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

Board of Trustees Meeting
Wednesday, February 11, 2015, 2:00 – 5:00 p.m.

1.	Welcome	Janet Cowell, Chair
2.	Conflict of Interest Statement	Janet Cowell, Chair
3.	Financial Report, Forecasting and Monitoring	Mark Collins
	A. 2014 Calendar Year Financial Report	
	B. CY 2014 4th Quarter Actuarial Forecast Update	
4.	Benefit Design, Plan Options and Premiums	
	A. Proposed 2016 & 2017 Benefit Design Changes	Mona Moon Mark Collins
	B. Public Comment Period	TBD
	C. Board Discussion and Action ***(Requires Board approval)***	Board Members
5.	Member Experience and Communications	Caroline Smart
	A. Communicating the 2016 Benefit Options	
6.	Contracting and Vendor Partnerships	
	A. Contract with Novant Medical Group for Patient Centered Medical Home Pilot ***(Requires Board approval)***	Lotta Crabtree Nidu Menon
7.	Adjourn	Janet Cowell, Chair

Next Meeting: May 21, 4:00-6:00 p.m. and May 22, 9:00 a.m.-3:00 p.m.

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.

North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES

2014 Calendar Year Financial Report

Board of Trustees Meeting

February 11, 2015

A Division of the Department of State Treasurer

Financial Results: Actual v. Budgeted
Calendar Year 2014

Calendar Year 2014	Actual thru Dec 2014	Certified Budget (per Segal 8-19-13)	Variance Over/(Under) Budget
Beginning Cash Balance	**$838.5 m**	**$695.0 m**	**$143.5 m**
Plan Revenue	**$3.008 b**	**$2.961 b**	**$47.0 m**
Net Claims Payments	$2.526 b	$2.582 b	($55.9 m)
Medicare Advantage Premiums	$155.5 m	$174.2 m	($18.7 m)
Net Administrative Expenses	$149.6 m	$179.8 m	($30.2 m)
Total Plan Expenses	**$2.831 b**	**$2.936 b**	**($104.8 m)**
Net Income/(Loss)	**$176.4 m**	**$24.6 m**	**$151.8 m**
Ending Cash Balance	**$1.015 b**	**$719.6 m**	**$295.3 m**

Adjusted Variance Report
Calendar Year 2014

Calendar Year 2014	Actual thru Dec 2014, As Adjusted	Certified Budget (per Segal 8-19-13)	Variance Over/(Under) Budget
Plan Revenue *	**$3.012 b**	**$2.961 b**	**$51.7 m**
Net Claims Payments ^	$2.536 b	$2.582 b	($46.3 m)
Medicare Advantage Premiums	$155.5 m	$174.2 m	($18.7 m)
Net Administrative Expenses †	$141.1 m	$179.8 m	($38.7 m)
Total Plan Expenses	**$2.832 b**	**$2.936 b**	**($103.7 m)**
Net Income/(Loss)	**$180.0 m**	**$24.6 m**	**$155.4 m**

Note: Numbers might not sum to totals due to rounding

* Adjusted for timing issues and to exclude non-budgeted revenue.
^ Adjusted for timing issues and to remove the impact of unanticipated pharmacy rebate true-up payments.
† Adjusted for timing issues.

Financial Results Actual v. Budgeted
Calendar Year 2014

Per Member Per Month (PMPM) Analysis

Calendar Year 2014	Actual thru Dec 2014	Certified Budget (per Segal 8-19-13)	Variance Over/(Under) Budget
Plan Revenue	**$369.53**	**$370.93**	**($1.40)**
Net Claims Payments	$310.97	$323.28	($12.31)
Medicare Advantage Premiums	$19.14	$21.81	($2.67)
Net Administrative Expenses	$18.42	$22.51	($4.09)
Total Plan Expenses	**$348.53**	**$367.60**	**($19.07)**
Net Income/(Loss)	**$21.00**	**$3.33**	**$17.67**

Comparing actual results to the budget projection on a PMPM basis helps correct for changes in membership that occurred during the year.

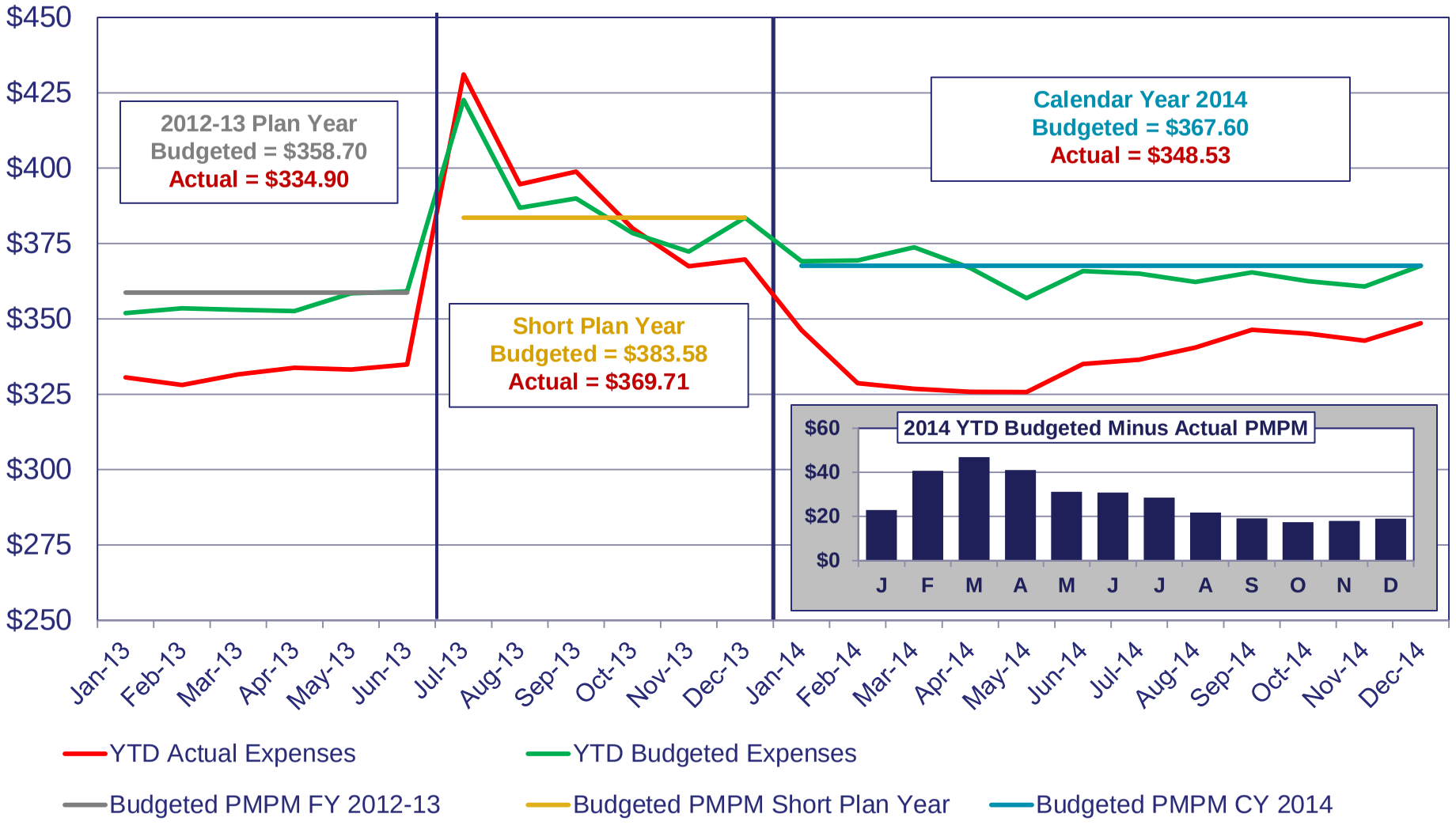
Adjusted Variance Report
Calendar Year 2014

Per Member Per Month (PMPM) Analysis

Calendar Year 2014	Actual thru Dec 2014, as Adjusted	Certified Budget (per Segal 8-19-13)	Variance Over/(Under) Budget
Plan Revenue *	**$370.10**	**$370.93**	**($0.83)**
Net Claims Payments ^	$312.15	$323.28	($11.13)
Medicare Advantage Premiums	$19.14	$21.81	($2.67)
Net Administrative Expenses †	$17.37	$22.51	($5.14)
Total Plan Expenses	**$348.66**	**$367.60**	**($18.94)**
Net Income/(Loss)	**$21.44**	**$3.33**	**$18.11**

