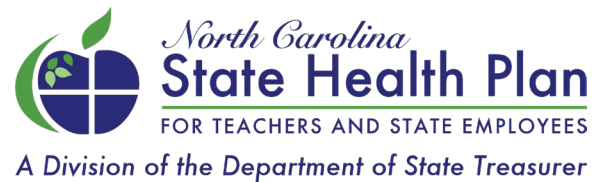





State Health Plan Board of Trustees Meeting

June 5, 2026





 *North Carolina*
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer

Executive Administrator Update

Vice Chairman Delegation

- Dr. Miller brings a strong record of leadership, expertise and commitment to public service.
- Dr. Miller is also serving as the chair of the Plan's new Medical Policy Advisory Committee.



Medical Advisory Committee Update

Committee has had two meetings.

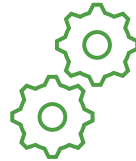
Completed task of reviewing the Plan's benefit exclusions.

Recommendations have been provided to Plan Leadership and analysis will begin soon.



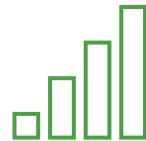
Initial Request:

Benefit changes can be proposed by Plan leadership, Plan members, Board of Trustees or legislative bodies, etc.



Initial Review:

The Plan reviews for strategic alignment and operational feasibility.



Actuarial & Fiscal Analysis:

Comprehensive cost-impact analysis is conducted.



Strategic Decision Making:

Leadership determines whether to proceed.



Formal Vote:

Presented to the Board of Trustees for vote.

The Commitment & Challenge of Quality

QUALITY IN HEALTH CARE has little to no consensus on definitions but it **IS CRITICAL** and the front door to partnership.

- Practices all have metrics to support, and we have members we need to get healthier.

How we think about quality:

- **SURGICAL** – vetted by Lantern, focused on credentialing, experience, and outcomes around patient safety.
- **HEALTH SYSTEM PARTNERS** – National Accreditation and Quality Rankings.
- **PRIMARY AND SPECIALTY CARE** – Commitment and aligned incentives around improved outcomes in areas such as heart disease, diabetes, cancer screening, and building toward specialty specific outcomes by following provider-led clinical pathways.



Lantern covers more than **1,500** planned, non-emergency surgeries.

Members need to call Lantern at **833-916-3826** to determine if a surgery is covered.

1 Asheville
Joint Replacement
Orthopedic
Pain Management
Spine

2 Hickory
ENT
Joint Replacement
Orthopedic
Pain Management
Spine

3 Winston-Salem
Bariatric
Cardiac
Gallbladder
Gynecology
Hernia
Joint Replacement
Orthopedic
Pain Management
Spine

4 Greensboro
Joint Replacement
Orthopedic
Pain Management
Spine
Bariatric
Gallbladder
Hernia

5 Burlington
Joint Replacement
Orthopedic
Pain Management
Spine

6 Durham-Chapel Hill
Joint Replacement
Orthopedic
Pain Management
Spine

7 Raleigh
Bariatric
Gallbladder
Gastroenterology
Hernia
Joint Replacement
Minor General
Orthopedic
Pain Management
Spine

8 Wilson
Joint Replacement
Orthopedic
Pain Management

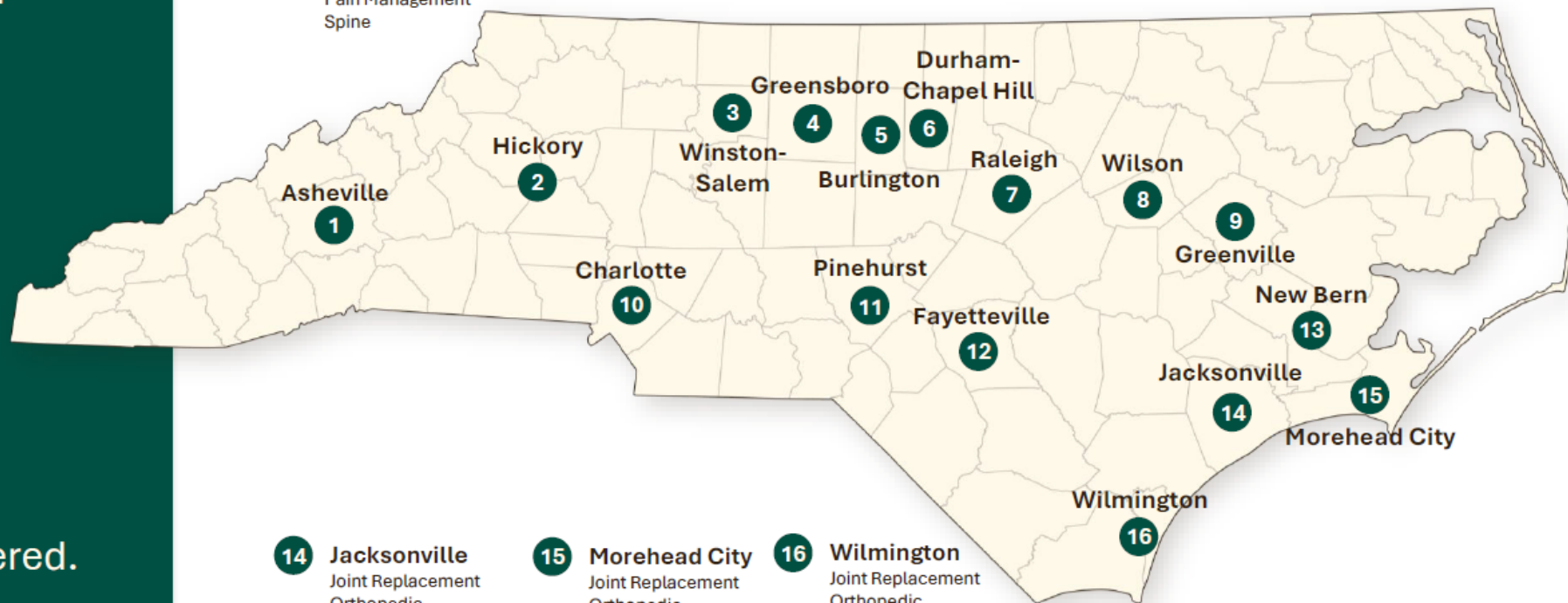
9 Greenville
Bariatric
Gallbladder

10 Charlotte
Bariatric
Cardiac
Gallbladder
Gynecology
Hernia
ENT
Gastroenterology
Joint Replacement
Orthopedic
Pain Management
Spine

11 Pinehurst
Bariatric
ENT
Gallbladder
Gastroenterology
Gynecology
Hernia
Joint Replacement
Orthopedic
Spine

12 Fayetteville
Bariatric
Gallbladder
Gastroenterology
Hernia
Minor General

13 New Bern
Bariatric
Gallbladder
Gastroenterology
Hernia
Joint Replacement
Minor General
Orthopedic
Pain Management
Spine



14 Jacksonville
Joint Replacement
Orthopedic
Pain Management
Spine

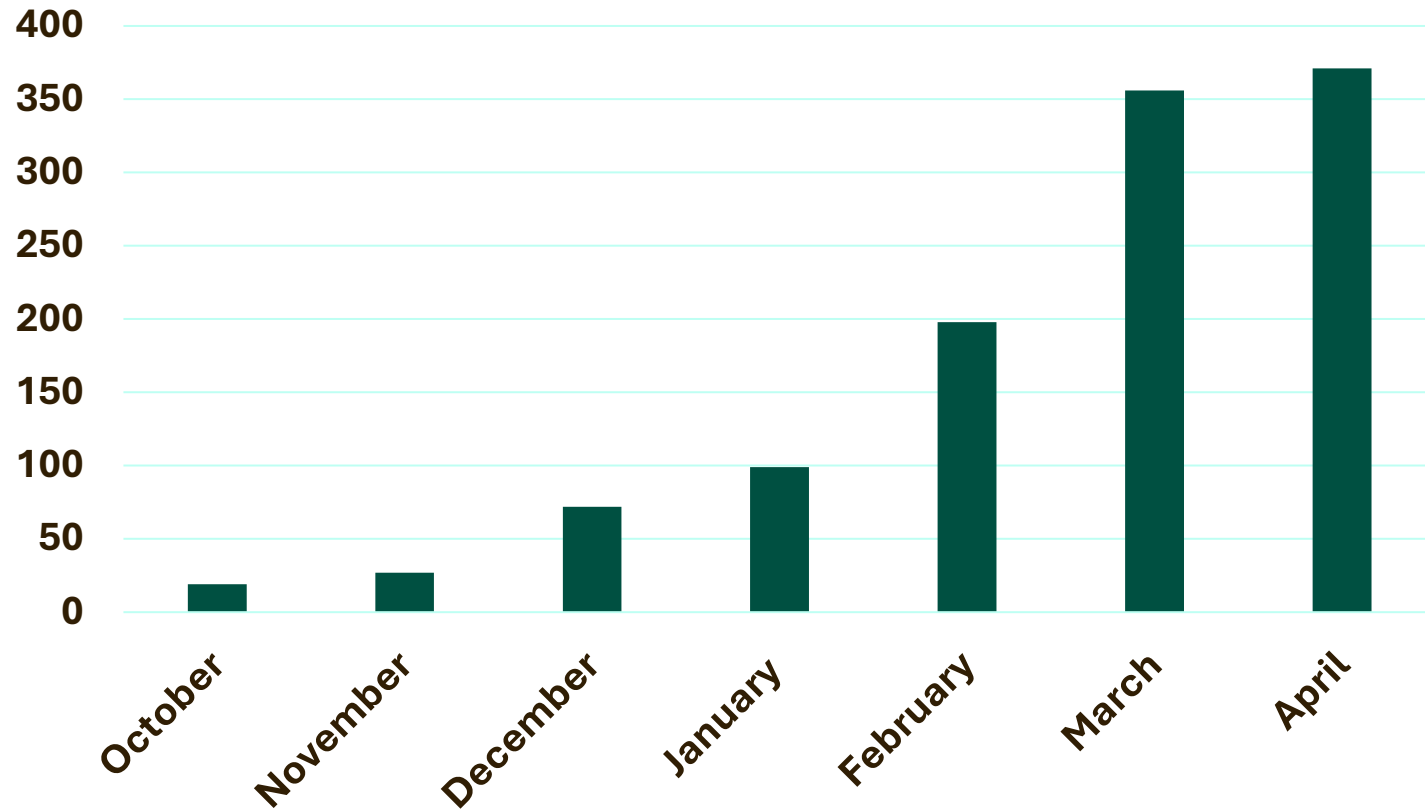
15 Morehead City
Joint Replacement
Orthopedic
Pain Management
Spine

