

2025 Premiums

Board of Trustees Meeting

June 6, 2024

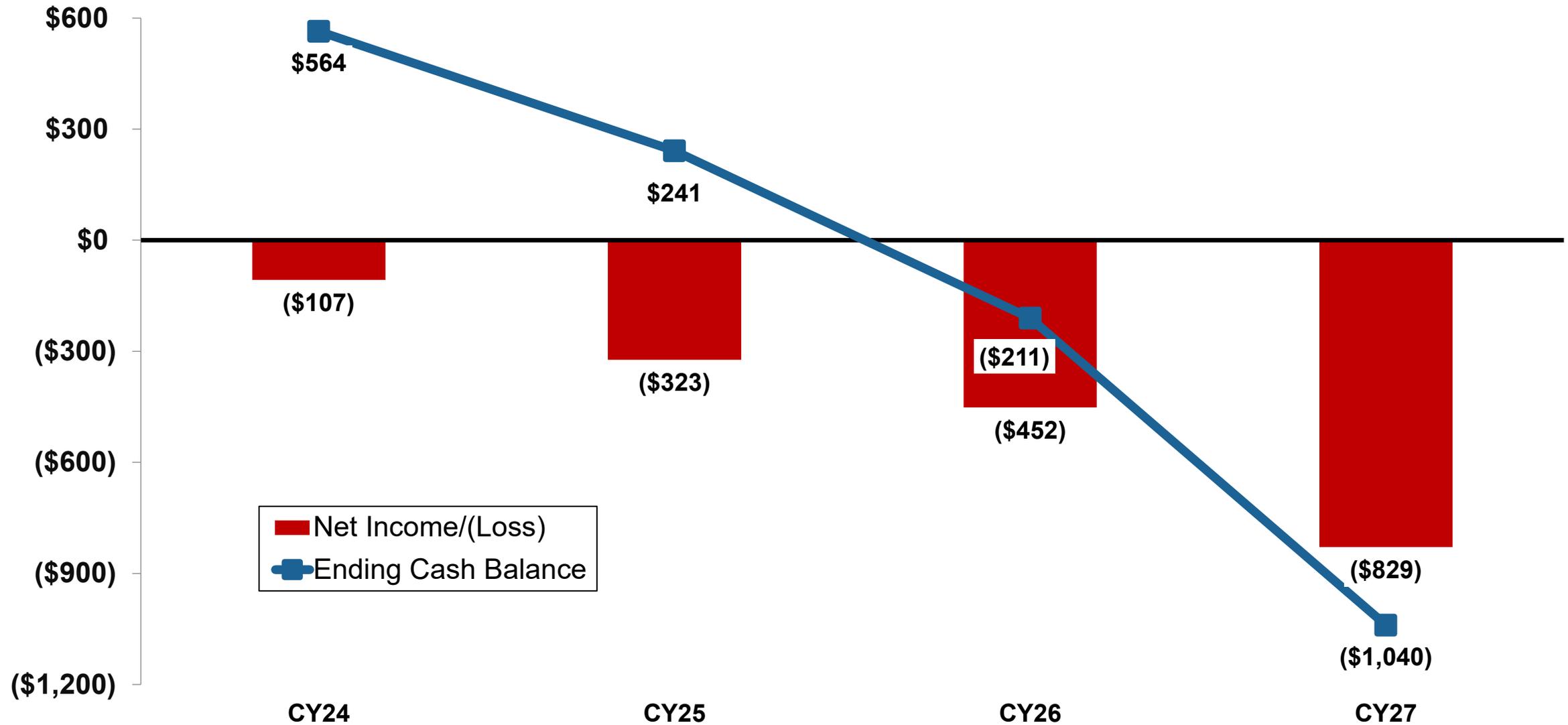


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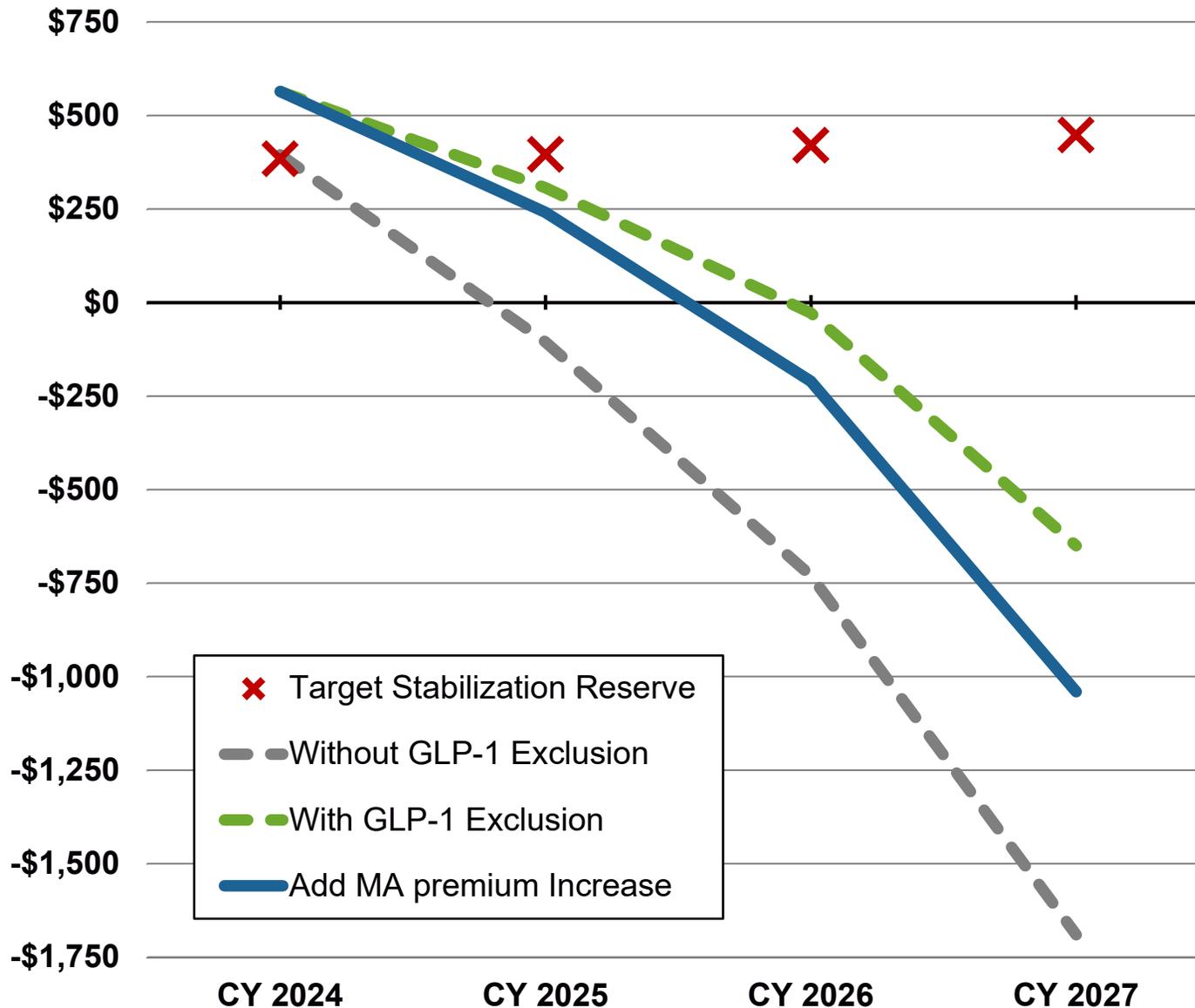
Funding Review

- FY 2023-25 State Budget funded the State Health Plan (Plan) by \$240 million less than requested.
- The Plan's funding request did not anticipate the full impact of the explosive growth in spending related to GLP-1 weight-loss medications.
- The board's recent actions to exclude coverage for these medications significantly improved projections but did not fully resolve the funding shortfall.
- Plan has incurred \$313 million in unreimbursed COVID costs.
- A recent, unexpected increase in Medicare Advantage premiums has added additional budget pressure.
- Staff recommends changes to premiums and contribution rates for calendar year 2025 to maintain adequate reserves.

