

Proposed changes to plan options, benefit designs, healthy activities, premiums & credits referenced in this presentation are subject to approval by the Board of Trustees



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Proposed 2016 & 2017 Benefit Design Changes

Board of Trustees Meeting

February 11, 2015

A Division of the Department of State Treasurer

Presentation Overview

- Mission and Guiding Principles
- Benefit Design Changes – Revised Proposal
- Impact on Actuarial Forecast
- Items for Future Board Approval
- Board Approval of 2016 & 2017 Benefit Design Changes

This presentation is primarily focused on plan options for Active Employees and Non-Medicare Retirees due to timing of Medicare Advantage rate renewals.

State Health Plan Mission and Guiding Principles

Mission

Our mission is to improve the health and health care of North Carolina teachers, state employees, retirees, and their dependents, in a financially sustainable manner, thereby serving as a model to the people of North Carolina for improving their health and well-being.

Elements of the Strategic Plan & Guiding Principles

- Ensure Access to Quality Care
- Expand Value-Based Design Elements
- Improve Affordability
- Improve Members' Health
- Incent Member Engagement
- Maintain Financial Stability
- Promote Health Literacy
- Provide Member Choice

Benefit Design Changes

Revised Proposal

Summary of Benefit Design Changes – Revised Proposal

Calendar Years 2016 & 2017

Consumer-Directed Health Plan (CDHP) with HRA

- Increase premium \$40 with the opportunity to earn it down to \$0
- Modify healthy activities to earn premium credits
- Increase HRA contribution by \$100 to help offset member cost share
- Increase out-of-pocket max by \$500
- Establish Health Engagement Program to earn additional contributions to HRA:
 - Increase credits for PCP visits and use of Blue Options Designated Providers
 - Target members with chronic conditions
 - Healthy lifestyle program for all members

(Amount of additional HRA contributions for members with chronic conditions and healthy lifestyle choices TBD)

Enhanced 80/20 Plan

- Increase premium approximately \$40 with the opportunity to earn it down to approximately \$15
- Modify healthy activities to earn premium credits
- Increase Tier 5 (non-preferred specialty medications) pharmacy coinsurance maximum

Traditional 70/30 Plan

Active Employees Only

- Establish a \$40 premium with the opportunity to earn it down to \$0
- Establish healthy activity to earn premium credit:
 - Tobacco attestation

Active Employees and Retirees

- Increase member cost share:
 - copays, deductible, coinsurance max, and pharmacy out-of-pocket max

The premium amounts referenced on this slide are estimates and subject to change pending employer contributions set by the NC General Assembly during the 2015 session and Board approval at a later date.

Summary of Benefit Design Changes – Revised Proposal

Calendar Years 2018 & 2019

Consumer-Directed Health Plan (CDHP) with HRA

- Increase premium \$40 with the opportunity to earn it down to \$0
- Modify healthy activities to earn premium credits
- Changes to member cost share (deductible, out-of-pocket max) **to be determined**
- Changes to HRA contributions (initial funding and wellness and engagement incentives) **to be determined**

Enhanced 80/20 Plan

- Increase premium approximately \$40 with the opportunity to earn it down to approximately \$15
- Modify healthy activities to earn premium credits
- Changes to member cost share (copays, deductible, coinsurance max) **to be determined**

Traditional 70/30 Plan

Active Employees Only

- Increase premium approximately \$40 with the opportunity to earn it down to approximately \$20
- Continue tobacco attestation to earn premium credit

Active Employees and Retirees

- Increase member cost share to keep pace with medical inflation:
 - copays, deductible, coinsurance max, and pharmacy out-of-pocket max
- Maintain Grandfather status under the Affordable Care Act (ACA)

The benefit design changes referenced on this slide are provided for information only and subject to change. Board approval of specific changes for 2018 & 2019 anticipated in late 2016 or early 2017.