16 Wilmington
Joint Replacement
Orthopedic
Pain Management
Spine
Bariatric

State Health Plan Provider Network Growth

<u>Month</u>	<u>Lantern Provider Count in NC</u>
November	60
December	65
January	123
February	151
March	179
April	181
May	194

Completed Procedures by Month



October 2025 – April 2026

Month	Procedure Count
October	19
November	27
December	72
January	99
February	198
March	356
April	371



Over 1,000 members have received a free procedure and to date, the Plan has saved ~\$12M.

What's Next

Phase Two

- General Surgery
- Gynecology
- Gastroenterology
- Ear, Nose, and Throat

Phase Three

- Cancer Coordination

Keep Building

- Long-term partnerships
- Improved Health
- Ability to move hundreds of cases
- Focus on non-urban sites of care

Program Updates

NEW PROGRAM	LAUNCH	TARGET POPULATION	KEY BENEFITS & FEATURES
Eat Well Pilot Program	June 1, 2026	1,000 eligible members earning \$50,000 or less annually, diagnosed with Type 2 Diabetes, CAD, or chronic kidney disease	<ul style="list-style-type: none"> ▪ \$80/month debit allowance for nutrient-dense groceries (fruits, vegetables, beans) ▪ 12-month benefit
Betr (via Aetna)	June 1, 2026	5,000 active members in rural North Carolina at risk of heart disease or Type 2 diabetes	<ul style="list-style-type: none"> ▪ \$0 program cost ▪ Includes a Fitbit, digital scale, and dedicated health coach
Eat Smart, Move More, Prevent Diabetes	March 1, 2026	Active State Health Plan members diagnosed with prediabetes or at high risk of Type 2 diabetes	<ul style="list-style-type: none"> ▪ 12-month CDC-recognized program ▪ 26 live, online lessons with an RDN coach ▪ Digital progress tracker and workbooks



Program Updates

- 9,241 enrolled members
- Average member age: 52
- 77% female / 23% male
- Members have logged more than 154K blood pressure readings
- Over 67K digital coaching insights have been read
- More than 6.8K clinician reports have been shared with providers
- Members starting with Stage 2 hypertension have achieved an average 17-point reduction in systolic blood pressure
- Overall, we continue to see strong enrollment momentum, meaningful engagement, and positive clinical outcomes across the population with member satisfaction remaining strong.

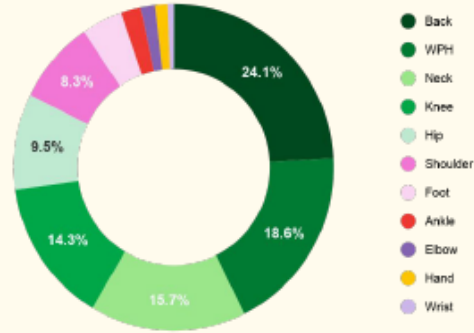


Program Updates



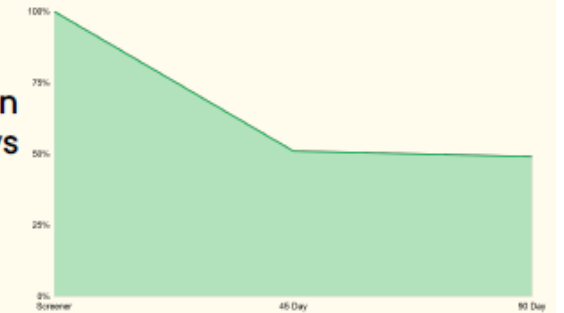
Program engagement

4,979
Members engaged



Outcomes

51%
Pain reduction
in first 90 days



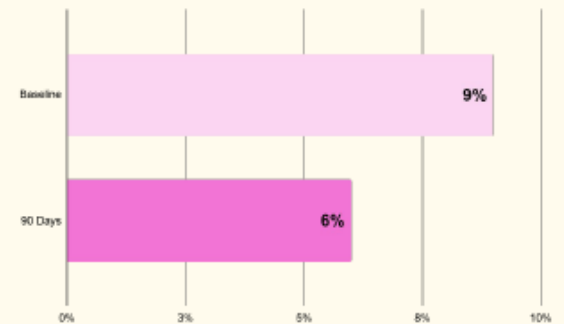
81%
Achieved
MCID

Member interactions

- 33** Treatment sessions
- 18** Care team interactions
- 13** Education articles read

Average interactions per participant YTD

29%
Reduction in
surgery
likelihood



MCID=minimal clinically important difference.

Teacher Ambassadors Program

New initiative designed to **STRENGTHEN CONNECTIONS** with educators and **IMPROVE AWARENESS** of health benefits and resources.

- This program empowers participating educators to serve as trusted liaisons within their schools, sharing timely updates about Plan benefits, wellness initiatives and other available resources.
- By leveraging peer-to-peer communication, the program aims to ensure educators have the information they need to make informed health care decisions.
- Ambassadors will receive exclusive communications, including targeted emails and invitations to webinars, equipping them to help colleagues better understand and maximize their Plan benefits.
- Teachers interested in participating can visit www.shpnc.gov for more information and to sign up.

Member Feedback Survey Update

- The State Health Plan conducted a member survey to solicit feedback on a variety of topics regarding benefits, premiums, provider preferences.
- The survey was live April 22-May 27, 2026, and targeted two member groups:
 - Active & Non-Medicare Members **20,029** Responded
 - Medicare Primary Members **13,012** Responded
- Results will be shared at the July 10 meeting.

The State Health Plan wants to hear from you!

Your feedback helps us understand what you value most so we can serve you better.
Take the Member Survey Today!

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Pharmacy & Therapeutics Committee Update

The Committee is composed of **LICENSED PHYSICIANS** and **PHARMACISTS** in North Carolina who represent a variety of specialties and a broad spectrum of primary care providers.

At the April 29, 2026, meeting, committee members voted on several formulary changes.

The Committee approved pharmacy updates that will strengthen our fiscal health with **\$11.2 - \$19.7 million** in savings, while guiding 106,100 members toward lower-cost, highly accessible care pathways.

These updates include the following:

- Generics First Strategy
- Prescription to Over-the-Counter (OTC)
- Generic First Strategy, excludes brand name medications and encourages the use of generic medications when available. Prescription to OTC switches will allow for easier access to medications for members.
- Not included in this RX-OTC switch was Proton Pump Inhibitors (PPIs). This change was opposed by the committee.


Members negatively impacted by a formulary change are provided outreach at least **30 days prior** to the change.

Pharmacy & Therapeutics Committee Update

The Committee approved pharmacy updates that will strengthen our fiscal health with **\$11.2 - \$19.7 million** in savings, while guiding 106,100 members toward lower-cost, highly accessible care pathways.