Projected Financial Results by Plan Year

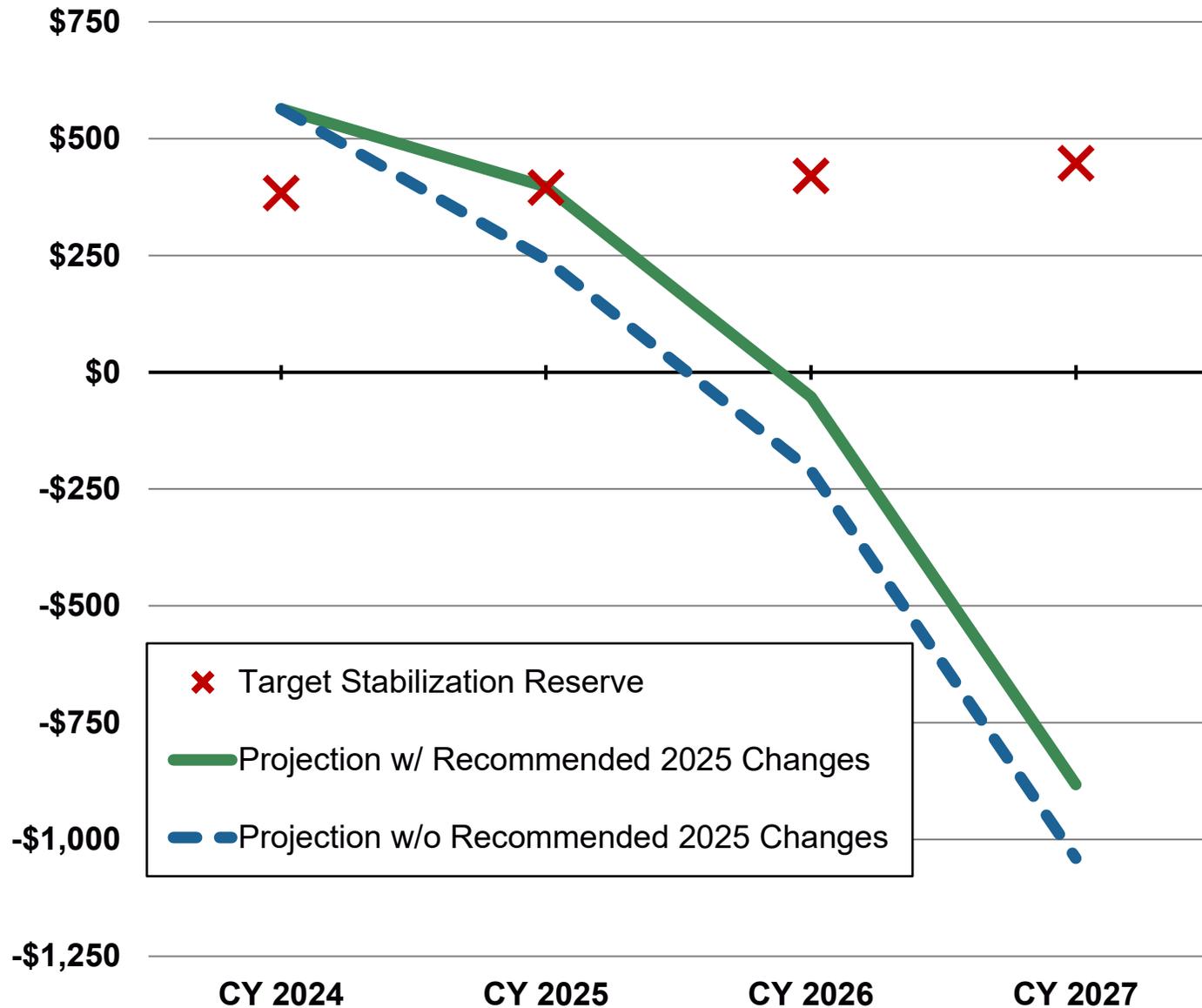


Impact of Recent Actions on Projection



- Without the Board's recent actions, the Plan's projected cash balance would have fallen below target by the end of CY 2024.
- The Board's actions improved projections, resulting in a need for \$89M in additional revenue in CY 2025.
- A larger than expected increase in Medicare Advantage premiums increased that need by \$66M.
 - 2025 Additional Funding Requirement: \$155M**

Impact of 2025 Recommendations on Projections



- Staff recommended changes for 2025:
 - Increase Retirement System contribution.
 - Increase premiums for dependents and contributory retirees who elect Medicare Advantage plans.
- Brings projected cash balance at end of CY 2025 to just above TSR.
- Only increases funding for CY 2025.

2025 Employee and Employer Premium – Overview

- Board of Trustees will be asked to approve:
 - **Medicare Advantage Premium** – Impacts 4,200 Retirees; 22,000 Dependents
 - **Retirement Health Trust Fund Contributions** – Impacts 1,700 Retirees
 - **Other Minor Changes**
 - Employer Premiums – Impacts 700 COBRA Employees; 61 Leave of Absence (LOA), Part-time, and Job Share Employees.