Proposed Plan Design Changes – 2016 & 2017

	70/30 Current	70/30 Proposed	80/20 Current /Proposed	CDHP Current	CDHP Proposed
Annual Contribution to Health Reimbursement Account (HRA)	N/A	N/A	N/A	\$500 Individual \$1,500 Family	\$600 Individual \$1,800 Family
Annual Deductible	\$933 Individual \$2,799 Family	\$1,054 Individual \$3,162 Family	\$700 Individual \$2,100 Family	\$1,500 Individual \$4,500 Family	\$1,500 Individual \$4,500 Family
Coinsurance Maximum	\$3,793 Individual \$11,379 Family	\$4,282 Individual \$12,846 Family	\$3,210 Individual \$9,630 Family	N/A	N/A
Out-of-Pocket (OOP) Maximum	N/A	N/A	N/A	\$3,000 Individual \$9,000 Family	\$3,500 Individual \$10,500 Family
Pharmacy Out-of-Pocket Maximum	\$2,500	\$3,294	\$2,500	Included in OOP	Included in OOP
Preventive Care	\$35 PCP \$81 Specialist	\$39 PCP \$92 Specialist	\$0 ACA Services	\$0 ACA Services	\$0 ACA Services
PCP Visit	\$35	\$39	\$30 for primary doctor; \$15 if you use PCP on ID card	15% after deductible; \$15 added to HRA if you use PCP on ID	15% after deductible; \$25 added to HRA if you use PCP on ID
Specialist Visit	\$81	\$92	\$70 for specialist; \$60 if you use Blue Options Designated specialist	15% after deductible; \$10 added to HRA if you use Blue Options Designated specialist	15% after deductible; \$20 added to HRA if you use Blue Options Designated specialist
Urgent Care	\$87	\$98	\$87	15% after deductible	15% after deductible
Chiro/PT/OT	\$64	\$72	\$52	15% after deductible	15% after deductible
Emergency Care	\$291, then 30% after deductible	\$329, then 30% after deductible	\$233, then 20% after deductible	15% after deductible	15% after deductible
Inpatient Hospital	\$291, then 30% after deductible	\$329, then 30% after deductible	\$233 copay, then 20% after deductible; copay not applied if you use Blue Options Designated hospital	15% after deductible; \$50 added to HRA if you use Blue Options Designated hospital	15% after deductible; \$200 added to HRA if you use Blue Options Designated hospital

Proposed Plan Design Changes – 2016 & 2017

	70/30 Current	70/30 Proposed	80/20 Current	80/20 Proposed	CDHP Current	CDHP Proposed
Pharmacy Benefit						
Tier 1	\$12	\$15	\$12	\$12	15% after deductible for in network benefits, 35% after deductible out of network	15% after deductible for in network benefits, 35% after deductible out of network
Tier 2	\$40	\$46	\$40	\$40		
Tier 3	\$64	\$72	\$64	\$64		
Tier 4	25% up to \$100	25% up to \$100	25% up to \$100	25% up to \$100		
Tier 5	25% up to \$125	25% up to \$132	25% up to \$125	25% up to \$132		
OOP	\$2,500 Rx Only	\$3,294 Rx Only	\$2,500 Rx Only	\$2,500 Rx Only	Integrated with Medical	Integrated with Medical
ACA Preventive Medications	No	No	Covered 100%	Covered 100%	Covered 100%	Covered 100%
CDHP Preventive Medications	N/A	N/A	N/A	N/A	Waive deductible, 15% coinsurance only	Waive deductible, 15% coinsurance only
Grandfather Status	Grandfathered	Grandfathered	Grandfathered	Grandfathered	Non-Grandfathered	Non-Grandfathered

Health Engagement Program

All Members Enrolled in CDHP

Create and promote awareness and engagement with Plan benefit and resources

- Promote and incent healthy lifestyle choices
- Earn HRA funds for completion of milestone activities
 - Nutrition, fitness and other wellness program offerings

Healthy lifestyle program offerings and amount of HRA incentive funds to be determined and approved by the Board at a later date.

Health Engagement Program

CDHP Members with Chronic Conditions

Improve management of members with certain chronic conditions by promoting and incenting engagement

- Target members with the following chronic conditions:
 - Diabetes
 - Asthma/COPD
 - Cardiovascular diseases (Hypertension, Hyperlipidemia, Coronary Artery Disease and Congestive Heart Failure)
- Earn HRA funds for completion of milestone activities
 - Engagement with a health coach twice in a 12 month period (high risk members follow guidance of health coach for additional engagement)
 - Completion of Health Assessment and submission of biometric measures
 - Completion of clinical care requirements recommended for each condition

Final milestone activities and amount of HRA incentive funds to be determined and approved by the Board at a later date.