Therapeutic Category	Estimated Savings (Annual)
Antidiabetic agents	\$7 - \$15 million
Miscellaneous (Acne, Antianxiety, ADHD, Anti-Migraine, etc)	\$2.8 - \$3.3 million
Over the Counter Products (Rx to OTC)	\$1.4 million



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Legislative Update

Legislative Update Items



BUDGET

SALARIES

AGENCY BILL



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Strategic Planning

2026-2032 Strategic Plan

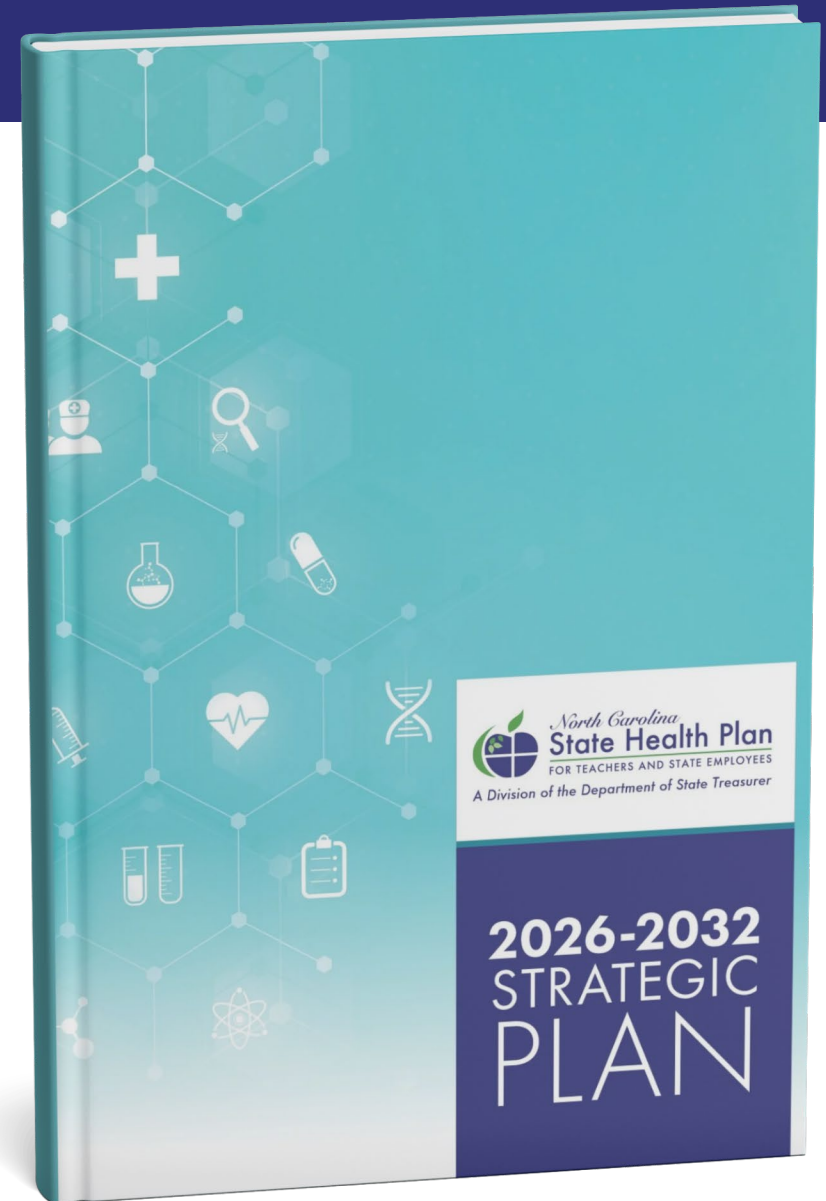
The strategic plan outlines a clear path forward built around **THREE CORE STRATEGIES.**

These strategies position the Plan to deliver better value and better health outcomes for members, a more sustainable cost trajectory, and a system that works more effectively for everyone it serves.

- **PROTECT AFFORDABLE PREMIUMS AND STABLE BENEFITS**
- **HELP MEMBERS ACHIEVE BETTER HEALTH**
- **ENSURE MEMBERS HAVE ACCESS TO CARE**



REQUIRES VOTE





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Financial Reports

Outline of Financial Reports

- CY 2026 Finances through March 2026
- Comparisons to prior year and to projected
- CY 2026 Q1 financial projections
- Cash balance estimates
- Next steps



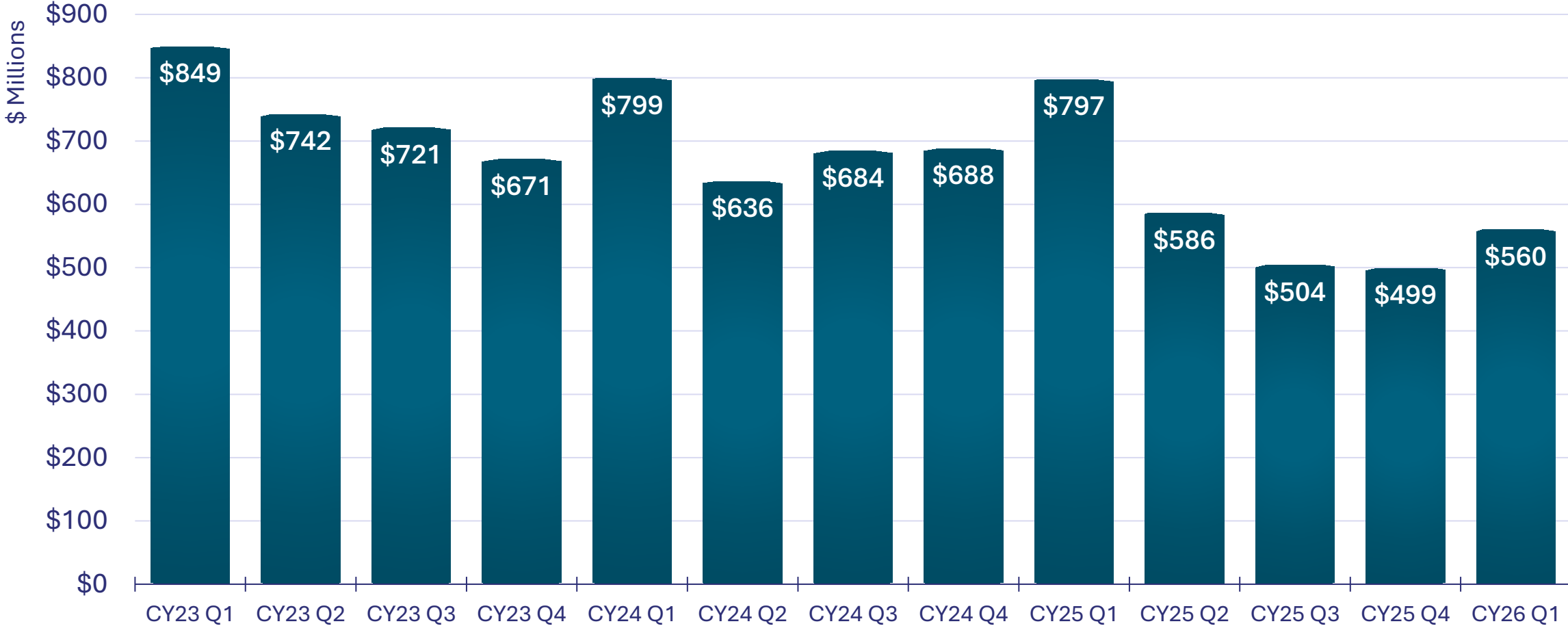
Finances through March 2026

CY 2026 Comparison to Prior Year

(\$ Millions)	Jan-Mar 2026	Jan-Mar 2025	Difference Better/(Worse)	% Change 2025 - 2026
	Actual	Actual		
BEGINNING Cash Balance	\$499	\$688	(\$189)	-27.5%
Plan Revenues	\$1,171	\$1,122	\$49	4.4%
Medical Expenses	891	840	(51)	
Pharmacy Expenses	144	103	(41)	
Medicare Advantage Premiums	38	22	(16)	
Administrative Expenses	37	48	11	
Total Plan Expenses	\$1,110	\$1,013	(\$97)	9.6%
Net Gain/(Loss)	61	109	(48)	
ENDING Cash Balance	\$560	\$797	(\$237)	-29.7%

Quarter Ending Cash Balance

CY 2023 through Present



Finances through March 2026

Comparison to Segal's CY 2025 4th Quarter Projection

	Jan-Mar 2026	Jan-Mar 2026	
(\$ Millions)	Actual	Segal CY25 Q4 Projection	Difference Gain/(Loss)
BEGINNING Cash Balance	\$499	\$499	-
Plan Revenues	\$1,171	\$1,198	(\$27)
Medical Expenses	891	884	(7)
Pharmacy Expenses	144	157	13
Medicare Advantage Premiums	38	38	-
Administrative Expenses	37	46	9
Total Plan Expenses	\$1,110	\$1,125	\$15
Net Gain/(Loss)	61	73	(12)
ENDING Cash Balance	\$560	\$572	(\$12)