Medicare Advantage Premium – Overview

- Medicare Advantage is FULLY INSURED coverage (Plan pays premiums to a vendor who in turn pays claims).
- Humana was awarded contract effective Jan 1, 2021, for 3 years with 2 optional years (2024 & 2025).
- Humana offered a \$0 premium for all years with the following provision:
 - “Humana will hold the proposed rate(s) unless there are material changes to existing or implementation of new federal regulations or requirements that would impact Group Medicare.”
- Inflation Reduction Act (2022) instituted benefit redesign for Medicare Part D (Rx) coverage effective 2025:
 - Allows for DHHS (Federal) to negotiate prices directly with Rx manufacturers.
 - Set a member Out of Pocket (OOP) Maximum for Rx of \$2,000.
 - Increased insurer payments for claims above OOP Max.
 - Increased costs to insurers are being passed through as Premiums for coverage.

Medicare Advantage Premiums – 2025 Recommendation

- Humana increased rate of MA premium for Base Plan from \$0 to \$33.
 - This affects 4,200 full or half contributory retirees and 22,000 dependents.
- Humana decreased rate of Buyup Amount for Enhanced Plan from \$69 to \$63.
 - This affects 19,000 retirees and dependents
- Enhanced Retirees, Dependents, and contributory retirees continue to pay \$4 Admin Fee.

	Base Plan Premium	Enhanced Plan Premium	Buyup	Admin
2024	0.00	0.00	69.00	4.00
2025	33.00	33.00	63.00	4.00

Coverage & Tiers	2024 Rates	2025 Rates
MA Base Retirees/Med Dependents		
Subscriber Only	\$0.00	\$0.00
Subscriber + Child(ren)	\$4.00	\$37.00
Subscriber + Spouse	\$4.00	\$37.00
Subscriber + Family	\$8.00	\$74.00
MA Enhanced Retirees/Med Dependents		
Subscriber Only	\$73.00	\$67.00
Subscriber + Child(ren)	\$146.00	\$167.00
Subscriber + Spouse	\$146.00	\$167.00
Subscriber + Family	\$219.00	\$267.00

Retiree Contributions: 2025 Recommendation

- The State Budget Appropriations Legislation (SL 2023-134) **recommends** a maximum Retiree Contribution for the 2024-25 Fiscal Year of \$5,405.
- This language allows the Board of Trustees to set rates **above** the recommended amount.
- **Plan staff recommends** increasing premiums with respect to Self-Insured (Aetna) retirees to comply with the recommended rate
 - **Increase RHBT premium** from 448.74 (CY 2024) to **\$452.08/month** (CY 2025) per Self-Insured retiree.
 - 400 retirees are 100% contributory will increase by \$3.34
 - 1,300 retirees are 50% contributory will increase by \$1.67
- **Plan staff recommends** increasing premiums with respect to Fully Insured (Humana MA) retirees to prevent falling below TSR by 12/31/2025.
 - **Increase RHBT premium** from 448.74 (CY 2024) to **\$534.00/month** (CY 2025) per Fully Insured retiree.
 - Since contributory MA retirees are limited to paying fully insured premium + admin fee (\$33 + \$4), this increase will not adversely affect retirees.
- **These Premium increases will provide \$155M to be at TSR by end of 2025.**

RHBT=Retiree Health Benefit Trust Fund
TSR= Target Stabilization Reserve

Other Contributions: 2025 Recommendation

Employer Contributions:

- The State Budget Appropriations Legislation (SL 2023-134) specifies the maximum Employer contribution for the 2024-25 Fiscal Year of \$8,095.
- The fiscal year maximum is translated to monthly contribution amounts the Plan is authorized to collect for each employee.
- The 7.1% increase on a Fiscal Year basis when converted to a Calendar Year basis means that CY 2025 premiums can increase \$0.08 from 2024 levels.
- **Plan staff recommends increase:**
 - From \$674.54 (2024) to **\$674.62**/month for the employers (also applicable to 700 COBRA Members).

No Changes for: (see appendix):

- **Employee Premiums:**
 - Subscriber and Dependent Premiums for each tier will remain frozen at the **same level as 2018.**
- High Deductible Health Plan (HDHP) Employee and Employer Premiums.
- Methodology for calculating 50% and 100% contributory employees and retirees.