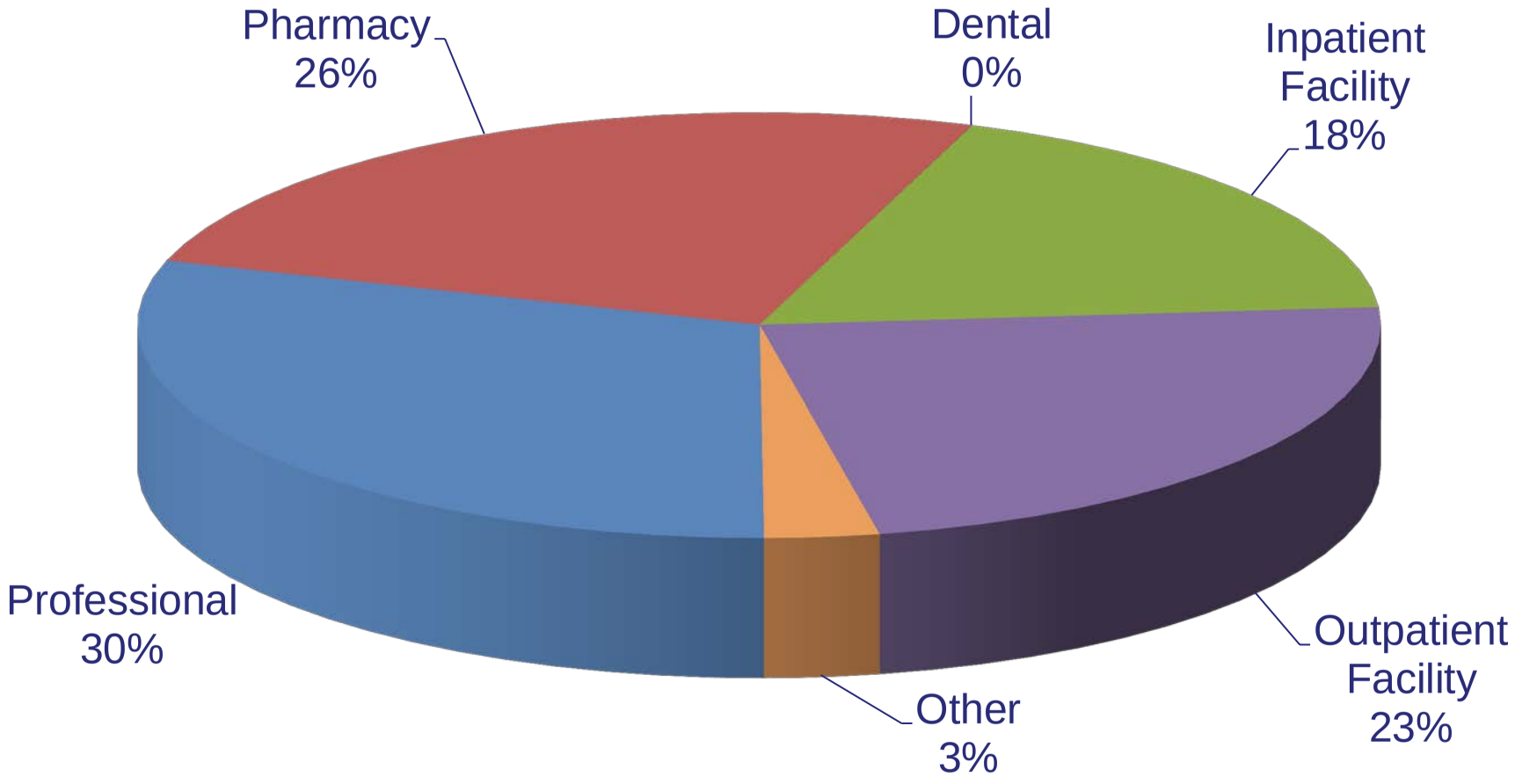
* Adjusted for timing issues and to exclude non-budgeted revenue.
^ Adjusted for timing issues and to remove the impact of unanticipated pharmacy rebate true-up payments.
† Adjusted for timing issues.

Calendar Year 2014 Expenditure Trend
Per Member Per Month



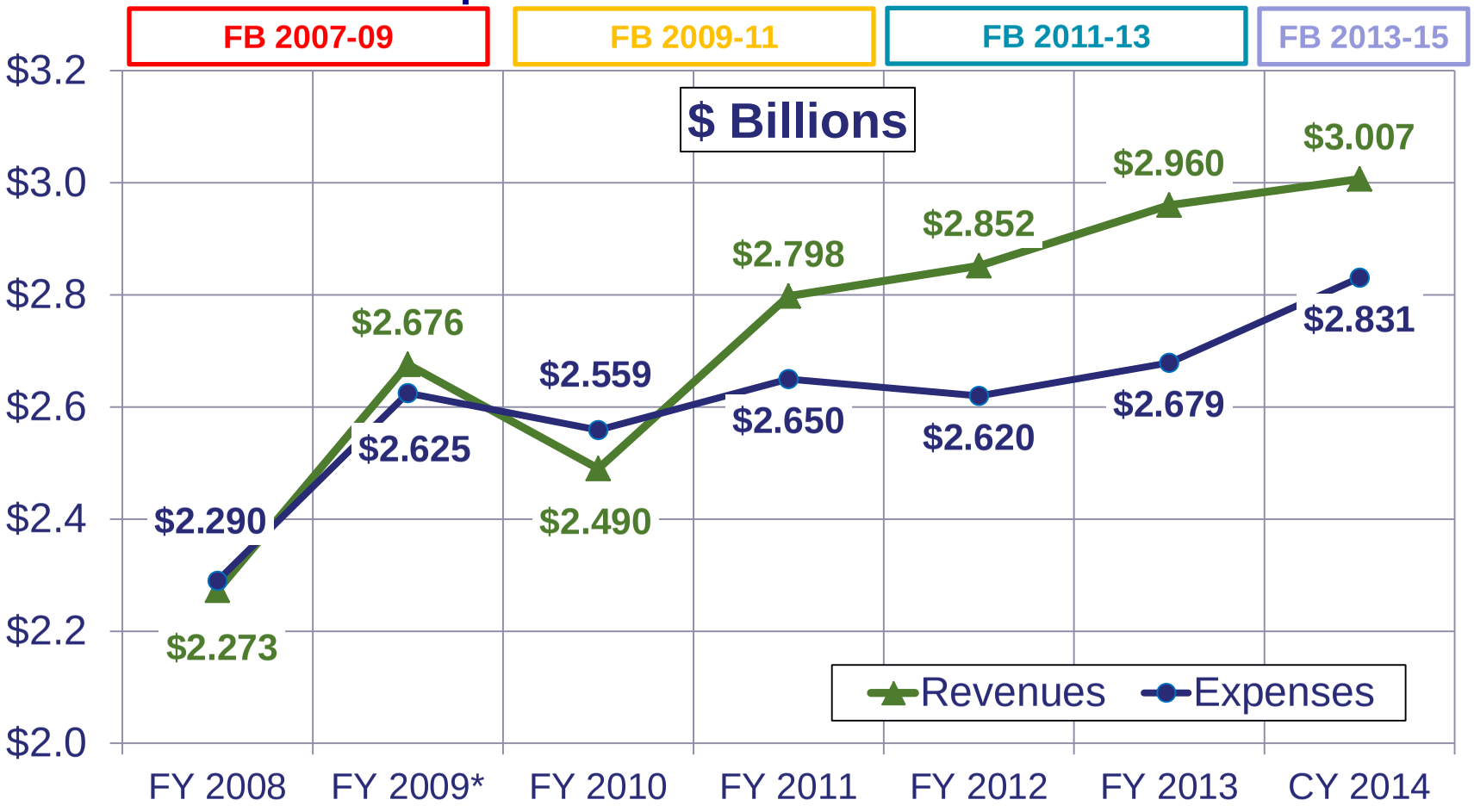
Allocation of Claims Expenditures
Calendar Year 2014

Includes Medical, Blue Card & Pharmacy Payments



Source: BCBSNC Summary of Billed Charges

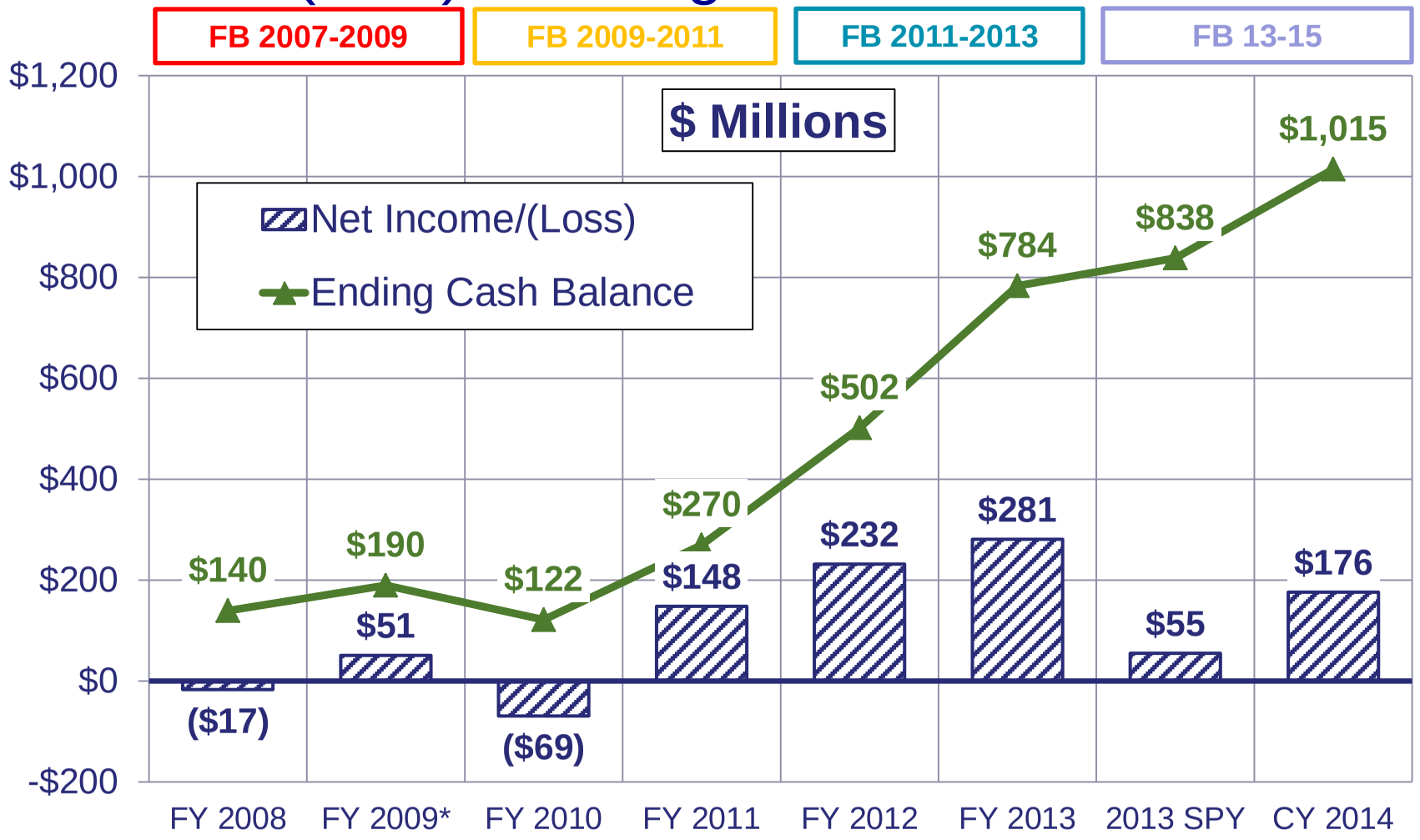
Recent Historical Financial Results
Revenues and Expenses



*FY 2009 revenues include a $250 million general fund appropriation from the State.