Proposed Healthy Activities & Premium Credits

2016

Healthy Activity	CDHP	Enhanced 80/20	Traditional 70/30
Non-Tobacco User or QuitlineNC Enrollment	\$40	\$40	\$40
PCP Selection and PCMH Module	\$20	\$25	N/A
Health Assessment with Self-reported Biometrics	\$20	\$25	N/A
Total Credits Available	\$80	\$90	\$40

2017

Healthy Activity	CDHP	Enhanced 80/20	Traditional 70/30
Non-Tobacco User or QuitlineNC Enrollment	\$40	\$40	\$40
PCMH Selection	\$20	\$25	N/A
Health Assessment with Provider-reported Biometrics	\$20	\$25	N/A
Total Credits Available	\$80	\$90	\$40

2018

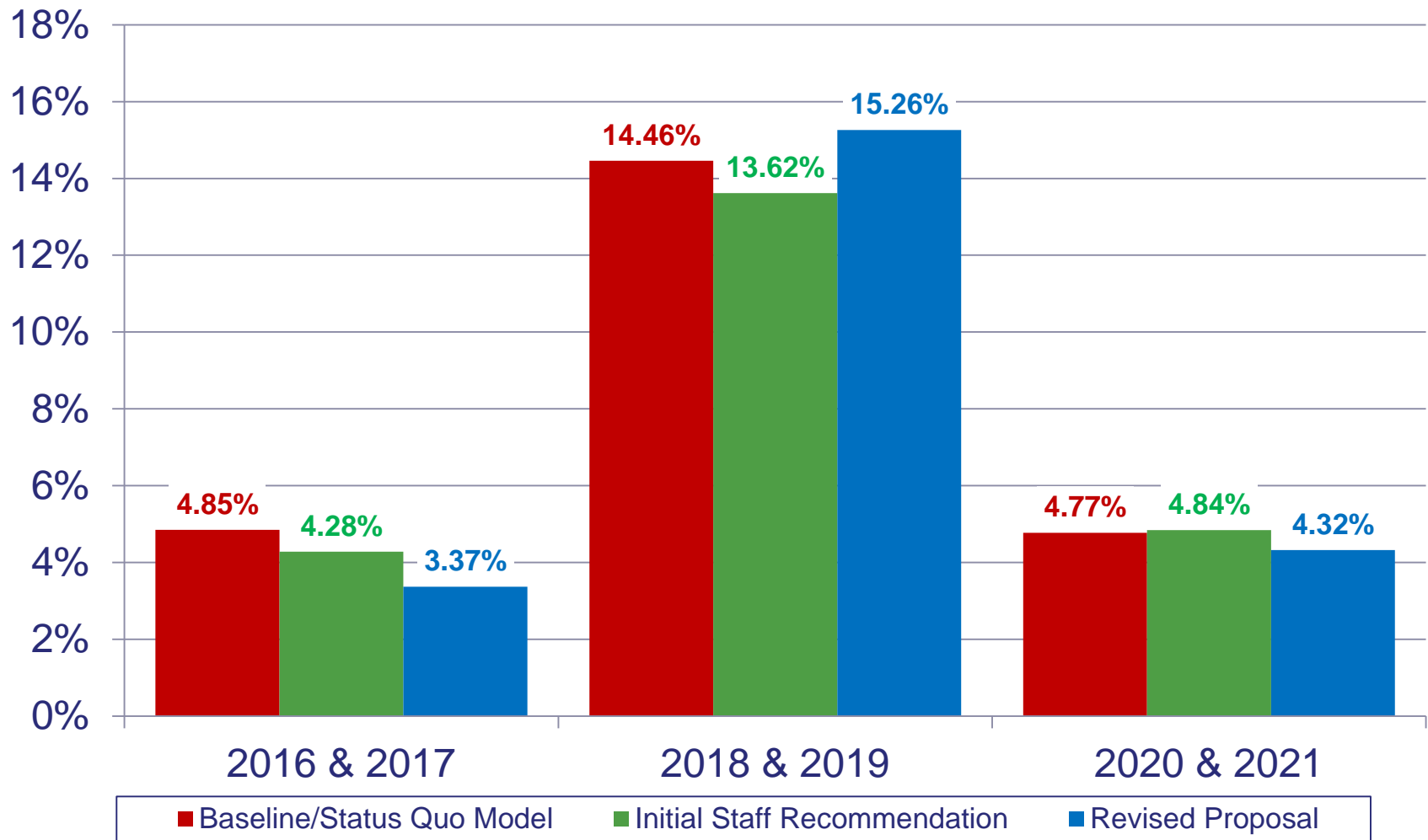
Healthy Activity	CDHP	Enhanced 80/20	Traditional 70/30
Non-Tobacco User or QuitlineNC Enrollment	\$60	\$60	\$60
PCMH Selection	TBD	TBD	N/A
Health Engagement Program	TBD	TBD	N/A
Other Activity(ies)	TBD	TBD	N/A
Total Credits Available	\$120	\$130	\$60