2025 Premium Rates – Requires Board Vote

- **Medicare Advantage Plan**
 - Accept Humana Proposal of \$33 PMPM
 - Approve 2025 employee premium rates for the MA Base and MA Enhanced plans as shown on page 8 of this presentation.
 - This will increase Plan expenses by \$66M.
- **Retirement System Contributions**
 - Approve a 0.7% increase for Self-Insured (Aetna) retirees, and 19.0% increase for Fully Insured (Humana MA) retirees as shown on page 9 of this presentation.
 - This will bring projected cash reserve equal to TSR by the end of CY 2025.
 - This will increase income by \$155M above recommended contribution levels.
 - Source of \$155M from Retiree Health Benefit Trust Fund
- **Employer Contributions**
 - Approve Employer Premium contribution in compliance with SL 2023-134 as shown on page 10 of this presentation.

TSR= Target Stabilization Reserve



Appendix: Unchanged Rate Summary and Detailed Rate Sheets

Enhanced PPO 80/20 and Base PPO 70/30 Plans

Coverage & Tiers	2024 Rates	2025 Rates
Enhanced PPO (80/20) Employees *		
Subscriber Only	\$50.00	\$50.00
Subscriber + Child(ren)	\$305.00	\$305.00
Subscriber + Spouse	\$700.00	\$700.00
Subscriber + Family	\$720.00	\$720.00
Enhanced PPO (80/20) Retirees / Non-Med Dependents		
Subscriber Only	\$50.00	\$50.00
Subscriber + Child(ren)	\$305.00	\$305.00
Subscriber + Spouse	\$700.00	\$700.00
Subscriber + Family	\$720.00	\$720.00

*Assumes "Yes" completion of tobacco attestation

Coverage & Tiers	2024 Rates	2025 Rates
Base PPO (70/30) Employees *		
Subscriber Only	\$25.00	\$25.00
Subscriber + Child(ren)	\$218.00	\$218.00
Subscriber + Spouse	\$590.00	\$590.00
Subscriber + Family	\$598.00	\$598.00
Base PPO (70/30) Retirees/Non-Med Dependents		
Subscriber Only	\$0.00	\$0.00
Subscriber + Child(ren)	\$218.00	\$218.00
Subscriber + Spouse	\$590.00	\$590.00
Subscriber + Family	\$598.00	\$598.00
Base PPO (70/30) Retirees/Med Dependents		
Subscriber Only	\$0.00	\$0.00
Subscriber + Child(ren)	\$155.00	\$155.00
Subscriber + Spouse	\$425.00	\$425.00
Subscriber + Family	\$444.00	\$444.00

*Assumes "Yes" completion of tobacco attestation

High Deductible Health Plan

Member Premium	2024 Rates	2025 Rates
HDHP		
Employee Only	\$96.00	\$96.00
Employee + Children	\$284.00	\$284.00
Employee + Spouse	\$513.00	\$513.00
Family	\$617.00	\$617.00

	2024	2025
HDHP Employer Contribution	\$184.36	\$184.36

- Affordability Safe Harbor caps Employee only contributions at \$105.29.

Premium Rates for Other Member Groups: 2025 Recommendation

- **100% Contributory Subscribers & COBRA Participants:**
 - Employee Premium + 2025 Employer/RHBT Premium + Tobacco surcharge (\$0 or \$60)
 - Vary based on Medicare status, coverage, and tier.
 - Tobacco Wellness surcharge also applies for Active, COBRA, and 80/20 Non-Medicare Retirees.
 - Medicare Advantage subscribers will not pay more than the fully insured premium + administrative costs.
- **50% contributory Subscribers:**
 - Employee Premium + (50% x 2025 Employer/RHBT Premium) + Tobacco surcharge (\$0 or \$60)
 - Vary based on Medicare status, coverage, and tier.
 - Tobacco Wellness surcharge also applies for Active, COBRA, and 80/20 Non-Medicare Retirees
 - Medicare Advantage subscribers will not pay more than the fully insured premium + administrative costs.
 -
- **National Guard, Firefighters, and Emergency Medical Personnel:**
 - (Employee Premium + 2025 Employer Premium) x 120% + Tobacco surcharge (\$0 or \$60)
 - Vary based on coverage and tier.
 - The additional 20% rate factor to protect against adverse selection (See §135-48.58 NC General Statutes)
 - If the tobacco attestation is not complete, the \$60 tobacco surcharge applies.