Note: The 2013 Short Plan Year is not shown in chart. In the six months from July to December 2013, Plan revenues totaled $1.540 Billion and Plan expenses were $1.485 Billion.

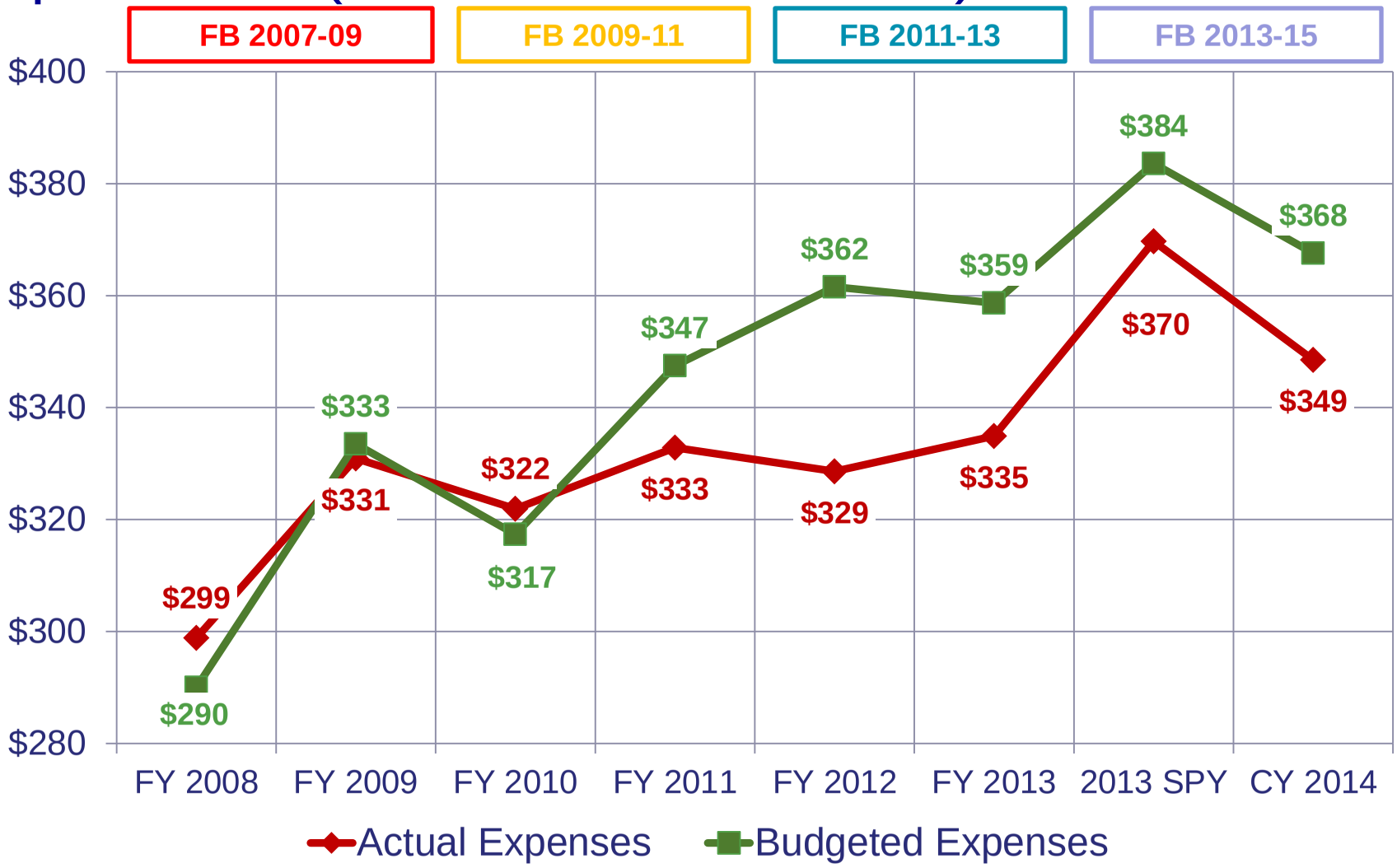
Historical Financial Results
Net Income/(Loss) & Ending Cash Balance



*The Plan received a $250 million general fund appropriation from the State in FY 2009.

SPY = Short Plan Year (Jul-Dec 2013)

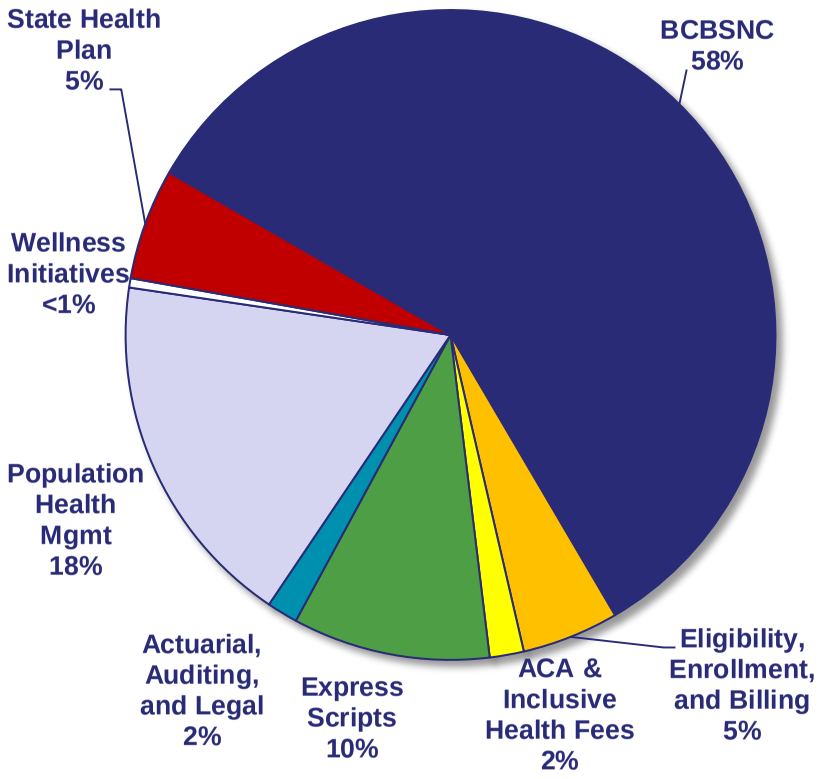
Recent Historical Financial Results
Expenditures (Claims + Administrative) PMPM



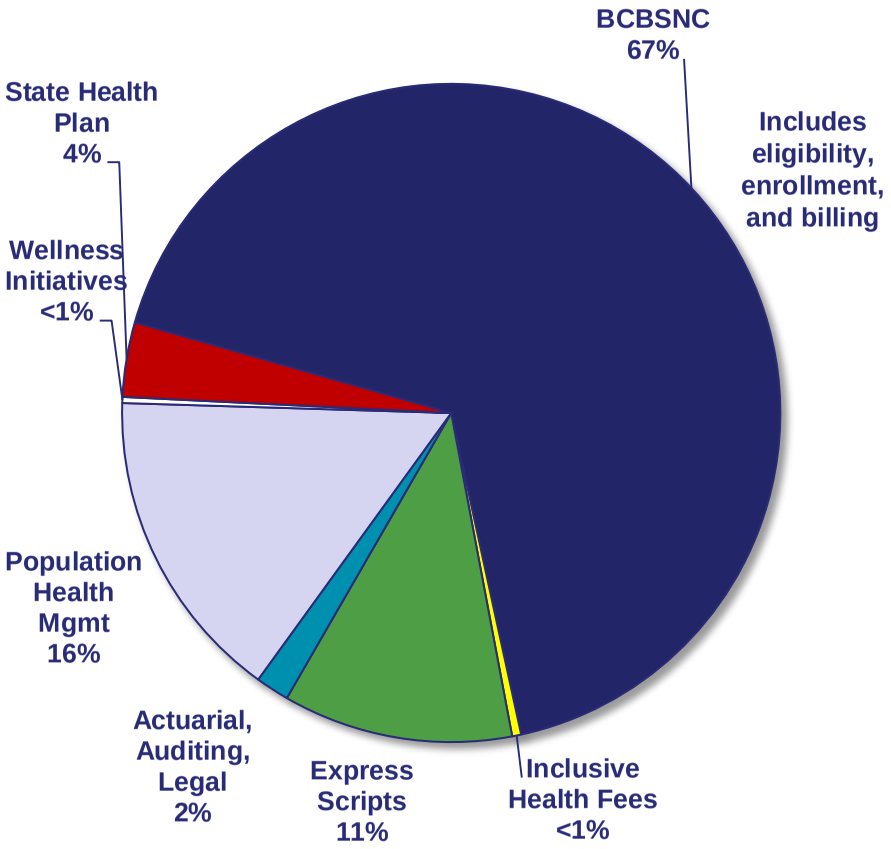
SPY = Short Plan Year (Jul-Dec 2013)

Calendar Year 2014 Administrative Expenses

Calendar Year 2014 ($149.6 Million)