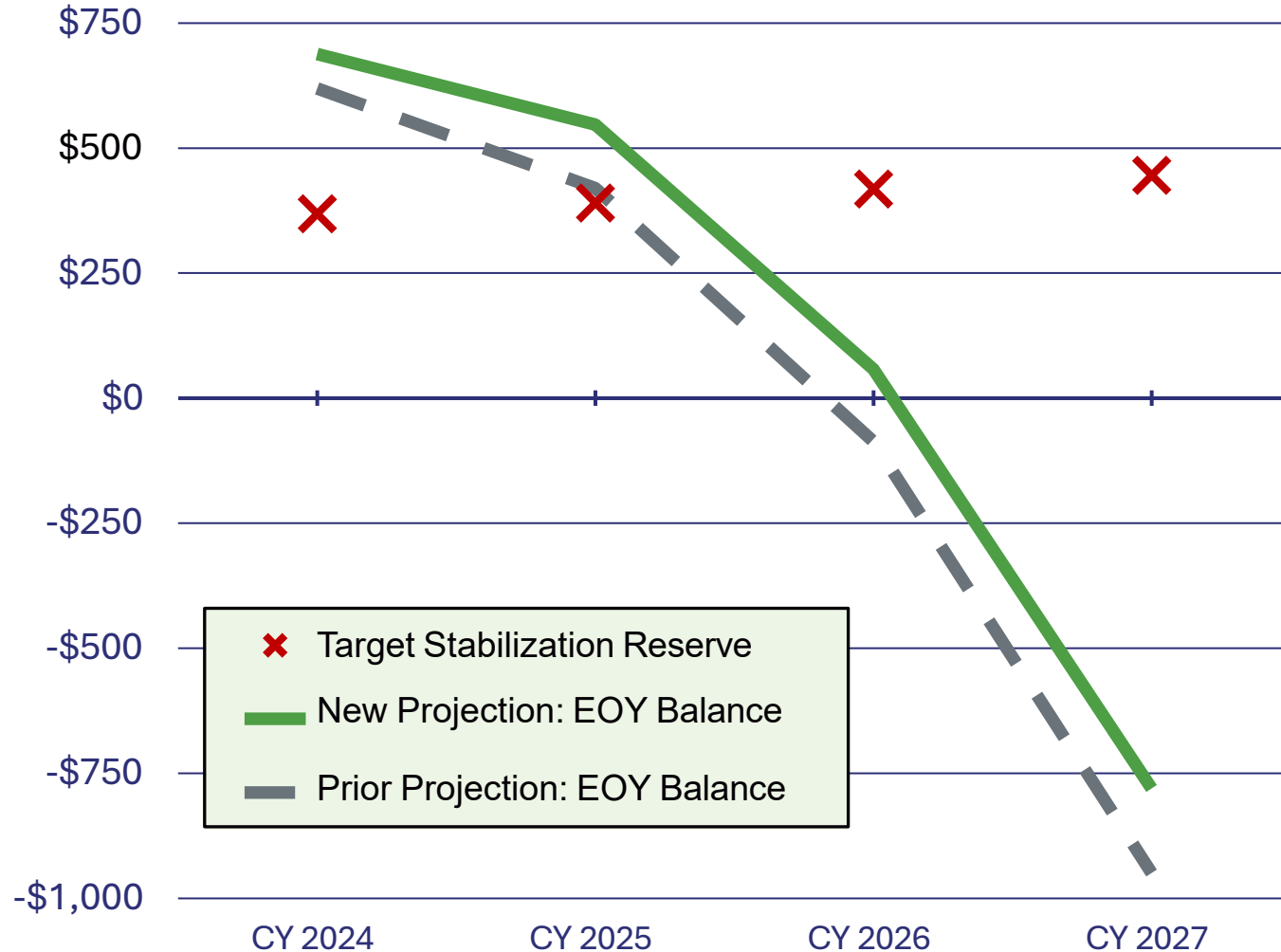
Full CY 2026 Projections

Comparison: CY 2026 1st quarter projection vs. CY 2025 4th Quarter Projection

(\$ Millions)	Full CY 2026	Full CY 2026	Difference Gain/(Loss)
	Segal CY26 Q1 Projection	Segal CY25 Q4 Projection	
BEGINNING Cash Balance	\$499	\$499	\$0
Plan Revenues	\$4,753	\$4,749	\$4
Medical Expenses	3,585	3,540	(45)
Pharmacy Expenses	876	869	(7)
Medicare Advantage Premiums	161	164	3
Administrative Expenses	186	184	(2)
Total Plan Expenses	\$4,808	\$4,757	(\$51)
Net Gain/(Loss)	(55)	(8)	(47)
ENDING Cash Balance	\$444	\$491	(\$47)

Where We Started

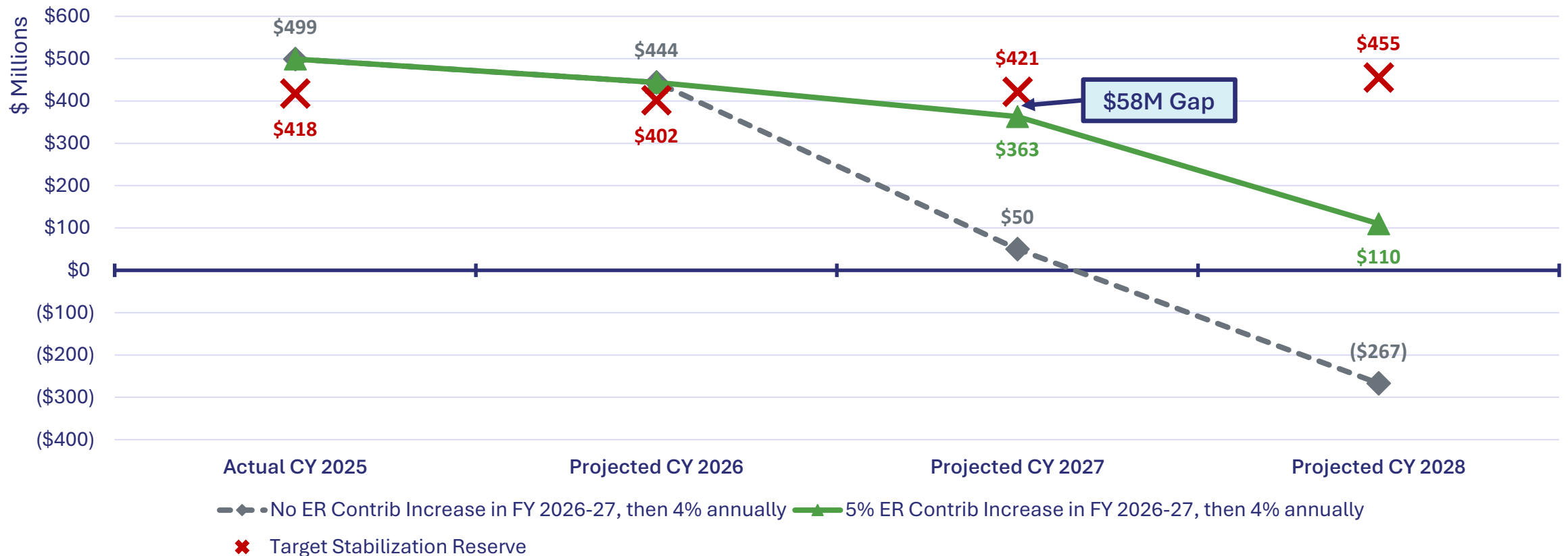
Slide from February 7, 2025, Board of Trustees Meeting



- Projection improved due to:
 - Larger than expected rebate payment in Q3.
 - Reduction in expected medical and net pharmacy claims.
- Cash balance now expected to exceed TSR by \$125 million at end of 2025.
- Changes are required to prevent cash balance from falling below TSR in mid-2026.

Current State

Chart compares projected cash balances **WITH** and **WITHOUT LEGISLATION** enactment to adjust employer contribution in CY 2027



Next Steps

Opportunities to improve financial outlook for 2027 and beyond

- **State budget/Increases to employer contributions (\$313M gain in 2027)**
- Benefit changes/preferred provider initiatives (\$100M-\$200M)
- 2027 Humana Medicare Advantage renewal with benefit changes (\$50M-\$55M)
- Formulary changes (\$20M-\$50M)
- **Employee and retiree contribution rates (\$15M-\$30M)**
- PBM and TPA RFPs



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2027 Benefits Discussion

Strategic Saving *ENABLES* Strategic Investment



- Preferred Providers
- Generic first strategy
- Biosimilar first strategy
- Future savings initiatives

- Population Health
- Expensive New Molecular Entity drugs
- Gene therapies
- Down-tiering biosimilars

Evolution of State Health Plan Tiering

2012-2017

- Reduced copay for selecting Primary Care Provider (PCP)
- Copay reduction for some inpatient and outpatient services based on quality

2018-2024

- Reduced copay for selecting PCP, deeper for Clear Pricing Project (CPP)
- Reduced copay for any CPP provider, across all specialties, no emphasis on quality or access but focused on transparency
- One value-based pilot
- **Key Learning: Members will utilize lower cost providers**

CURRENT

PHASE 1

- Reduced copay for selecting PCP, deeper in preferred tier
- Reduced specialty copay for Multi-Disciplinary Specialty Clinically Integrated Network (CIN) in shared risk model
- \$0 for qualified surgery and procedures based on quality and access

PHASE 2

- Expand Preferred Provider model to three tiers to reflect differences in cost and access for high variance services
- Build out CIN with shared savings and reduced copays to drive down total cost of care and improve quality