Active Employees and COBRA Recommended 2025 Premium Rates

Active Employee Group	Enhanced PPO (80/20) Tobacco Attestation Complete? *		Base PPO (70/30) Tobacco Attestation Complete? *		Employer Contribution
	Yes	No	Yes	No	
Active Employees					
Subscriber Only	\$50.00	\$110.00	\$25.00	\$85.00	\$674.62
Subscriber + Child(ren)	\$305.00	\$365.00	\$218.00	\$278.00	\$674.62
Subscriber + Spouse	\$700.00	\$760.00	\$590.00	\$650.00	\$674.62
Subscriber + Family	\$720.00	\$780.00	\$598.00	\$658.00	\$674.62
Job Share Employees (50% Contributory)					
Subscriber Only	\$387.31	\$447.31	\$362.31	\$422.31	\$337.31
Subscriber + Child(ren)	\$642.31	\$702.31	\$555.31	\$615.31	\$337.31
Subscriber + Spouse	\$1,037.31	\$1,097.31	\$927.31	\$987.31	\$337.31
Subscriber + Family	\$1,057.31	\$1,117.31	\$935.31	\$995.31	\$337.31
LOA Fully Paid & PartTime (100% Contribution)					
Subscriber Only	\$724.62	\$784.62	\$699.62	\$759.62	\$0.00
Subscriber + Child(ren)	\$979.62	\$1,039.62	\$892.62	\$952.62	\$0.00
Subscriber + Spouse	\$1,374.62	\$1,434.62	\$1,264.62	\$1,324.62	\$0.00
Subscriber + Family	\$1,394.62	\$1,454.62	\$1,272.62	\$1,332.62	\$0.00

* Tobacco Attestation:

YES = Subscriber is not a tobacco user **or** has agreed to participate in a cessation program.

NO = Subscriber is a tobacco user and has **not** agreed to participate in a cessation program.

Non-Medicare Retirees and Disabled Members Recommended 2025 Premium Rates

Non-Medicare Subscribers	Enhanced PPO (80/20) Tobacco Attestation Complete? *		Base PPO (70/30)	Retirement System Contribution
	Yes	No		
Subscriber and All Dependents are Non-Medicare				
Subscriber Only	\$50.00	\$110.00	\$0.00	\$452.08
Subscriber + Child(ren)	\$305.00	\$365.00	\$218.00	\$452.08
Subscriber + Spouse	\$700.00	\$760.00	\$590.00	\$452.08
Subscriber + Family	\$720.00	\$780.00	\$598.00	\$452.08
Medicare Primary for One or More Dependent(s)				
<i>Medicare Primary Dependents on MA Base Plan</i>				
Subscriber + Child(ren)	\$87.00	\$147.00	\$37.00	\$452.08
Subscriber + Spouse	\$87.00	\$147.00	\$37.00	\$452.08
Subscriber + Family	\$124.00	\$184.00	\$74.00	\$452.08
<i>Medicare Primary Dependents on MA Enhanced Plan</i>				
Subscriber + Child(ren)	\$150.00	\$210.00	\$100.00	\$452.08
Subscriber + Spouse	\$150.00	\$210.00	\$100.00	\$452.08
Subscriber + Family	\$250.00	\$310.00	\$200.00	\$452.08
<i>Medicare Primary Dependents on Base PPO (70/30) Plan</i>				
Subscriber + Child(ren)	\$205.00	\$265.00	\$155.00	\$452.08
Subscriber + Spouse	\$475.00	\$535.00	\$425.00	\$452.08
Subscriber + Family	\$494.00	\$554.00	\$444.00	\$452.08

* Tobacco Attestation:

YES = Subscriber is not a tobacco user **or** has agreed to participate in a cessation program.

NO = Subscriber is a tobacco user and has **not** agreed to participate in a cessation program.