FY 2012-13 ($161.4 Million)



North Carolina State Health Plan for Teachers and State Employees

Summary of Operations (Cash Basis)

Consolidated Report, Actual vs. Certified Budget

For the Month Ended December 2014

Calendar Year 2014

		A	B	C	D	E	F	G	H
		Actual December 2014	Certified Budget December 2014	Monthly Variance Over/(Under) Certified Budget	Actual 2014 Calendar Year To Date	Certified Budget 2014 Calendar Year to Date	Calendar Year to Date Variance Over/(Under) Certified Budget	Calendar Year Certified Budget (Jan- Dec 2014)	Calendar Year to Date Variance Over/(Under) Certified Budget
1	**Plan Revenue:**								
2									
3	Member Premiums	$ 270,880,991	$ 243,018,315	$ 27,862,676	$ 2,952,592,141	$ 2,921,878,532	$ 30,713,609	$ 2,921,878,532	$ 30,713,609
4	Premium Refunds/Retroactive Disenrollments	-	(123,882)	123,882	(28,401)	(1,489,408)	1,461,007	(1,489,408)	1,461,007
5	Medicare Part D (RDS) Subsidy	1,258,008	619,631	638,377	21,584,404	6,344,076	15,240,328	6,344,076	15,240,328
6	Medicare PDP (EGWP + Wrap) Subsidy	-	-	-	28,378,401	31,047,005	(2,668,604)	31,047,005	(2,668,604)
7	Medicare Advantage (MA) Subsidy	72,187	-	72,187	721,773	-	721,773	-	721,773
8	Federal Early Retiree Reinsurance Program (ERRP)	-	-	-	(1,949)	-	(1,949)	-	(1,949)
9	**Net Premium & Other Contributions**	272,211,186	243,514,064	28,697,122	3,003,246,369	2,957,780,205	45,466,164	2,957,780,205	45,466,164
10									
11	Investment Earnings	442,424	249,005	193,419	4,417,142	2,892,005	1,525,137	2,892,005	1,525,137
12	Miscellaneous Revenue	-	-	-	-	-	-	-	-
13	**Other Revenue**	442,424	249,005	193,419	4,417,142	2,892,005	1,525,137	2,892,005	1,525,137
14									
15	**Total Plan Revenue (excludes internal transfers)**	272,653,610	243,763,069	28,890,541	3,007,663,511	2,960,672,210	46,991,301	2,960,672,210	46,991,301
16									
17	**Plan Expenses:**								
18									
19	Medical Claim Payments	171,959,431	185,405,969	(13,446,538)	1,949,838,964	2,062,826,346	(112,987,382)	2,062,826,346	(112,987,382)
20	Medical Claim Refunds/Recoveries	(1,608,128)	(2,052,206)	444,078	(22,731,740)	(25,469,051)	2,737,311	(25,469,051)	2,737,311
21	**Net Medical Claims**	170,351,303	183,353,763	(13,002,460)	1,927,107,224	2,037,357,295	(110,250,071)	2,037,357,295	(110,250,071)
22									
23	Pharmacy Claim Payments	84,816,236	81,954,144	2,862,092	698,129,098	599,541,594	98,587,504	599,541,594	98,587,504
24	Pharmacy Claim Rebates	-		-	(98,763,203)	(54,794,623)	(43,968,580)	(54,794,623)	(43,968,580)
25	Pharmacy Claim Refunds/Recoveries	(405,464)	-	(405,464)	(313,676)	-	(313,676)	-	(313,676)
26	**Net Pharmacy Claims**	84,410,772	81,954,144	2,456,628	599,052,219	544,746,971	54,305,248	544,746,971	54,305,248
27									
28	**Net Claim Payments**	254,762,075	265,317,907	(10,555,832)	2,526,159,443	2,582,104,266	(55,944,823)	2,582,104,266	(55,944,823)
29									
30	**Medicare Advantage Premium Payments**	11,875,108	14,579,843	(2,704,735)	155,497,950	174,162,733	(18,664,783)	174,162,733	(18,664,783)
31									
32	**Net Administrative Expenses**	13,288,850	14,765,094	(1,476,244)	149,605,909	179,815,010	(30,209,101)	179,815,010	(30,209,101)
33									
34	**Total Plan Expenses (excludes internal transfers)**	279,926,033	294,662,844	(14,736,811)	2,831,263,302	2,936,082,009	(104,818,707)	2,936,082,009	(104,818,707)
35									
36	**Plan Income/(Loss)**	(7,272,423)	(50,899,775)	43,627,352	176,400,209	24,590,201	151,810,008	24,590,201	151,810,008
37									
38	**Cash Availability:**								
39									
40	Beginning Cash Balance/(Deficit)	1,022,119,769	770,465,109	251,654,660	838,447,137	694,975,133	143,472,004	694,975,133	143,472,004
41	**Ending Cash Balance/(Deficit)**	1,014,847,346	719,565,334	295,282,012	1,014,847,346	719,565,334	295,282,012	719,565,334	295,282,012
42									
43	Target Stabilization Reserve @ 12/31/14	234,282,695	234,282,695	-	234,282,695	234,282,695	-	234,282,695	-
44									
45	**Cash Balance Over/(Under) Reserve Target**	$ 780,564,651	$ 485,282,639	$ 295,282,012	$ 780,564,651	$ 485,282,639	$ 295,282,012	$ 485,282,639	$ 295,282,012

Comments:

a. Premium receivables totaled $94,190.31 as of December 31, 2014.

b. The average weekly medical claims cost net of claims refunds was $34,070,260.60 for the five scheduled weekly claim cycles.

c. Total pharmacy claims, before rebates and refunds, included three bi-weekly invoice cycles averaging $28,272,078.67 per cycle.

d. The target stabilization reserve is 8.5% of the projected net claims and Medicare Advantage premiums for Calendar Year 2014.

e. Minor differences compared to other reports are due to rounding.

Actual vs Certified Budget (i.e. *Original Budget* per SL 2013-360 and Board Approved Design)

December - 2014 Calendar Year

North Carolina State Health Plan for Teachers and State Employees
Summary of Operations (Cash Basis, as adjusted)
Consolidated Report, Actual vs. Budgeted
For the Month Ended December 2014
Calendar Year 2014

		A	B	C	D	E	F
		Actual Year to Date Calendar Year thru December	Adjustments for Timing, Unusual & Onetime Events	*Adjusted Actual Year to Date*	Certified Budget Calendar Year to Date thru December	*Year to Date Adjusted Variance Over/(Under) Budget*	Adjusted Variance as Percentage of Budget
1	**Plan Revenue:**						
2							
3	Member Premiums (Notes 1 and 2)	$ 2,952,592,141	$ 13,924,368	$ 2,966,516,509	$ 2,921,878,532	$ 44,637,977	1.53%
4	Premium Refunds/Retroactive Disenrollments	(28,401)		(28,401)	(1,489,408)	1,461,007	-98.09%
5	Medicare Part D (RDS) Subsidy (Note 3)	21,584,404	(6,855,182)	14,729,222	6,344,076	8,385,146	132.17%
6	Medicare PDP (EGWP + Wrap) Subsidy (Note 4)	28,378,401	(1,680,417)	26,697,984	31,047,005	(4,349,021)	-14.01%
7	Medicare Advantage (MA) Subsidy (Note 5)	721,773	(721,773)	-	-	-	
8	Federal Early Retiree Reinsurance Program (ERRP) (Note 6)	(1,949)	1,949	-	-	-	
9	**Net Premium & Other Contributions**	**3,003,248,389**	**4,668,945**	**3,007,916,314**	**2,957,780,206**	**50,135,109**	**1.70%**
10							
11	**Other Revenue**	**4,417,142**		**4,417,142**	**2,892,005**	**1,525,137**	**52.74%**
12							
13	**Total Plan Revenue (excludes internal transfers)**	**3,007,663,611**	**4,668,945**	**3,012,332,456**	**2,960,672,210**	**51,660,246**	**1.74%**
14							
15	**Plan Expenses:**						
16							
17	Net Medical Claims	1,927,107,224		1,927,107,224	2,037,357,295	(110,250,071)	-5.41%
18	Net Pharmacy Claims (Notes 7 and 8)	599,052,219	9,575,016	608,627,235	544,746,971	63,880,264	11.73%
19	**Net Claim Payments**	**2,526,159,443**	**9,575,016**	**2,535,734,459**	**2,582,104,266**	**(46,369,807)**	**-1.80%**
20							
21	**Medicare Advantage Premiums**	**155,497,860**		**155,497,860**	**174,182,733**	**(18,684,783)**	**-10.72%**
22							
23	**Net Administrative Expenses (Note 9)**	**149,605,909**	**(8,491,208)**	**141,114,701**	**179,815,010**	**(38,700,309)**	**-21.52%**
24							
25	**Total Plan Expenses (excludes internal transfers)**	**2,831,263,302**	**1,083,809**	**2,832,347,111**	**2,936,082,009**	**(103,734,899)**	**-3.53%**
26							
27	**Plan Income/(Loss)**	**179,400,209**	**3,585,137**	**179,985,348**	**24,590,201**	**155,395,145**	**631.84%**
28							
29	**Cash Availability:**						
30							
31	Beginning Cash Balance/(Deficit)	838,447,137		838,447,137	694,975,133	143,472,004	20.64%
32	**Ending Cash Balance/(Deficit)**	**1,014,847,346**	**3,585,137**	**1,018,432,483**	**719,565,334**	**298,867,149**	**41.53%**
33							
34	Target Stabilization Reserve @ 12/31/2014	234,282,695		234,282,695	234,282,695	-	
35							
36	**Cash Balance Over/(Under) Reserve Target**	**$ 780,564,651**	**$ 3,585,137**	**$ 784,148,788**	**$ 485,282,639**	**$ 298,867,149**	**61.58%**

Adjustment Notes:
1. Member premiums adjusted to include $60.8 million in prepaid January premiums received in December 2013.
2. Member premiums adjusted to exclude $46.9 million in prepaid January 2015 premiums received in December.
3. Medicare Part D subsidy adjusted to exclude a $6.9 million unbudgeted subsidy refund related to prior plan years.
4. EGWP subsidy adjusted to exclude unbudgeted subsidy payments received in July.
5. Medicare Advantage low income premium subsidies were not budgeted and therefore are excluded.
6. ERRP revenues adjusted to exclude an unbudgeted repayment of ERRP funds resulting from an audit finding.
7. Pharmacy claims adjusted to exclude a $33.1 million claims payment that was budgeted for payment in December 2013 but was not paid until January 2014.
8. Pharmacy claims adjusted to remove unbudgeted rebate true-ups totaling $42.7 million.
9. Administrative expenses adjusted to exclude December 2013 vendor invoices that were not processed until January 2014.