Healthy activities, premiums & credits beyond 2017 are to be determined. Board approval of specific changes for 2018 and 2019 anticipated in late 2016 or early 2017.

Impact on Actuarial Forecast

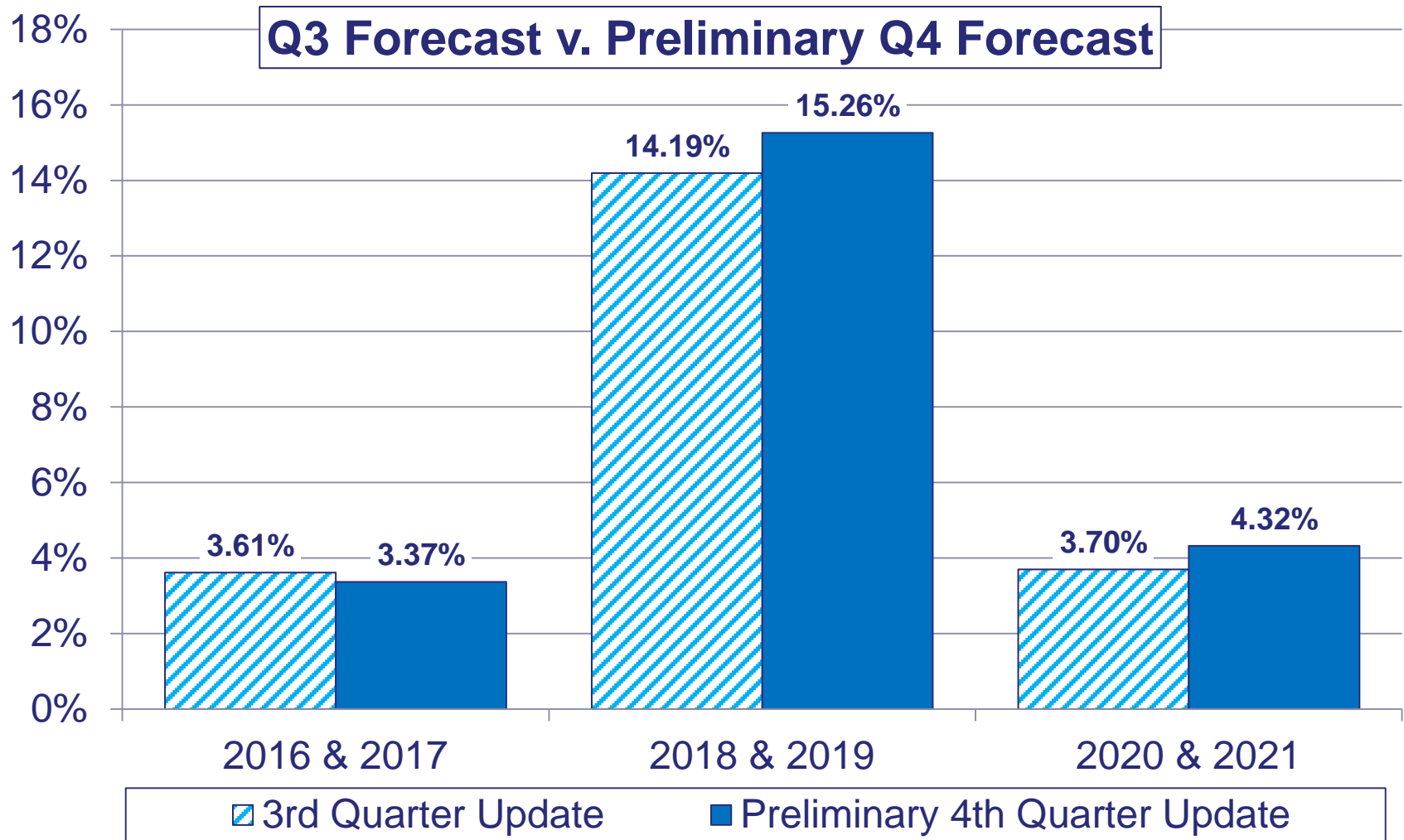
Annual Premium Increases: January 1st of Each Year