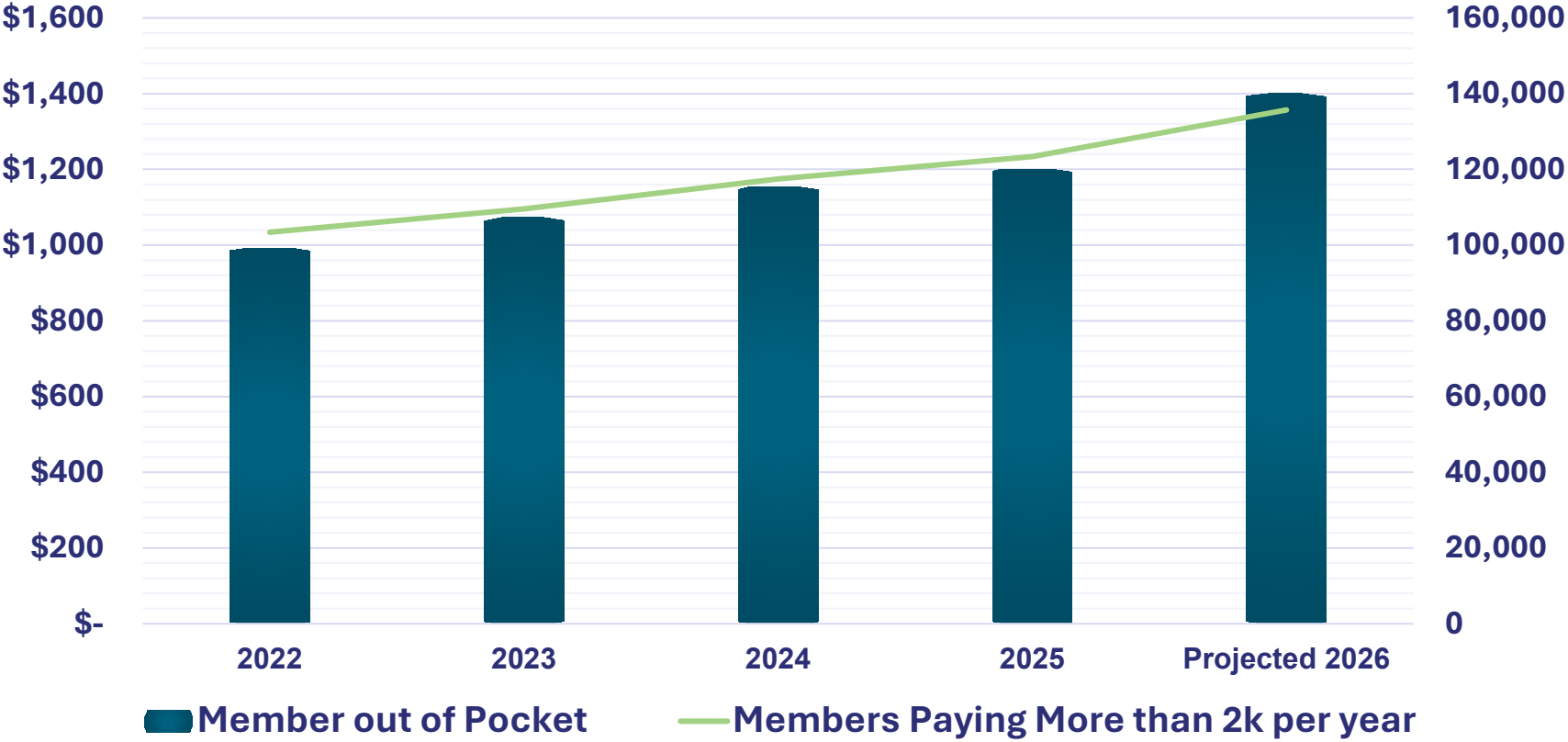
Why Tier?

The **STATUS QUO** of **HEALTHCARE** is **UNSUSTAINABLE**, and member health is getting worse **BECAUSE** health care is unaffordable.

- We need to give our members the opportunity to save money as everything else becomes more expensive.
- Without hard steerage, we create significantly more financial risk to members and the Plan.
 - We need to make sure we are being good partners and aligning incentives
 - We are asking for more timely access, better prices, and the highest quality care as we need to make it simple for members to get to where we need them to go
- Short-term we need to pay less for services because we aren't buying health and in the long-term, we will spend less through a mix of rate and health improvement.

Health Care is Getting Less Affordable and We Aren't Buying Health

Member Affordability Chart



Managing Cost: *We're ALL in this Together*

Providers, the State Health Plan, and members all have a role in REDUCING COST GROWTH.

Managing cost growth and maintaining long-term affordability and sustainability will take a **COLLABORATIVE EFFORT** between our stakeholders.

The Plan needs appropriate incentives and disincentives built in for both providers and members.

Key incentive areas for providers:

PATIENT STEERAGE | REVENUE | DATA | FLEXIBILITY

We will **ONLY** be **SUCCESSFUL IF** members choose to access, and are able to access, Preferred Providers or engage in health improvement activities. Healthier members are better for **ALL** parties.



Preferred Provider **Timeline**

2025 Implementation

JANUARY – MAY

- Treasurer and Plan EA met with systems

JULY

- Lantern implementation began

AUGUST - DECEMBER

- Lantern OTP with providers, met with systems with Plan

2026 Implementation

JANUARY

- Primary Care Provider Preferred Provider Program launches
- Specialty CIN launches

MARCH

- Lantern expands to Emerge Ortho and Novant Health
- Lantern expands to UNC Health



Preferred Providers Program is **NOT**

The Preferred Provider Program is **NOT AN ATTEMPT TO MINIMIZE** or further reduce rural providers.

We are focused on how we **APPROPRIATELY** and **REALISTICALLY REDISTRIBUTE** State Health Plan spending based on patient preferences and actions.

The program is evolving; **IT IS NOT ONE AND DONE.**

Practices/hospitals/facilities **HAVE OPPORTUNITY** to flex up (and down) in tiers over time as we align around common goals.

KEY EXAMPLES of Primary Care Programs considering more than health systems:

- Primary Care Program – over 4,500 independent physicians
- Behavioral Health Access Program – focused on all NC based primary care providers
- Lantern – includes EmergeOrtho, OrthoCarolina, Pinehurst Surgical, Carolina ENT and Raleigh Neurosurgery Clinic
- Specialty Clinically Integrated Networks (CINs) – in place and features 8 independent specialty practices across North Carolina.



Preferred Providers Tier Structure

Aligning COST, ACCESS and movement toward VALUE across all provider tiers.

PREFERRED PROVIDERS

- Focuses on reducing total cost of care and improving health outcomes
- Not all providers can be included in a given geography
- Provides lowest copays, deductibles and out-of-pocket costs for members

ACCESS PROVIDERS

- Maintains essential access points in rural areas and outside of NC with limited provider options
- Cost neutral for members or in some cases may be lower out-of-pocket costs

NON-PREFERRED PROVIDERS

- These providers elected or were not selected to participate in PPP
- Members will see a significant cost increase when seeing these providers

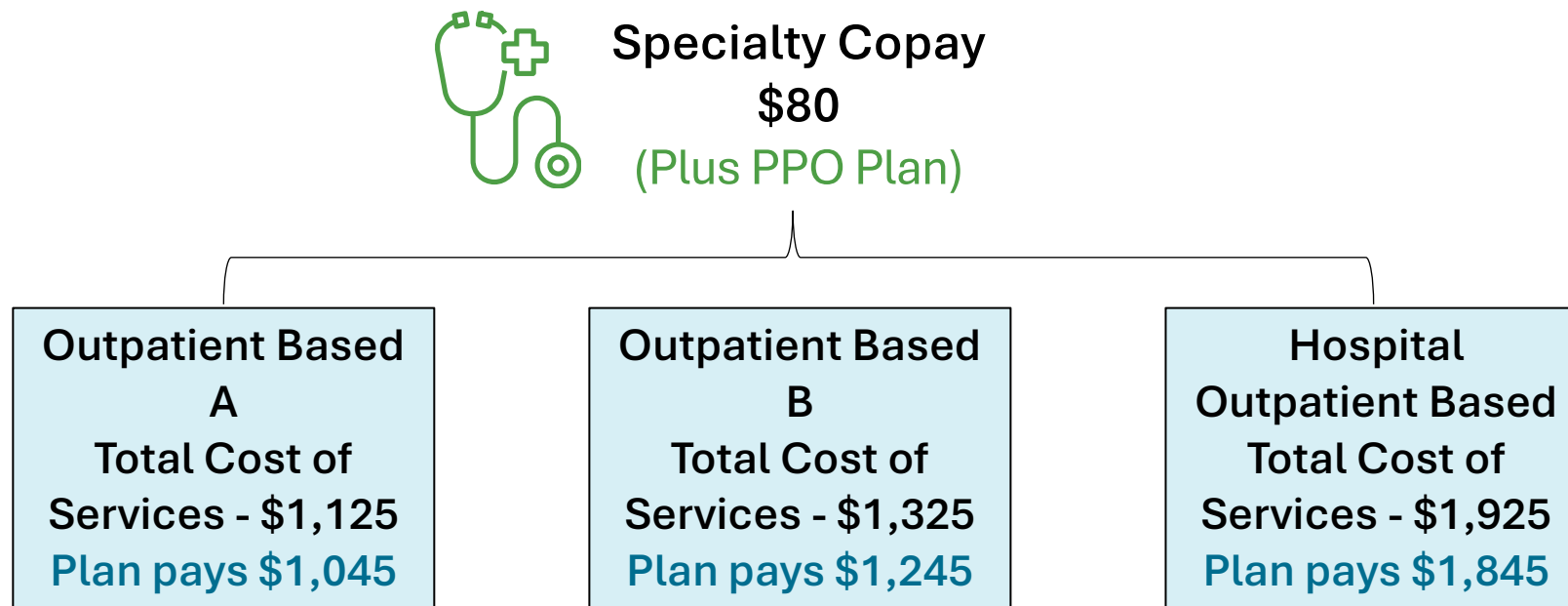
OUT-OF-NETWORK PROVIDERS

- There is little member impact as the Plan's TPA, Aetna, has a broad, national network

How it Works Today

Prices aren't transparent and cost-sharing (copays) masks cost differentials for the same services; members don't have to think with their wallets since it's a set cost.