Adjusted Variance Report Based on Certified (Original) Budget
Calendar Year to Date Through December 2014

North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES

CY 2014 4th Quarter Actuarial Forecast Update
Preliminary

Board of Trustees Meeting

February 11, 2015

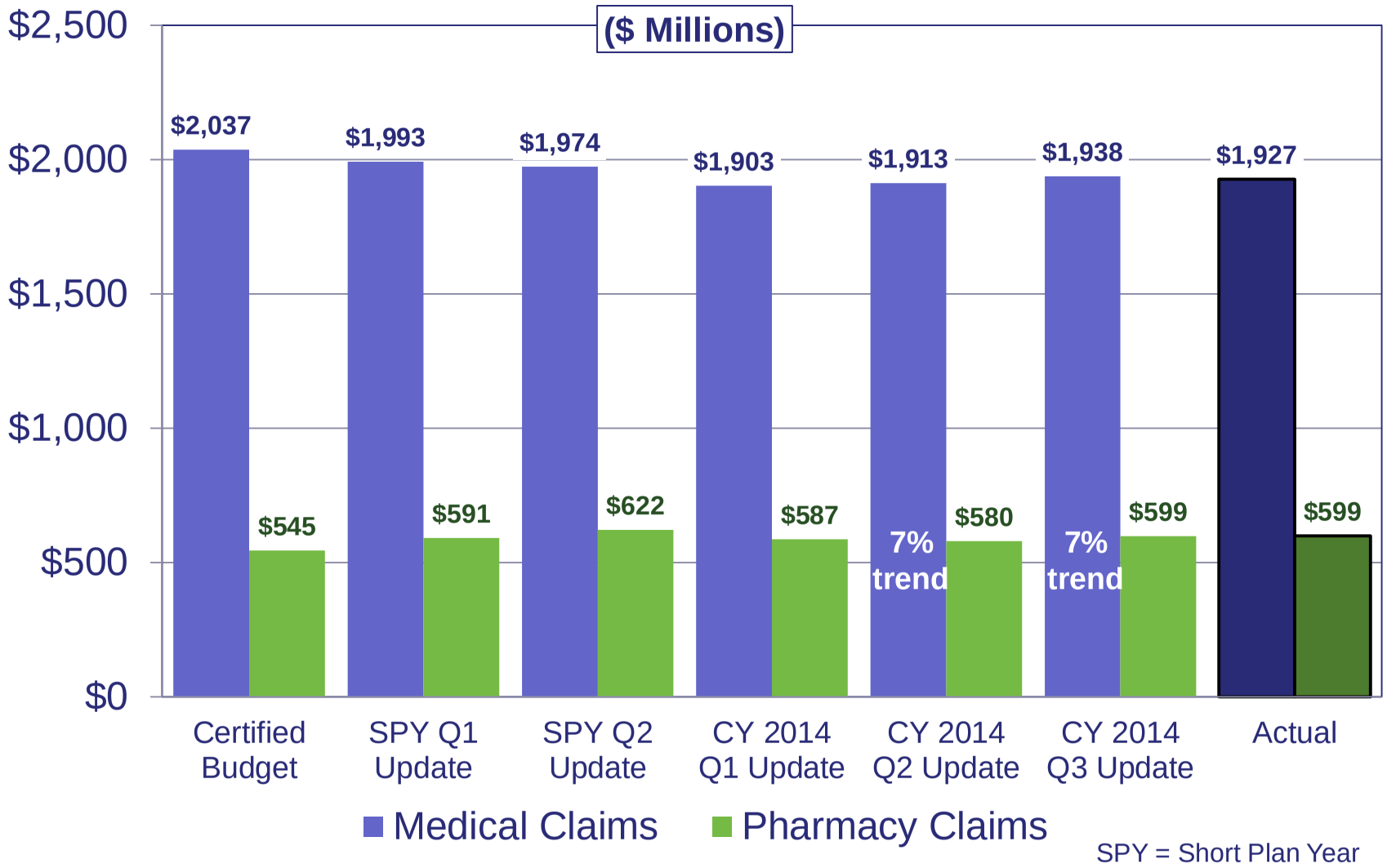
Forecast prepared by The Segal Company
Preliminary version dated 2-6-15

A Division of the Department of State Treasurer

Presentation Overview

- Final CY 2014 Claims Expenditures
- Forecast Update Schedule
- Updated Assumptions: Certified Budget vs. Preliminary CY 2014 4th Quarter Projection
- Certified Budget v. Forecast for CY 2015
- Summary Graphs
- Summary and Future Outlook

Forecast Comparisons: Calendar Year 2014 Claims



SPY = Short Plan Year

Actuarial Forecast Update Schedule

- The Plan's actuarial consultant updates the forecast quarterly and at the end of each calendar year and fiscal year
- Updates take into account more recent information:
  - Actual financial results and cash balance
  - Membership data, including the impact of enrollment changes
  - Claims experience
  - Changes in anticipated costs or revenues

Forecast Assumptions Maintained in the Update
Certified Budget vs. CY 2014 4th Quarter Update

- Membership trends
  - 1% annual decrease in actives
  - 1% annual increase in retirees
- Pharmacy trend assumption of 8.5%
- New benefit design effective January 1, 2014
- 2014 revenues reflect 3.57% across the board premium increases effective January 1, 2014, and the wellness premium structure
- Wellness premium structure extended to the Traditional 70/30 Plan beginning in 2016

Forecast Assumptions Changed/Revised in the Update Certified Budget vs. CY 2014 4th Quarter Update

Changes Always Included in Updates

- Membership based on actual December 2014 counts (instead of March 2013)
- Anticipated claims expenditures based on actual experience through December 2014 (instead of through March 2013)
- Adjustments for timing of revenues and expenses

Additional Changes Included in Earlier Updates

- Medical trend assumption reduced to 7% annually
- Premium freeze for 2015 (Certified Budget assumed 2.14% increase)
- Medicare Advantage premium costs projected to increase with medical trend (7% annually)
- Costs of benefit enhancements: Applied Behavior Analysis (effective January 2015); ACA requirements (additional preventive services; elimination of lifetime limits on essential health benefits)
- Additional FY 2014-15 administrative costs approved by the General Assembly
- 100% coverage of preventive services and medications is assumed for Traditional 70/30 Plan effective January 1, 2016
- Target Stabilization Reserve balances to 9% of claims costs only as of December 31, 2017; Certified Budget balanced to 9% of claims costs *plus* Medicare Advantage premium payments
- Projections extended to include Calendar Years 2018 and 2019
- Enrollment pattern for 2015 and future years estimated from Annual Enrollment results
- Pharmacy claims reflect new contracted prescription drug discounts effective January 1, 2015

Forecast Assumptions Changed/Revised in the Update Certified Budget vs. CY 2014 4th Quarter Update

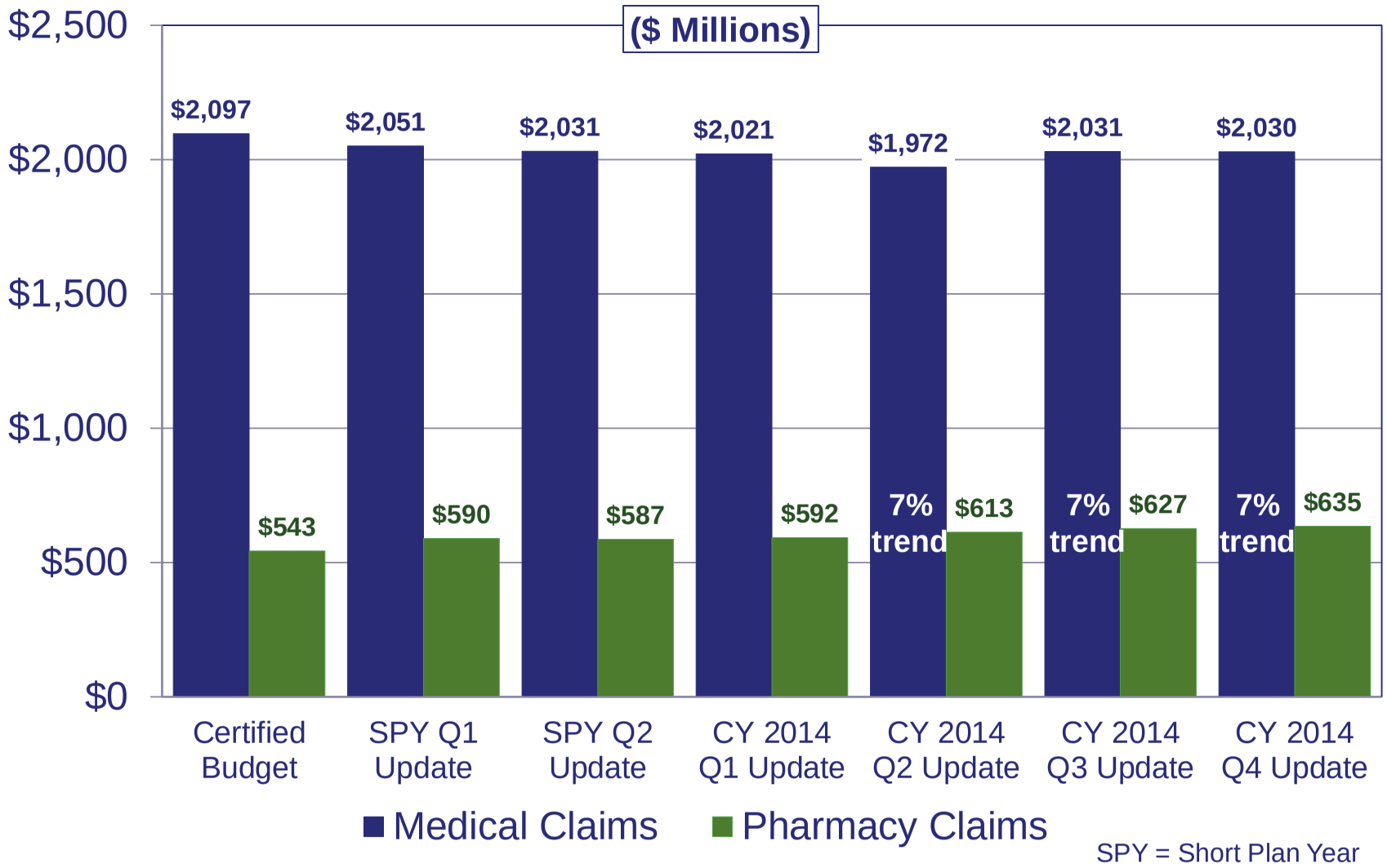
New Changes in the CY 2014 4th Quarter Update