Preliminary CY 2014 Q4 Forecast Update



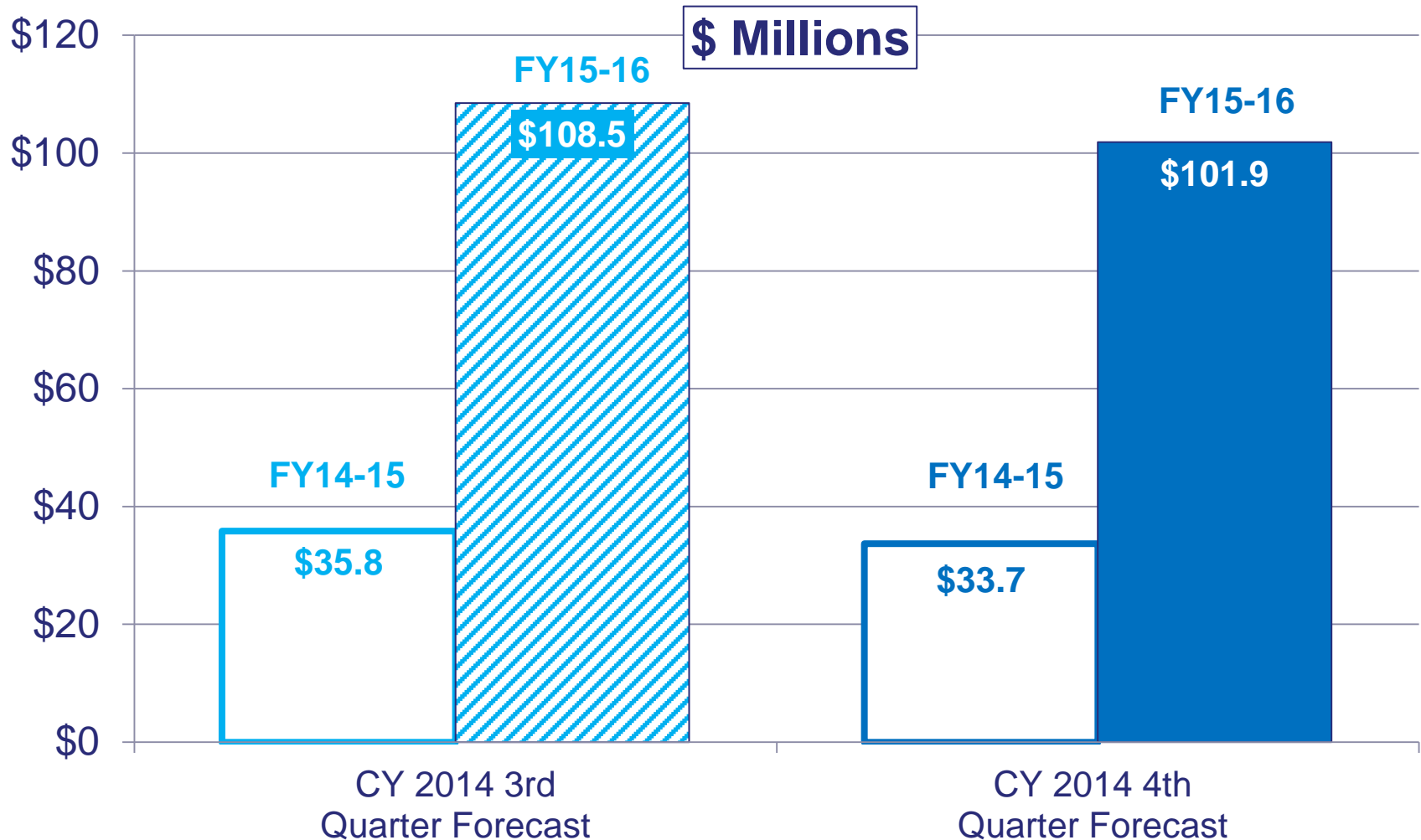
Annual Premium Increases: January 1st of Each Year