MA = Medicare Advantage

50% Contributory Non-Medicare Retirees Recommended 2025 Premium Rates

50% Contributory Non-Medicare Subscribers	Enhanced PPO (80/20) Tobacco Attestation Complete? *		Base PPO (70/30)	Retirement System Contribution
	Yes	No		
Retiree and All Dependents are Non-Medicare				
Subscriber Only	\$276.04	\$336.04	\$226.04	\$226.04
Subscriber + Child(ren)	\$531.04	\$591.04	\$444.04	\$226.04
Subscriber + Spouse	\$926.04	\$986.04	\$816.04	\$226.04
Subscriber + Family	\$946.04	\$1,006.04	\$824.04	\$226.04
Medicare Primary for One or More Dependent(s)				
<i>Medicare Primary Dependents on MA Base Plan</i>				
Subscriber + Child(ren)	\$313.04	\$373.04	\$263.04	\$226.04
Subscriber + Spouse	\$313.04	\$373.04	\$263.04	\$226.04
Subscriber + Family	\$350.04	\$410.04	\$300.04	\$226.04
<i>Medicare Primary Dependents on MA Enhanced Plan</i>				
Subscriber + Child(ren)	\$376.04	\$436.04	\$326.04	\$226.04
Subscriber + Spouse	\$376.04	\$436.04	\$326.04	\$226.04
Subscriber + Family	\$476.04	\$536.04	\$426.04	\$226.04
<i>Medicare Primary Dependents on Base PPO (70/30) Plan</i>				
Subscriber + Child(ren)	\$431.04	\$491.04	\$381.04	\$226.04
Subscriber + Spouse	\$701.04	\$761.04	\$651.04	\$226.04
Subscriber + Family	\$720.04	\$780.04	\$670.04	\$226.04

* Tobacco Attestation:

YES = Subscriber is not a tobacco user or has agreed to participate in a cessation program.

NO = Subscriber is a tobacco user and has not agreed to participate in a cessation program.

MA = Medicare Advantage

100% Contributory Non-Medicare Retirees Recommended 2025 Premium Rates

100% Contributory Non-Medicare Subscribers	Enhanced PPO (80/20) Tobacco Attestation Complete? *		Base PPO (70/30)	Retirement System Contribution
	Yes	No		
Retiree and All Dependents are Non-Medicare				
Subscriber Only	\$502.08	\$562.08	\$452.08	\$0.00
Subscriber + Child(ren)	\$757.08	\$817.08	\$670.08	\$0.00
Subscriber + Spouse	\$1,152.08	\$1,212.08	\$1,042.08	\$0.00
Subscriber + Family	\$1,172.08	\$1,232.08	\$1,050.08	\$0.00
Medicare Primary for One or More Dependent(s)				
<i>Medicare Primary Dependents on MA Base Plan</i>				
Subscriber + Child(ren)	\$539.08	\$599.08	\$489.08	\$0.00
Subscriber + Spouse	\$539.08	\$599.08	\$489.08	\$0.00
Subscriber + Family	\$576.08	\$636.08	\$526.08	\$0.00
<i>Medicare Primary Dependents on MA Enhanced Plan</i>				
Subscriber + Child(ren)	\$602.08	\$662.08	\$552.08	\$0.00
Subscriber + Spouse	\$602.08	\$662.08	\$552.08	\$0.00
Subscriber + Family	\$702.08	\$762.08	\$652.08	\$0.00
<i>Medicare Primary Dependents on Base PPO (70/30) Plan</i>				
Subscriber + Child(ren)	\$657.08	\$717.08	\$607.08	\$0.00
Subscriber + Spouse	\$927.08	\$987.08	\$877.08	\$0.00
Subscriber + Family	\$946.08	\$1,006.08	\$896.08	\$0.00

* Tobacco Attestation:

YES = Subscriber is not a tobacco user **or** has agreed to participate in a cessation program.

NO = Subscriber is a tobacco user and has **not** agreed to participate in a cessation program.

MA = Medicare Advantage

Medicare Primary Subscribers

Recommended 2025 Premium Rates

	Medicare Advantage		Medicare Base PPO (70/30)	Ret System Contribution	
	Base Plan	Enhanced Plan		PPO Plan	MA Plans
Non-Contributory Medicare Primary Subscribers					
Medicare Primary for Retiree and One or More Dependents					
Subscriber Only	\$0.00	\$67.00	\$0.00	\$452.08	\$534.00
Subscriber + Child(ren)	\$37.00	\$167.00	\$155.00	\$452.08	\$534.00
Subscriber + Spouse	\$37.00	\$167.00	\$425.00	\$452.08	\$534.00
Subscriber + Family	\$74.00	\$267.00	\$444.00	\$452.08	\$534.00
Non-Medicare Primary for Dependent(s)					
<i>Dependents on Enhanced PPO (80/20) Plan</i>					
Subscriber + Child(ren)	\$255.00	\$322.00	\$255.00	\$452.08	\$534.00
Subscriber + Spouse	\$650.00	\$717.00	\$650.00	\$452.08	\$534.00
Subscriber + Family	\$670.00	\$737.00	\$670.00	\$452.08	\$534.00
<i>Dependents on Base PPO (70/30) Plan</i>					
Subscriber + Child(ren)	\$218.00	\$285.00	\$218.00	\$452.08	\$534.00
Subscriber + Spouse	\$590.00	\$657.00	\$590.00	\$452.08	\$534.00
Subscriber + Family	\$598.00	\$665.00	\$598.00	\$452.08	\$534.00