- Reduced savings assumption for new pharmacy discount guarantees to reflect early 2015 experience
- Increased administrative costs for the upcoming Fiscal Biennium
- Projections extended to include 2020 and 2021

Comparison of Models
Certified Budget vs. CY 2014 4th Quarter Update

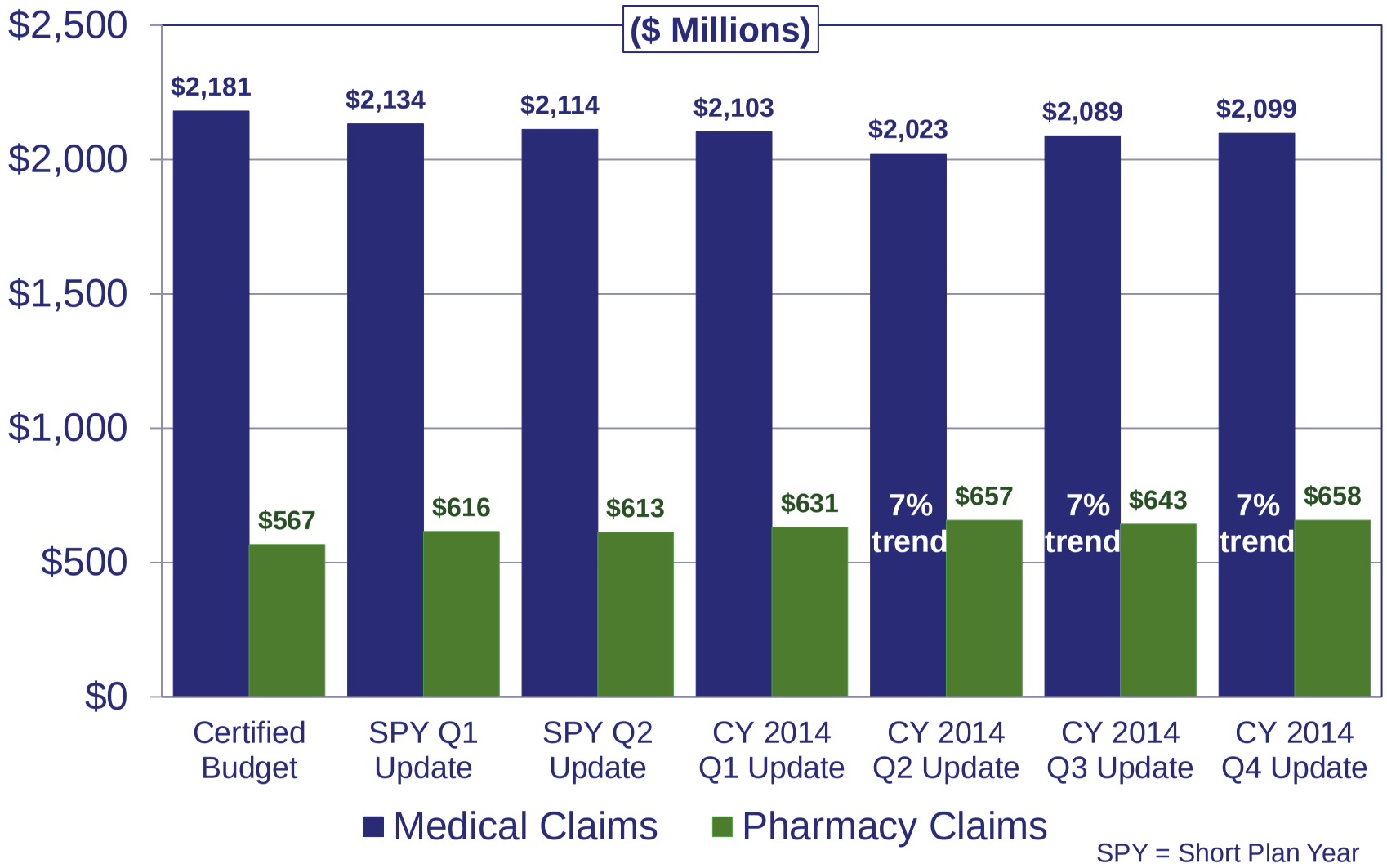
Calendar Year 2015	Preliminary CY 2014 4th Quarter Update (per Segal 2-6-15)	Certified Budget (per Segal 8-19-13)	Difference: Increase/ (Decrease) From Budget
Beginning Cash Balance	**$1.015 b**	**$719.6 m**	**$295.3 m**
Plan Revenue	**$3.014 b**	**$2.989 b**	**$25.3 m**
Net Claims Payments	$2.757 b	$2.748 b	$8.7 m
Medicare Advantage Premiums	$174.2 m	$218.3 m	($44.1 m)
Net Admin. Expenses	$234.1 m	$214.4 m	$19.7 m
Total Plan Expenses	**$3.165 b**	**$3.181 b**	**($15.7 m)**
Net Income/(Loss)	**($151.4 m)**	**($192.4 m)**	**$41.0 m**
Ending Cash Balance	**$863.5 m**	**$527.2 m**	**$336.3 m**

Forecast Comparisons: Fiscal Year 2014-15 Claims



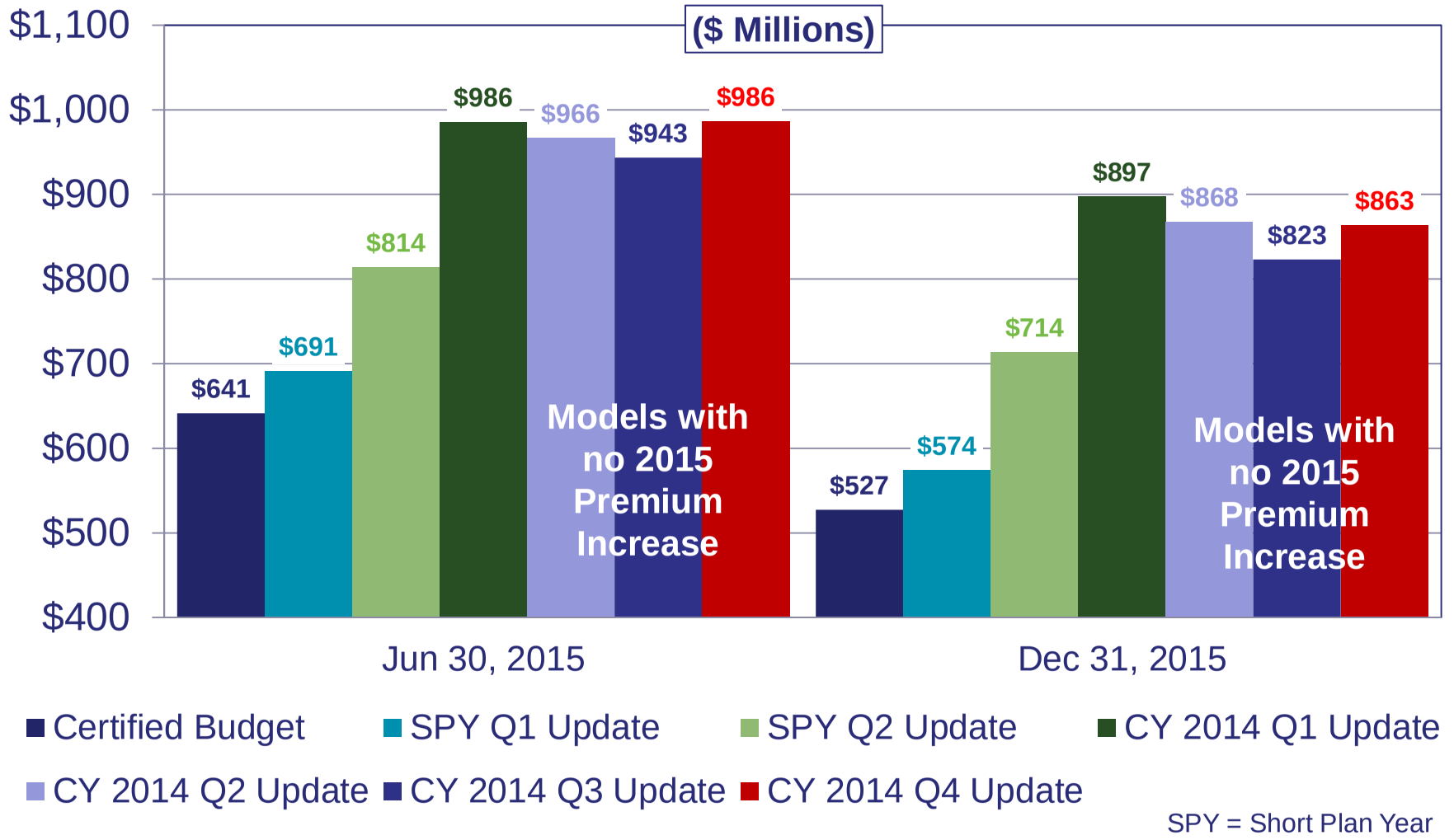
SPY = Short Plan Year

Forecast Comparisons: Calendar Year 2015 Claims



SPY = Short Plan Year

Forecast Comparisons: Ending Cash Balances



SPY = Short Plan Year

Summary/Future Outlook

- Relative to the Certified Budget, the CY 2014 4th Quarter Update projects lower medical claims costs and higher pharmacy claims costs
- The $986.3 million cash balance projected for June 30, 2015:
  - Is $344.9 million higher than the Certified Budget projection
  - Exceeds the 9.0% target stabilization reserve amount by $746.4 million
  - Equates to 15½ weeks of FY 2015-16 projected operating expenses