Revised Proposal



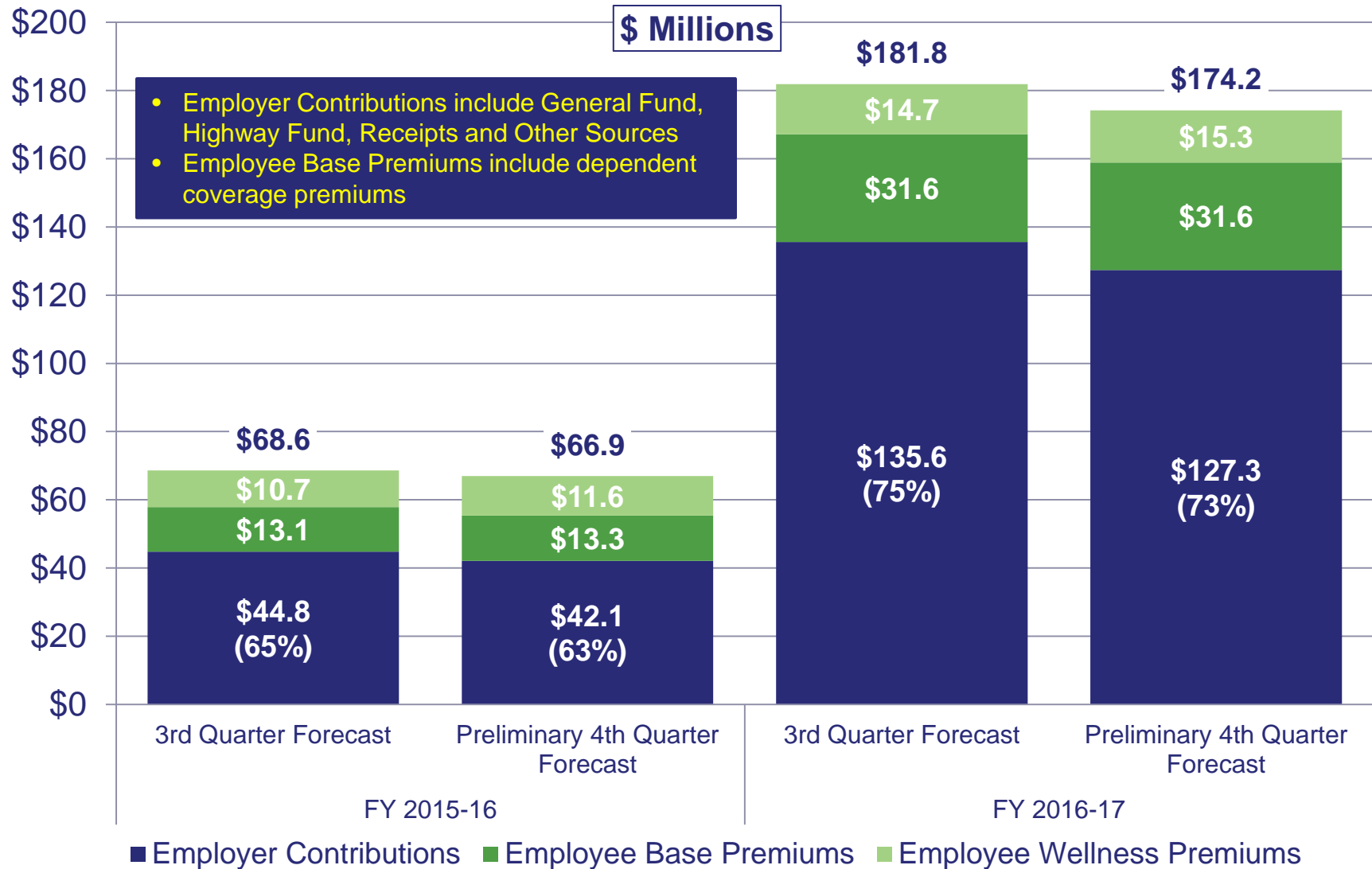
General Fund Increases: 2015-2017 Fiscal Biennium