- **QUALITY ISN'T EXPLICIT** and members go with their gut or word-of-mouth.
- Access (such as distance and appointment time) becomes a factor in the decision making.



Intent of the Preferred Provider Program



Preferred
Provider



Access
Provider

PREFERRED
Specialty Copay
\$40
(Plus PPO Plan)

**Health System
Outpatient Based A
Total Cost of
Services - \$875
Plan pays \$835**

*Preferred Providers
offer discount to participate
in program*

ACCESS
Specialty Copay
\$50
(Plus PPO Plan)

**Outpatient Based B
Total Cost of
Services - \$1,325
Plan pays \$1,275**

NON-PREFERRED
Specialty Copay
Deductible & Coinsurance
(Plus PPO Plan)

**Health System
Outpatient Based B
Total Cost of
Services - \$2,325
Plan pays \$0-2,325**

*Some Non-Preferred
Providers raising prices for
being down tiered*

2026 Benefit Plan



SERVICES	STANDARD PPO Plan	PLUS PPO Plan
ANNUAL DEDUCTIBLE	\$3,000 Individual \$9,000 Family	\$1,500 Individual \$4,500 Family
OUT-OF-POCKET MAXIMUM	\$6,500 Individual \$16,300 Family	\$5,000 Individual \$15,000 Family
PRIMARY CARE PROVIDER (PCP)	\$15 Preferred / ID card \$40 other PCP / ID card \$50 other PCP	\$10 Preferred / ID card \$30 other PCP / ID card \$40 other PCP
WALK-IN CLINIC	\$100	\$70
SPECIALISTS	\$50 Preferred Provider \$94 other Provider	\$40 Preferred Provider \$80 other Provider
OUTPATIENT SURGERY	\$0 Lantern \$350 then 30% after deductible	\$0 Lantern \$300 then 20% after deductible
INPATIENT HOSPITAL	\$600 then 30% after deductible	\$500 then 20% after deductible
AMBULATORY	Deductible / Coinsurance	Deductible / Coinsurance

2027 Proposed Benefit Changes

	STANDARD PPO Plan				PLUS PPO Plan			
	Preferred	Access	Non-Preferred	Out-of-Network	Preferred	Access	Non-Preferred	Out-of-Network
ANNUAL DEDUCTIBLE	\$1,500 Ind \$4,500 Fam	\$3,000 Ind \$9,000 Fam	\$5,000 Ind \$15,000 Fam	\$15,000 Ind \$45,000 Fam	\$1,000 Ind \$3,000 Fam	\$1,500 Ind \$4,500 Fam	\$4,000 Ind \$12,000 Fam	\$12,000 Ind \$36,000 Fam
OUT-OF-POCKET MAX (combined medical & pharmacy)	\$4,000 Ind \$12,000 Fam	\$6,500 Ind \$16,300 Fam	\$12,000 Ind ACA LIMIT \$24,000 Fam ACA LIMIT	\$36,000 Ind \$72,000 Fam	\$3,000 Ind \$9,000 Fam	\$5,000 Ind \$15,000 Fam	\$10,000 Ind \$20,000 Fam	\$30,000 Ind \$60,000 Fam
WALK-IN CLINIC	\$40 other PCP on ID card \$50 other PCP			50% after ded	\$30 other PCP on ID card \$40 other PCP			40% after ded
SPECIALISTS	\$40	\$65	30% after ded	50% after ded	\$25	\$50	20% after ded	40% after ded
HIGH-COST IMAGING*	\$400	30% after ded	\$1,000, then 30% after ded	50% after ded	\$250	20% after ded	\$500, then 20% after ded	40% after ded
EMERGENCY ROOM	\$600, then 30% after deductible				\$500, then 20% after deductible			
INPATIENT HOSPITAL	\$750	\$600, then 30% after ded	\$1,500, then 30% after ded	50% after ded	\$500	\$500, then 20% after ded	\$1,000, then 20% after ded	40% after ded
OUTPATIENT SURGERY	\$600	\$350, then 30% after ded	\$1,000, then 30% after ded	50% after ded	\$300	\$300, then 20% after ded	\$500, then 20% after ded	40% after ded
AMBULATORY	\$400	30% after ded	\$1,000, then 30% after ded	50% after ded	\$250	20% after ded	\$500, then 20% after ded	40% after ded
LANTERN SURGICAL	Lantern Surgical Benefit \$0 Member Cost				Lantern Surgical Benefit \$0 Member Cost			

*MRIs, CT scans, CAT Scans, PET scans

PCP=Primary Care Provider

In-Network (deductible & OOP max cross-accumulates)



Preferred Provider

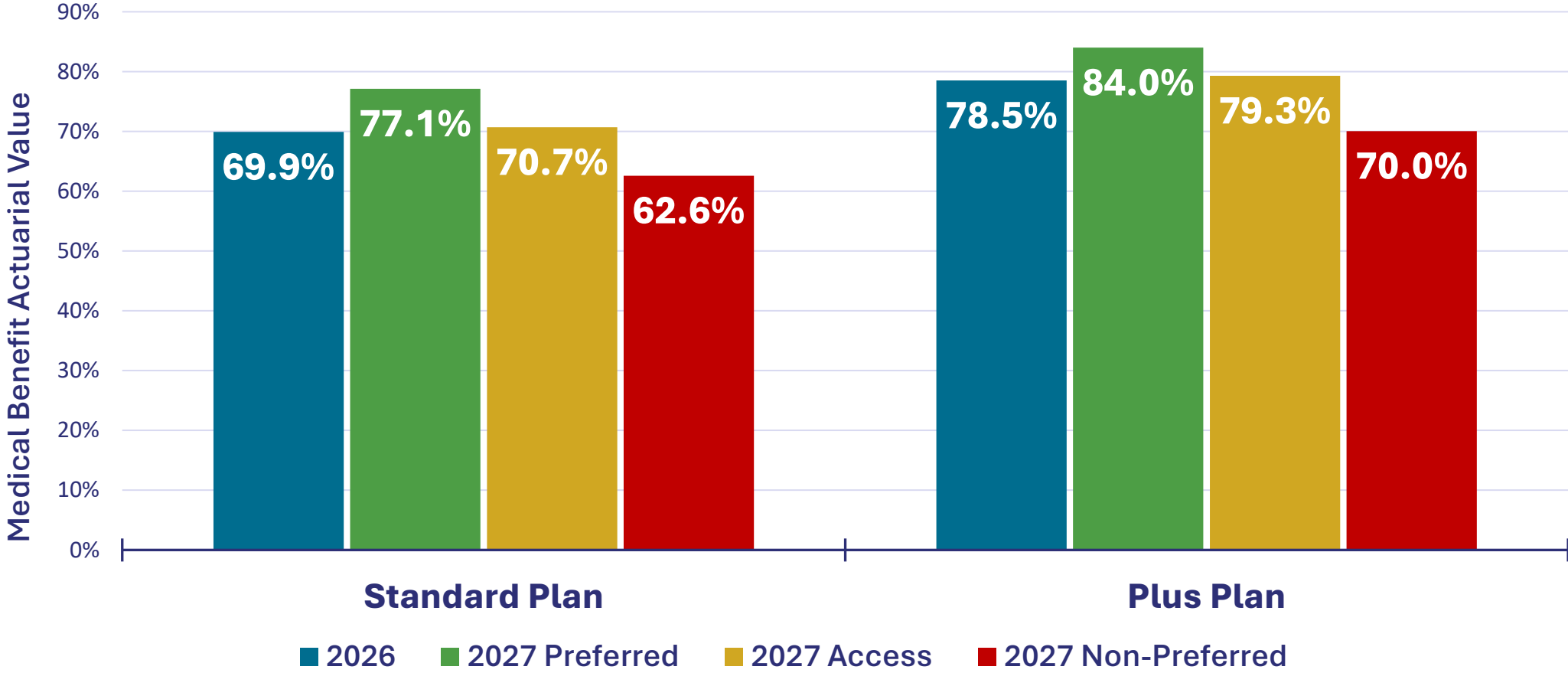


Access Provider
Same as 2026



Non-Preferred Provider

Actuarial Value of Proposed Medical Benefit



Supporting Members

Transition of care procedures **WILL BE FOLLOWED** to ensure that any claims for members in a course of treatment with a Non-Preferred provider for conditions outlined below are processed at the Access benefit level:

- Maternity / NICU
- Oncology / Cancer
- Transplants

The Transition of Care **TIMELINE WILL VARY** depending on the individual members' case.