Note: Forecasts shown on subsequent pages are based on the 2013 Board Approved Wellness Design

Certified Budget
(Segal 8-19-13)

North Carolina State Health Plan
Financial Projections - Mar 2013
Trends - 8.5% Medical & Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With MA & PDP
Incentives start at $15/$15/$20 and increase to $25/$25/$40 in Calendar 2016, $10 Standard Premium Credit
Certified Budget

	2011 - 2013 Biennium		2013 - 2015 Biennium				2015 - 2017 Biennium				
	Actual FY 2012	Projection FY 2013	Projection Short Plan Year Jul-Dec 2013	Projection Calendar 2014 Jan-June	Projection Calendar 2014 July-Dec	Projection Calendar 2015 Jan-Jun	Projection Calendar 2015 Jul-Dec	Projection Calendar 2016 Jan-June	Projection Calendar 2016 July-Dec	Projection Calendar 2017 Jan-Jun	Projection Calendar 2017 Jul-Dec
PLAN INCOME:											
Net Contribution Income	2,750,368,851	2,895,761,603	1,442,578,008	1,490,952,575	1,487,864,429	1,516,588,534	1,513,510,299	1,634,606,643	1,631,357,328	1,761,956,879	1,758,528,795
EGWP/PDP Spouse Premium Reduction		(1,244,665)	(2,498,637)	(14,615,034)	(14,687,927)	(14,761,184)	(14,834,807)	(14,908,796)	(14,983,155)	(15,057,884)	(15,132,986)
MA Spouse Premium Reduction				(5,898,039)	(5,927,456)	(5,957,019)	(5,986,730)	(6,016,589)	(6,046,598)	(6,076,755)	(6,107,063)
MA Buy-up Premium				10,940,979	10,995,548	15,140,644	15,216,158	19,774,355	19,872,981	24,884,033	25,008,144
Health care Reform ERRP	42,163,391	(558,219)	-	-	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(714,727)	(721,289)	(745,476)	(743,932)	(758,294)	(756,755)	(817,303)	(815,679)	(880,978)	(879,264)
Premium Incentive			-	(15,363,911)	(15,332,089)	(14,299,813)	(14,287,662)	18,347,595	18,311,123	18,164,492	18,129,151
CDHP Premium Reduction			-	(3,528,927)	(3,521,618)	(4,751,766)	(4,747,728)	(5,957,822)	(5,945,979)	(7,139,050)	(7,125,160)
Medicare Part D	57,583,602	36,936,224	2,784,744	3,434,018	2,910,058	3,588,549	3,041,010	3,750,033	3,177,856	3,918,785	3,320,859
EGWP+Wrap											
Direct Subsidy	-	25,008,159	25,151,533	-	-	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	7,195,769	17,999,102	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	13,047,904	-	-	-	-	-	-
Total	-	25,008,159	32,347,302	17,999,102	13,047,904	-	-	-	-	-	-
Appropriations from State Reserve				-							
Investment Earnings	3,015,815	3,063,553	1,448,002	1,420,130	1,471,875	1,364,138	1,187,237	977,122	864,507	734,935	644,071
Total Plan Income	2,852,680,163	2,958,251,928	1,475,938,129	1,484,595,416	1,476,076,792	1,496,153,788	1,492,341,023	1,649,755,238	1,645,792,386	1,780,504,456	1,776,386,545
PLAN EXPENSE:											
Medical Claims Payment	1,849,410,105	1,882,949,142	997,508,625	1,111,574,513	1,036,956,734	1,201,076,486	1,130,686,863	1,298,249,706	1,217,598,950	1,400,256,154	1,312,797,082
Claim Refunds	(22,634,615)	(23,855,443)	(12,060,684)	(12,583,200)	(12,885,851)	(13,596,192)	(14,362,157)	(14,789,230)	(15,257,502)	(15,736,111)	(16,451,838)
Dental & MHSA Enhancement			1,965,794	3,370,442	3,144,191	3,641,824	3,428,393	3,936,466	3,691,922	4,245,763	3,980,576
Medicare Advantage Claims Reduction				(51,495,701)	(60,190,041)	(65,631,913)	(65,959,257)	(71,922,732)	(72,281,451)	(78,816,526)	(79,209,628)
Calendar Year Adjustments		-	44,524,878	(4,229,258)	14,039,329	(14,419,571)	18,622,423	(17,792,129)	20,205,328	(19,304,460)	21,922,781
Preventative at 100% in Standard Plan				9,805,123	13,733,526	15,553,431	15,012,324	16,765,870	16,153,784	18,067,218	17,400,803
Premium Incentive				(7,995,527)	(11,972,541)	(11,462,987)	(11,446,086)	(12,527,363)	(12,502,373)	(19,984,282)	(19,945,259)
CDHP Claims Reduction				(2,705,932)	(4,051,876)	(5,771,199)	(5,762,690)	(8,941,127)	(8,923,291)	(12,953,021)	(12,927,728)
Limited Network Savings				310,434	464,845	390,200	389,624	602,750	601,547	576,589	575,463
PCP Copay Waiver				4,407,787	6,600,242	(367,417)	(366,875)	(4,086,355)	(4,078,203)	(17,078,970)	(17,045,620)
Mental Health Enhancements				451,938	608,120	704,185	662,915	765,427	717,877	830,633	778,752
Net Medical Claims	1,826,775,490	1,859,093,698	1,031,938,612	1,050,910,619	986,446,678	1,110,116,847	1,070,905,478	1,190,261,283	1,145,926,587	1,260,102,988	1,211,875,383
Medicare Advantage Premiums			-	86,864,745	87,297,988	108,861,089	109,404,040	133,102,486	133,766,343	159,805,493	160,602,532
Pharmacy Claims Payment	721,163,013	749,090,373	426,782,431	389,095,527	461,133,212	420,430,469	498,290,216	492,888,065	499,857,994	532,671,371	540,226,350
Rebates	(93,130,160)	(72,024,902)	(22,208,556)	(32,607,518)	(23,014,123)	(26,428,528)	(23,850,891)	(27,281,378)	(24,724,242)	(28,163,286)	(25,623,274)
Calendar Year Adjustments			6,211,534	(9,511,046)	11,406,548	(10,470,311)	12,325,781	(12,201,284)	12,627,650	(13,186,116)	13,647,560
Net Pharmacy Claims	628,032,853	677,065,471	410,785,408	346,976,963	449,525,637	383,531,630	486,765,106	453,405,403	487,761,402	491,321,968	528,250,635
MA-PDP Claims Reduction			-	(114,577,245)	(139,255,710)	(151,846,028)	(152,603,370)	(166,400,470)	(167,230,403)	(182,349,955)	(183,259,437)
EGWP+Wrap Reduction in Rebates		808,689	1,635,695	827,018	-	-	-	-	-	-	-
EGWP+Wrap Claim Increase		222,762	462,707	-	-	-	-	-	-	-	-
Expand Coverage of Diabetic Test Strips		-	591,768	686,454	813,546	741,737	879,099	869,568	881,865	939,755	953,084
HB 675 - Pharmacy Audit Changes				100,000	104,617	95,383	113,047	111,821	113,403	120,847	122,561
Specialty Pharmacy Tier				(188,553)	(265,758)	(258,101)	(305,899)	(321,725)	(326,275)	(370,373)	(375,627)
Total Pharmacy Claims	628,032,853	678,096,922	413,475,579	233,824,638	310,922,331	232,264,620	334,847,983	287,664,597	321,199,992	309,662,242	345,691,217
Total Claims	2,454,808,343	2,537,190,620	1,445,414,191	1,371,600,002	1,384,666,997	1,451,242,555	1,515,157,501	1,611,028,367	1,600,892,923	1,729,570,723	1,718,169,132
Administrative Costs	165,480,561	164,665,404	85,504,284	91,148,330	88,666,681	88,484,867	91,324,774	91,141,320	93,688,951	93,504,688	96,122,447
ACA Reinsurance Fee				-	-	34,632,846	-	21,039,454	-	14,201,632	-
Extra EGWP+Wrap Administration	-	2,893,881	5,794,014	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,704,749,905	1,536,712,490	1,462,748,331	1,473,333,678	1,574,360,269	1,606,482,275	1,723,209,141	1,694,581,874	1,837,277,042	1,814,291,579
Plan Income (Loss)	232,391,259	253,502,023	(60,774,360)	21,847,084	2,743,114	(78,206,481)	(114,141,252)	(73,453,903)	(48,789,488)	(56,772,586)	(37,905,034)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	755,749,494	694,975,134	716,822,218	719,565,332	641,358,851	527,217,599	453,763,696	404,974,207	348,201,621
Ending Cash Balance (Deficit)	502,247,471	755,749,494	694,975,134	716,822,218	719,565,332	641,358,851	527,217,599	453,763,696	404,974,207	348,201,621	310,296,587
Target Stabilization Reserve	184,110,626	202,975,250	219,485,780	239,446,206	234,282,695	255,231,860	266,976,005	281,356,728	289,072,916	299,741,728	310,296,587
	7.5%	8.0%	8.0%	8.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase		1/1 Increase		1/1 Increase		1/1 Increase		1/1 Increase	
Premium Increase:	5.3%	5.3%		3.57%		2.14%		8.22%		8.22%	