Revised Proposal



Projected Increases in Employer/Employee Contributions

Revised Proposal



Wellness Premium Credits – Consumer Directed Health Plan

Active Employee/Non-Medicare Retiree Only Coverage

Wellness Design	2014	2015	2016	2017
Estimated Employee/Retiree Premium	\$40	\$40	\$80	\$80
Monthly Earnable Premium Credits	2014	2015	2016	2017
Healthy Activity #1: Non-Tobacco User or QuitlineNC Enrollment	\$20	\$20	\$40	\$40
Healthy Activity #2: Choose PCP, complete PCMH Module/Select PCMH	\$10	\$10	\$20	\$20
Healthy Activity #3: Personal Health Assessment w/ Biometrics	\$10	\$10	\$20	\$20
Total Available Monthly Premium Credits	\$40	\$40	\$80	\$80
Net Employee/Retiree Premium With All Credits	\$0	\$0	\$0	\$0

The premium amounts referenced on this slide are estimates and subject to change pending employer contributions set by the NC General Assembly during the 2015 session and Board approval at a later date.

Wellness Premium Credits – Enhanced 80/20 Plan

Active Employee/Non-Medicare Retiree Only Coverage

Wellness Design	2014	2015	2016	2017
Estimated Employee/Retiree Premium	\$63.56	\$63.56	\$104.34	\$105.16
Monthly Earnable Premium Credits	2014	2015	2016	2017
Healthy Activity #1: Non-Tobacco User or QuitlineNC Enrollment	\$20	\$20	\$40	\$40
Healthy Activity #2: Choose PCP, complete PCMH Module/Select PCMH	\$15	\$15	\$25	\$25
Healthy Activity #3: Personal Health Assessment w/ Biometrics	\$15	\$15	\$25	\$25
Total Available Monthly Premium Credits	\$50	\$50	\$90	\$90
Net Employee/Retiree Premium With All Credits	\$13.56	\$13.56	\$14.34	\$15.16

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Wellness Premium Credits – Traditional 70/30 Plan

Active Employee Coverage Only

Wellness Design	2014	2015	2016	2017
Estimated Employee Premium	\$0.00	\$0.00	\$40.00	\$40.00
Monthly Earnable Premium Credits	2014	2015	2016	2017
Healthy Activity #1: Non-Tobacco User or QuitlineNC Enrollment	\$0	\$0	\$40	\$40
Total Available Monthly Premium Credits	\$0	\$0	\$40	\$40
Net Employee Premium With All Credits	\$0.00	\$0.00	\$0.00	\$0.00

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Items for Future Board Approval

Items for Approval at a Later Date

2016 & 2017

- Health Engagement Program
 - Healthy lifestyle program offerings
 - Milestones for chronic conditions
 - Amount of HRA incentive funds

2016

- Medicare Advantage plan designs
- Premium Contribution Rates
 - All plan options
 - Employee/retiree and dependent tiers
- Annual Enrollment Strategy
 - Active vs. passive enrollment
 - Auto-enrollment
 - Time period for completion of healthy activities

2017

- Other changes, if necessary, based on actual experience and financial performance

Board Approval of 2016 and 2017 Benefit Design Changes

Board Action on Revised Proposal

Plan staff recommends approval of the revised proposal for 2016 and 2017 benefit design changes, including the:

1. Benefit design changes summarized on slide 5
2. Changes to member cost sharing and HRA contributions detailed on slides 7 & 8
3. Creation of the Health Engagement Program under the CDHP option outlined on slides 9 & 10
4. Healthy activities and premium credits outlined on slide 11

The changes will be effective January 1, 2016, except changes specified for 2017 related to healthy activities to earn premium credits which will be effective January 1, 2017, unless otherwise revised by the Board of Trustees.