Holding the emergency department copay consistent **and associated admissions** across all three tiers mitigates members financial exposure

Long-Term Vision



90% of Members
Utilizing
Preferred and/or
Access Providers



Savings Generated
Fund
Population Health



Long-term
Population Health
Score Improves
4-6%

Member Premiums
Tied to Salary

Member Out-of-Pocket
Costs Reflect 2012
Benefits for Those Who
Use Preferred Providers



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2027 Medicare Advantage Benefits

Proposed 2027 Humana Medicare Advantage Plans

The Plan continues to offer TWO fully insured Medicare Advantage (MA) options to Medicare retirees.

- Humana Medicare Advantage PPO & Prescription Drug Base Plans
- Humana Medicare Advantage PPO & Prescription Drug Enhanced Plans

As of April 2026, nearly 177,000 members were enrolled in Humana Medicare Advantage plans:



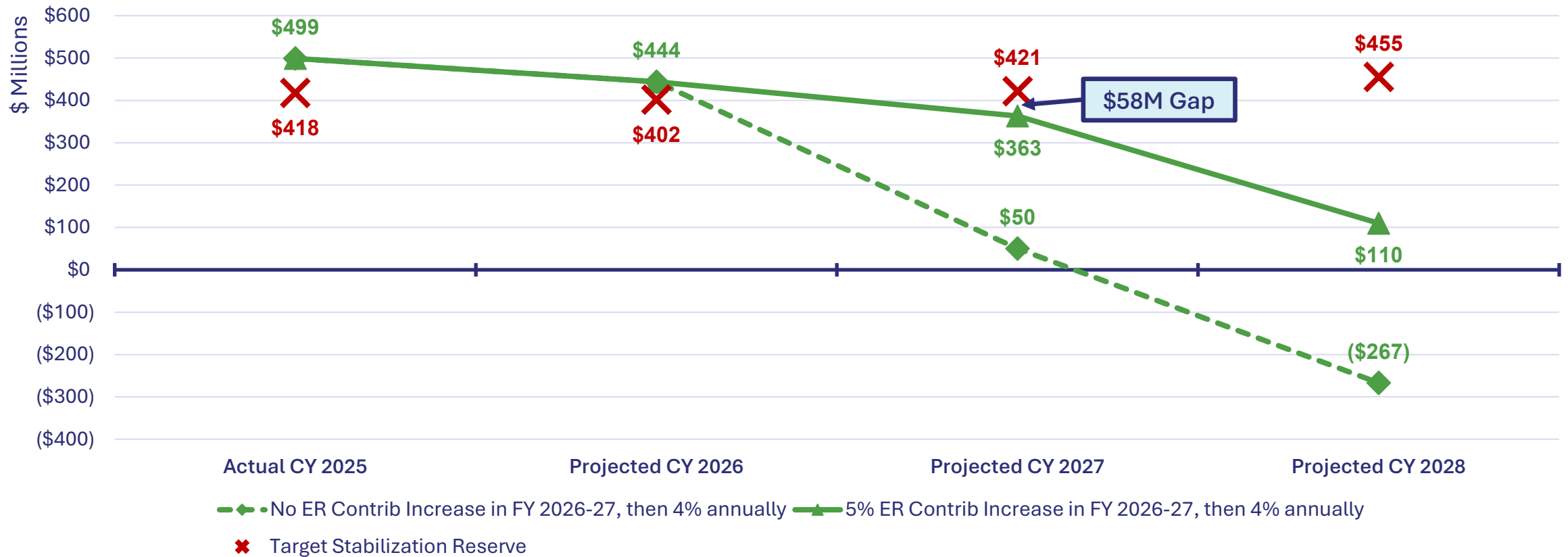
157,800 in the Humana Base Plan

19,000 in the Humana Enhanced Plan

- For most of the Plan's Medicare population, the Medicare Advantage plan options offer more valuable coverage than the Medicare 70/30 Plan.
- For 2027, *Humana's pricing* with benefit changes is approximately **\$60 per month** for the **Base plan** and **\$143 per month** for the **Enhanced plan**.
- This pricing represents a savings compared to Segal's CY 2026 Q1 projections of approximately \$54 million.

Year-End Cash Balance Projection

Chart compares projected cash balances **WITH** and **WITHOUT LEGISLATION** enactment to adjust employer contribution in CY 2027



Proposed 2027 Medicare Advantage Cost-Sharing Changes

Benefit Copays	BASE PLAN		ENHANCED PLAN	
	2026 Benefits	Proposed Change	2026 Benefits	Proposed Change
MEDICAL BENEFIT				
Medical Out-of-Pocket Maximum	\$4,000	\$4,500	\$3,300	\$3,700
Inpatient Acute Hospital Admit Copay <i>(per day, days 1-10)</i>	\$160	\$200	\$125	\$150
Specialist Visit Copay	\$40	\$50	\$35	\$45
Advanced Imaging Copay	\$100	\$175	\$100	\$150
Radiology Copay	\$40	\$75	\$40	\$50
Therapies Copay – physical, occupational, speech, etc.	\$20	\$30	\$20	No change
Part B Drugs Copay	\$0	\$50	\$0	\$50
PHARMACY BENEFIT				
Tier 1 Drugs	\$10	\$15	\$10	No change
Tier 2 Drugs	\$40	\$50	\$40	No change
Tier 3 Drugs	\$64	\$70	\$50	No change
Tier 4 Drugs	25% to \$100	25% to \$150	25% to \$100	No change

2027 Medicare Advantage Vote

- Vote to approve the rates on slide 47 and the plan design changes to both Medicare Advantage Plans outlined on slide 49.



REQUIRES VOTE



 *North Carolina*
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer

2027 Communications Strategy

Supporting the State Health Strategy

How Aetna will help execute strong access, operational readiness and a positive member experience

Aetna will support the State Health Plan strategy with the experience, operational discipline, and member-focused tools needed for successful execution



Access to Care

- Provider tiers are supported by **quality and efficiency measures**, along with **SHP-identified partners**.
- **Broad statewide provider access (in all 100 counties)** will support the SHP tiered approach.
- **Existing provider relationships** will help promote **continuity** and **informed member choice**.
- **Provider engagement efforts** will support **transition readiness** and **consistent communication**.



Operational Readiness

- **Core systems and processes** are being prepared to administer the strategy **accurately and reliably**.
- **Planning has been underway since January 2026**, with alignment on **structure, tiering, and decision milestones**.
- **Aetna and SHP will use regular governance**, including **biweekly executive and in-person working sessions**, to stay aligned through implementation.



Member Experience

- **Member-facing tools and communication** are being designed to make the new approach **easy to understand and use**.
- A **consistent provider badging approach** will be deployed across **members communications and Aetna digital tools**, enabling members to **more easily recognize providers by their designated tier**.
- **Dedicated support resources**, including **Aetna Health Concierge**, can help guide members through **changes and care choices**.

Aetna + State Health Plan Custom DocFind

Available to members during Open Enrollment



¹ Preferred and Access provider views shown

² Benefit tiering and accumulators align to four-tier structure (out-of-network not shown)



Preferred Provider Communications Strategy

Background: Keeping the State Health Plan sustainable in the face of rising health care costs will require a higher level of engagement from members. Long-term sustainability is essential to preventing increases in premiums and out-of-pocket expenses. Achieving this will take a collaborative effort bringing together the Plan, its members, and providers to work toward a shared goal. A multifaceted communication strategy will be necessary to ensure all parties are educated on the importance of the success of this approach.

