived for members with prior creditable coverage who apply within 63 days of an involuntary loss of their coverage.

41. What are some of the plan specifications?

Medical services such as primary care and specialist visits, emergency room visits and ground ambulance, inpatient and outpatient hospital services, surgery and pharmacy benefits may be accessed with just a co-pay.

However, there are service and benefit caps per member per calendar year. Both plans have a maximum annual benefit limit of \$25,000 per year. Refer to the

benefit plan, [Plan A](http://www.bcbst.com/health-plans/cover-tennessee/covertn/PlanA.pdf) at www.bcbst.com/health-plans/cover-tennessee/covertn/PlanA.pdf or [Plan B](http://www.bcbst.com/health-plans/cover-tennessee/covertn/PlanB.pdf) at www.bcbst.com/health-plans/cover-tennessee/covertn/PlanB.pdf for more information on covered services.

42. What happens if a member exceeds the \$25,000 annual maximum?

Individuals who reach the annual benefit maximum during the year are responsible for all expenses exceeding \$25,000 until the next plan year begins. The new plan year begins annually on January 1.

Members exceeding the \$25,000 annual maximum benefit will continue to receive network discounts on medical services and prescription drugs when they use network providers or pharmacies.

43. Is maternity coverage available through CoverTN?

CoverTN members who become pregnant will remain enrolled in CoverTN but may be eligible for maternity benefits and pregnancy-related services through CoverKids HealthyTNBabies or TennCare. Upon becoming pregnant, CoverTN members should complete a CoverKids HealthyTNBabies application.

To apply for CoverKids HealthyTNBabies, visit www.CoverKids.com or call 1-866-620-8864.

44. What health care providers participate in the CoverTN network?

CoverTN plans feature access to more than 17,800 providers who participate in BlueCross BlueShield of Tennessee Network V. More information on the provider network is available at www.bcbst.com/health-plans/cover-tennessee/covertn/.

45. What are the monthly premiums for CoverTN?

Premiums are split evenly between the state, employer and employee and are based on an individual's age, tobacco use and weight.

| Total Monthly Premium Amounts | | | | |
|-------------------------------|------------------|--------------|------------------|--------------|
| Age | Normal Weight | | Obese | |
| | Non-tobacco User | Tobacco User | Non-tobacco User | Tobacco User |
| <30 | \$112.58 | \$134.58 | \$123.58 | \$145.58 |
| 30-39 | \$137.88 | \$159.88 | \$152.18 | \$174.18 |
| 40-49 | \$169.78 | \$191.78 | \$186.28 | \$208.28 |
| 50-59 | \$207.18 | \$229.18 | \$228.08 | \$250.08 |
| 60-64 | \$236.88 | \$258.88 | \$261.08 | \$283.08 |
| 65+ | \$277.58 | \$299.58 | \$305.08 | \$327.08 |

| One-third Share of Monthly Premium Amounts | | | | |
|---|-------------------------|---------------------|-------------------------|---------------------|
| Age | Normal Weight | | Obese | |
| | Non-tobacco User | Tobacco User | Non-tobacco User | Tobacco User |
| <30 | \$37.53 | \$44.86 | \$41.19 | \$48.53 |
| 30-39 | \$45.96 | \$53.29 | \$50.73 | \$58.06 |
| 40-49 | \$56.59 | \$63.93 | \$62.09 | \$69.43 |
| 50-59 | \$69.06 | \$76.39 | \$76.03 | \$83.36 |
| 60-64 | \$78.96 | \$86.29 | \$87.03 | \$94.36 |
| 65+ | \$92.53 | \$99.86 | \$101.69 | \$109.03 |

CoverTN members who move into a new age category will see their premium increase on January 1 of the following calendar year.

46. What is considered “normal weight” or “obese?”

Those with a weight less than what is listed in the chart below are considered normal weight. Those weighing more than what is listed are considered obese.

| Height | Target Weight |
|---------------|----------------------|
| 4' 10" | 142 |
| 4' 11" | 147 |
| 5' 0" | 152 |
| 5' 1" | 157 |
| 5' 2" | 163 |
| 5' 3" | 168 |
| 5' 4" | 173 |
| 5' 5" | 179 |
| 5' 6" | 185 |
| 5' 7" | 190 |
| 5' 8" | 196 |
| 5' 9" | 202 |
| 5' 10" | 208 |
| 5' 11" | 214 |
| 6' 0" | 220 |
| 6' 1" | 226 |
| 6' 2" | 232 |
| 6' 3" | 239 |
| 6' 4" | 245 |
| 6' 5" | 252 |

47. How are premiums calculated and paid?

Employees of Participating Employers

The state pays one-third of the monthly premium, the employer pays one-third and the employee pays the final one-third. The state will not pay any portion of the premiums for employees who do not live in Tennessee. The employee’s premium is payroll deducted by the employer. Employers are then required to remit both the employee’s and the employer’s premium to BlueCross BlueShield of Tennessee each month through electronic funds transfer.

Self-employed / Employees of Non-participating Employers / Tennesseans
Between Jobs

The state pays one-third of the monthly premium. Employees of non-participating employers, self-employed individuals and Tennesseans Between Jobs must pay the remaining two-thirds of the premium. These individuals will be billed directly by BlueCross BlueShield of Tennessee.

Spouses

The state pays one-third of the monthly premium for spouses of all members, except for those members who work for county governments. Employers are not responsible for covering one-third of the spouse's premium, but may do so if they choose.

48. Can CoverTN premiums be increased?

The law that governs CoverTN allows, on an annual basis, a premium increase not to exceed 10 percent per year. In 2009, THERE WILL BE NO PREMIUM INCREASE.

49. Can business owners deduct premiums from their employee's payroll pre-tax, or are they required to deduct after tax?

Businesses and employees may benefit by establishing a Section 125 plan and deducting CoverTN premiums pre-tax. However, neither the State of Tennessee nor BlueCross BlueShield of Tennessee are plan administrators and, therefore, cannot provide tax advice. Business owners and employees are encouraged to consult their tax advisor for more information.

50. Can a member keep CoverTN if they change jobs or become unemployed?

Yes, but the member will have to assume responsibility for the one-third of the premium being paid by the employer, in addition to the one-third premium they are already paying. The state will continue to contribute one-third of the premium.

In cases where the member worked for a Tennessee employer but lived in a bordering state, the member individual would no longer be eligible for CoverTN.

51. What is the best way to learn more about CoverTN?

Information is available at www.CoverTN.gov or by calling 1-866-COVERTN.