50% Contributory Medicare Primary Subscribers Recommended 2025 Premium Rates

50% Contributory Medicare Retirees	Medicare Advantage		Medicare Base PPO (70/30)	Ret System Contribution	
	Base Plan	Enhanced Plan		PPO Plan	MA Plans
Medicare Primary for Retiree and One or More Dependents					
Subscriber Only	\$37.00	\$100.00	\$226.04	\$226.04	\$267.00
Subscriber + Child(ren)	\$74.00	\$200.00	\$381.04	\$226.04	\$267.00
Subscriber + Spouse	\$74.00	\$200.00	\$651.04	\$226.04	\$267.00
Subscriber + Family	\$111.00	\$300.00	\$670.04	\$226.04	\$267.00
Non-Medicare Primary for Dependent(s)					
<i>Dependents on Enhanced PPO (80/20) Plan</i>					
Subscriber + Child(ren)	\$292.00	\$355.00	\$481.04	\$226.04	\$267.00
Subscriber + Spouse	\$687.00	\$750.00	\$876.04	\$226.04	\$267.00
Subscriber + Family	\$707.00	\$770.00	\$896.04	\$226.04	\$267.00
<i>Dependents on Base PPO (70/30) Plan</i>					
Subscriber + Child(ren)	\$255.00	\$318.00	\$444.04	\$226.04	\$267.00
Subscriber + Spouse	\$627.00	\$690.00	\$816.04	\$226.04	\$267.00
Subscriber + Family	\$635.00	\$698.00	\$824.04	\$226.04	\$267.00

COBRA and 100% Contributory Medicare Primary Subscribers Recommended 2025 Premium Rates

100% Contributory Medicare Primary Subscribers	Medicare Advantage		Medicare Base PPO (70/30)	Ret System Contribution	
	Base Plan	Enhanced Plan		PPO Plan	MA Plans
Medicare Primary for Retiree and One or More Dependents					
Subscriber Only	\$37.00	\$100.00	\$452.08	\$0.00	\$0.00
Subscriber + Child(ren)	\$74.00	\$200.00	\$607.08	\$0.00	\$0.00
Subscriber + Spouse	\$74.00	\$200.00	\$877.08	\$0.00	\$0.00
Subscriber + Family	\$111.00	\$300.00	\$896.08	\$0.00	\$0.00
Non-Medicare Primary for Dependent(s)					
<i>Dependents on Enhanced PPO (80/20) Plan</i>					
Subscriber + Child(ren)	\$292.00	\$355.00	\$707.08	\$0.00	\$0.00
Subscriber + Spouse	\$687.00	\$750.00	\$1,102.08	\$0.00	\$0.00
Subscriber + Family	\$707.00	\$770.00	\$1,122.08	\$0.00	\$0.00
<i>Dependents on Base PPO (70/30) Plan</i>					
Subscriber + Child(ren)	\$255.00	\$318.00	\$670.08	\$0.00	\$0.00
Subscriber + Spouse	\$627.00	\$690.00	\$1,042.08	\$0.00	\$0.00
Subscriber + Family	\$635.00	\$698.00	\$1,050.08	\$0.00	\$0.00

Firefighters, Rescue Squad Workers, and National Guard Recommended 2025 Premium Rates

Firefighters, Rescue Squad Workers, and National Guard	Enhanced PPO (80/20) Tobacco Attestation Complete? *		Base PPO (70/30) Tobacco Attestation Complete? *		Employer Contribution
	Yes	No	Yes	No	
Subscriber Only	869.54	929.54	839.54	899.54	\$0.00
Subscriber + Child(ren)	\$1,175.54	\$1,235.54	\$1,071.14	\$1,131.14	\$0.00
Subscriber + Spouse	\$1,649.54	\$1,709.54	\$1,517.54	\$1,577.54	\$0.00
Subscriber + Family	\$1,673.54	\$1,733.54	\$1,527.14	\$1,587.14	\$0.00

* Tobacco Attestation:

YES = Subscriber is not a tobacco user **or** has agreed to participate in a cessation program.

NO = Subscriber is a tobacco user and has **not** agreed to participate in a cessation program.