	JULY	AUG	SEP	OCT	NOV	DEC	JAN 2027
PROVIDERS	<p>Notice to Each Provider Tier Overview & Timeline</p> <p>Utilize Medical Society to Communicate Strategy</p>	<p>Communicate How Members Will Find PP Tool, Website, etc.</p>	<p>Provide OE Dates Member Action during OE</p> <p>Marketing Kit Disseminate Kit to Providers</p>	<p>Remind Providers of OE Dates</p>	<p>Notices Access to Care Transition of Care</p>	<p>Reminders 1.1.2027 ID cards, copays, etc.</p>	<p>Reminders 1.1.2027 ID cards, copays, etc.</p>
HBRS	<p>Outreach HR Director Roundtable Top 10 Groups</p> <p>Monthly Webinar OE Training</p> <p>Newsletter</p>	<p>OE Webinars</p> <p>Monthly Webinar Align with tool demo</p> <p>Newsletter</p>	<p>Monthly Webinar</p> <p>Newsletter</p>	<p>OE Communications</p> <p>Monthly Webinar</p> <p>Newsletter</p>	<p>Outreach HR Director Roundtable</p> <p>Monthly Webinar</p> <p>Newsletter</p>	<p>Monthly Webinar</p> <p>Newsletter</p>	<p>Targeted Outreach</p> <p>Monthly Webinar</p> <p>Newsletter</p>
MEMBERS	<p>Targeted Outreach Members with no selected PCP (email or robo call)</p> <p>Video Message BOT vote, OE Save the Date</p> <p>Webinar Basics of PP</p> <p>Newsletter Preferred Provider Series</p>	<p>Preferred Provider Tool Goes Live</p> <p>Newsletter Preferred Provider Series</p>	<p>OE Communications OE MA Outreach Invites</p> <p>Newsletter Preferred Provider Series</p>	<p>OE Communications OE MA Outreach</p> <p>Telephone Town Halls</p> <p>Newsletter Preferred Provider Series</p>	<p>Targeted Email/Robo Call Members who've seen non-Preferred Provider in last 6 months</p> <p>Notices Access to Care Transition of Care</p> <p>EOB Messaging</p> <p>Newsletter Preferred Provider Series</p>	<p>ID Cards Mailed Insert about PP and Tiers</p> <p>Newsletter Preferred Provider Series</p>	<p>Telephone Town Halls Members who've seen non-Preferred Provider in last 6 months</p> <p>Newsletter Preferred Provider Series</p>
STAKEHOLDERS	<p>Pre-BOT Roundtable</p> <p>Outreach Events Association/Stakeholder events and conferences</p>	<p>Outreach Events Association/Stakeholder events and conferences</p>	<p>Outreach Events Association/Stakeholder events and conferences</p> <ul style="list-style-type: none"> SEANC Convention NCREA Convention 	<p>Outreach Events Association/Stakeholder events and conferences</p> <ul style="list-style-type: none"> SEANC Podcast <p>OE Communications Association RT Review</p>	<p>Outreach Events Association/Stakeholder events and conferences</p>	<p>Pre-BOT Roundtable</p> <p>Outreach Events Association/Stakeholder events and conferences</p>	<p>Outreach Events Association/Stakeholder events and conferences</p>
EXTERNAL	<p>Update GA Network/vote, timeline, impact</p> <p>Press Events</p> <ul style="list-style-type: none"> Hospital press conference pre-BOT review meeting BOT meeting which includes RFP awards and premium rates BOT press release 	<p>GA HR Meeting</p> <p>Vendor Call Center Training</p>	<p>Legislative Outreach Areas of higher impact of non-Preferred</p>	<p>Press OE</p>	<p>On-site Tours Hospitals/Practices to create press events in targeted areas.</p>	<p>Press Events</p> <ul style="list-style-type: none"> pre-BOT review meeting BOT press release 	<p>Solicit Feedback from PP for testimonials for future use</p>

Provider & Member Outreach

Organizations are encouraged to have State Health Plan staff attend an event or host a webinar for your organization.

Contact Beth Horner at Beth.Horner@nctreasurer.gov

	ORGANIZATION
May	Lee Co NCASBO Region 4/5
	North Carolina Association of School Administrators Lunch/Learn
	NC Medical Society
	Mountain Area Health Ed Center
	Independent Pharmacists
June	NC Association Public Charter Schools
July	Department of Public Instruction Business Officers Conference
	Wash County Schools Financial Officers Region 1 Meeting
August	McDowell County School Convocation
	McDowell County Schools Regional Mtg
	SEANC Annual Convention
September	NC Association of School Administrators: School Law and Policy Symposium
	Superintendent Conference
	Association of School Business Officials Fall Conference

Medicare Advantage Outreach

- The Plan's Humana Group Medicare Advantage Plans continue to serve the majority of eligible Medicare members.
- Despite auto-enrollment into Medicare Advantage plans, approximately 30,000 members actively elect to remain in the 70/30 Plan each year.
- Plan staff regularly encounter Medicare members who are influenced by advertising or unintentionally enroll in commercial Medicare plans, resulting in disenrollment from the State Health Plan.
- Experience has shown that this population benefits from a more personalized and proactive communication approach.
- To enhance member support and engagement, the Plan has partnered with a partner to provide a high-touch, concierge-style experience that helps members better understand and navigate their benefit options.
- This effort will start late summer and supplement Open Enrollment efforts and communications.

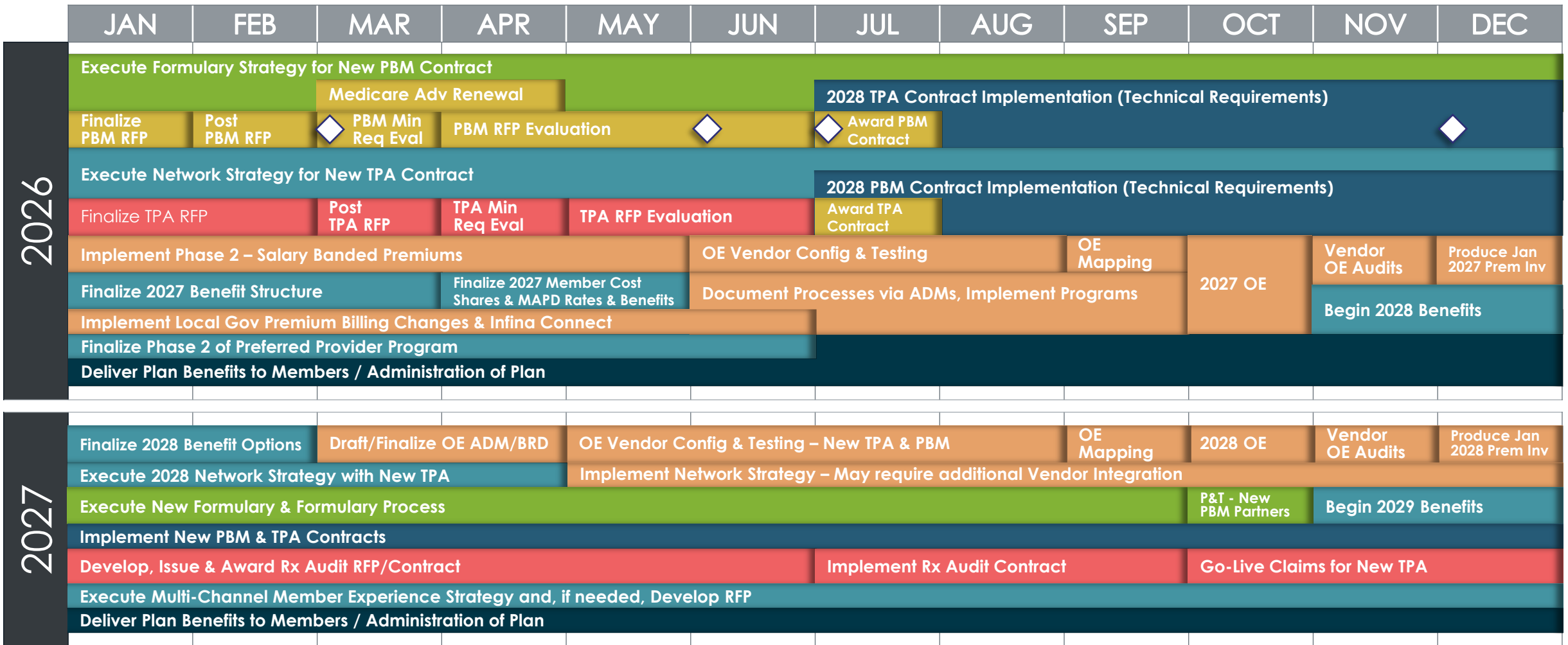


Appendix

Out-of-Network Details

- Of the \$3.8 billion in medical claims costs in 2025, \$23.6 million (0.6%) were for out-of-network claims
- 98.6% of members had no out-of-network claims.
- Of the members and retirees with any out-of-network claims
 - 58% had less than \$1,000 in claims and
 - 99% had \$5,000 or less.
- 75 subscribers had out-of-network claims that exceeded \$50,000.
- Emergency care and situations where in-network providers are not reasonably available are covered at the in-network benefit level.
- Members may be responsible for:
 - Higher cost sharing
 - Balance billing (difference between provider charges and allowed amount)
 - Submitting claims if the provider does not bill the Plan directly
- Out-of-network providers are not required to obtain prior authorization; members are responsible for ensuring authorization requirements are met.

2-YEAR PROJECT CHART – STATE HEALTH PLAN



◆ 2026 BOT Meetings

- BOT 1 – March
- BOT 2 – June
- BOT 3 – July
- BOT 4 – (if needed)
- BOT 5 – December

Business/Leadership, Analytics/Strategy

Ops Teams & Vendors

Finance, Data, Ops/EDI & Vendors

ALL Plan Teams

Ops, Finance & Contracting, Analytics/Strategy

Ops, Contracting, Analytics/Strategy

Pharmacy Team & Finance