Short Plan Year Q1 Update

(Segal 11-14-13)

North Carolina State Health Plan
Financial Projections - Sep 2013
Trends - 8.5% Medical & Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With MA & PDP, With Essential Health Benefits & MH Parity
Incentives start at $15/$15/$20 and increase to $25/$25/$40 in Calendar 2016, $10 Standard Premium Credit

	2012 - 2013 Biennium		2014 - 2015 Biennium				2016 - 2017 Biennium				
	Actual FY 2012	Actual FY 2013	Projection Short Plan Year Jul-Dec 2013	Projection Calendar 2014 Jan-June	Projection Calendar 2014 July-Dec	Projection Calendar 2015 Jan-Jun	Projection Calendar 2015 Jul-Dec	Projection Calendar 2016 Jan-June	Projection Calendar 2016 July-Dec	Projection Calendar 2017 Jan-Jun	Projection Calendar 2017 Jul-Dec
PLAN INCOME:											
Net Contribution Income	2,750,368,851	2,895,366,140	1,454,995,731	1,497,179,531	1,494,163,089	1,523,095,383	1,520,090,707	1,634,253,292	1,631,098,518	1,753,672,738	1,750,362,250
EGWP/PDP Spouse Premium Reduction		-	(1,231,103)	(14,552,685)	(14,625,268)	(14,698,212)	(14,771,520)	(14,845,194)	(14,919,235)	(14,993,646)	(15,068,428)
MA Spouse Premium Reduction				(5,856,638)	(5,885,849)	(5,915,205)	(5,944,707)	(5,974,357)	(6,004,154)	(6,034,100)	(6,064,196)
MA Buy-up Premium				11,144,450	11,200,034	15,391,702	15,468,469	20,077,844	20,177,983	25,245,260	25,371,173
Health care Reform ERRP	42,163,391	(558,219)	-	-	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(613,406)	(748,590)	(747,082)	(761,548)	(760,045)	(817,127)	(815,549)	(876,836)	(875,181)
Premium Incentive			-	(15,132,835)	(15,102,346)	(14,099,776)	(14,071,961)	18,234,558	18,199,358	18,052,395	18,018,317
CDHP Premium Reduction			-	(3,486,444)	(3,479,420)	(4,693,593)	(4,684,333)	(5,878,790)	(5,867,442)	(7,042,406)	(7,029,111)
Medicare Part D	57,583,602	38,056,016	(2,045,274)	3,280,324	2,779,814	3,427,938	2,904,906	3,582,196	3,035,627	3,743,394	3,172,230
EGWP+Wrap											
Direct Subsidy	-	24,435,483	25,741,422	-	-	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	8,953,844	18,169,771	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	-	13,171,626	-	-	-	-	-
Total	-	24,435,483	34,695,267	18,169,771	-	13,171,626	-	-	-	-	-
Appropriations from State Reserve				-							
Investment Earnings	3,015,815	3,236,713	1,663,868	1,489,193	1,545,098	1,447,760	1,284,123	1,065,908	939,801	788,054	665,776
Total Plan Income	2,852,680,163	2,960,048,314	1,487,465,082	1,491,486,077	1,489,848,073	1,516,366,077	1,499,515,639	1,649,698,330	1,645,844,906	1,772,554,853	1,768,552,830
PLAN EXPENSE:											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,004,924,154	1,087,845,343	1,014,877,297	1,175,569,905	1,106,736,822	1,270,823,703	1,191,944,159	1,370,832,602	1,285,284,566
Claim Refunds	(22,634,615)	(23,467,914)	(11,861,694)	(12,309,995)	(12,611,230)	(13,307,208)	(13,868,798)	(14,476,540)	(14,935,747)	(15,405,170)	(16,106,749)
Dental & MHSA Enhancement			1,424,066	3,370,351	3,144,282	3,642,138	3,428,880	3,937,253	3,692,869	4,247,099	3,982,055
Medicare Advantage Claims Reduction				(51,959,107)	(60,778,121)	(66,273,163)	(66,603,704)	(72,625,445)	(72,987,669)	(79,586,594)	(79,983,537)
Calendar Year Adjustments		-	33,053,694	(4,229,258)	14,039,329	(14,419,571)	18,622,423	(17,792,129)	20,205,328	(19,304,460)	21,922,781
Preventative at 100% in Standard Plan				9,572,332	13,420,058	15,191,448	14,674,949	16,376,496	15,789,284	17,649,201	17,009,684
Premium Incentive				(7,929,050)	(11,873,557)	(11,380,262)	(11,357,731)	(12,581,387)	(12,557,011)	(19,995,303)	(19,957,415)
CDHP Claims Reduction				(2,637,947)	(3,950,260)	(5,647,915)	(5,636,733)	(8,766,694)	(8,749,709)	(12,719,839)	(12,695,736)
Limited Network Savings				304,325	455,720	382,506	381,748	595,478	594,324	569,136	568,057
PCP Copay Waiver				4,337,145	6,494,768	(398,650)	(397,860)	(4,021,959)	(4,014,166)	(16,995,135)	(16,962,932)
Essential Health Benefits/MH Parity				1,411,202	1,898,981	2,198,838	2,070,089	2,390,068	2,241,718	2,593,674	2,431,814
Net Medical Claims	1,826,775,490	1,834,628,491	1,027,540,221	1,027,775,341	965,117,266	1,085,558,067	1,048,050,085	1,163,858,843	1,121,223,380	1,231,885,210	1,185,492,589
Medicare Advantage Premiums			-	88,480,183	88,921,483	110,744,961	111,297,308	135,281,658	135,956,384	162,309,415	163,118,944
Pharmacy Claims Payment	721,163,013	752,419,650	456,411,374	414,627,765	491,418,537	448,066,596	531,072,633	525,343,967	532,801,144	567,808,369	575,892,516
Rebates	(93,130,160)	(69,641,941)	(29,386,434)	(37,921,448)	(23,335,020)	(33,756,553)	(24,186,211)	(27,624,160)	(25,074,597)	(28,521,582)	(25,989,500)
Calendar Year Adjustments			4,259,545	(10,817,063)	12,155,834	(11,158,568)	13,136,856	(13,004,731)	13,460,008	(14,055,935)	14,548,727
Net Pharmacy Claims	628,032,853	682,777,709	431,284,485	365,889,254	480,239,351	403,151,475	520,023,278	484,715,076	521,186,555	525,230,852	564,451,743
MA-PDP Claims Reduction			-	(116,068,145)	(141,087,642)	(153,843,588)	(154,610,892)	(168,589,496)	(169,430,346)	(184,748,799)	(185,670,245)
EGWP+Wrap Reduction in Rebates		-	834,594	842,398	-	-	-	-	-	-	-
EGWP+Wrap Claim Increase		-	238,622	-	-	-	-	-	-	-	-
Expand Coverage of Diabetic Test Strips		-	380,804	686,435	813,565	741,794	879,214	869,730	882,076	940,032	953,416
HB 675 - Pharmacy Audit Changes				100,000	104,614	95,386	113,056	111,837	113,424	120,876	122,597
Specialty Pharmacy Tier				(188,549)	(265,765)	(258,094)	(305,906)	(321,717)	(326,283)	(370,363)	(375,637)
Total Pharmacy Claims	628,032,853	682,777,709	432,738,506	251,261,393	339,804,124	249,886,974	366,098,750	316,785,430	352,425,425	341,172,598	379,481,875
Total Claims	2,454,808,343	2,517,406,200	1,460,278,726	1,367,516,917	1,393,842,873	1,446,190,002	1,525,446,144	1,615,925,931	1,609,605,189	1,735,367,224	1,728,093,407
Administrative Costs	165,480,561	161,401,639	83,826,787	91,261,895	88,664,163	88,487,385	91,322,160	91,143,934	93,697,029	93,518,151	96,141,860
ACA Reinsurance Fee				-	-	34,632,846	-	21,039,454	-	14,201,632	-
Extra EGWP+Wrap Administration	-	-	2,904,645	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,678,807,839	1,547,010,159	1,458,778,811	1,482,507,036	1,569,310,234	1,616,768,304	1,728,109,320	1,703,302,218	1,843,087,006	1,824,235,268
Plan Income (Loss)	232,391,259	281,240,475	(59,545,076)	32,707,266	(12,658,963)	(52,944,157)	(117,252,665)	(78,410,990)	(57,457,313)	(70,532,153)	(55,682,438)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	723,942,870	756,650,136	743,991,173	691,047,016	573,794,351	495,383,360	437,926,048	367,393,895
Ending Cash Balance (Deficit)	502,247,471	783,487,946	723,942,870	756,650,136	743,991,173	691,047,016	573,794,351	495,383,360	437,926,048	367,393,895	311,711,457
Target Stabilization Reserve	184,110,626	201,392,496	116,822,298	240,362,630	234,715,582	255,602,959	267,447,253	282,723,487	290,297,801	301,047,517	311,711,457
	7.5%	8.0%	8.0%	8.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase		1/1 Increase		1/1 Increase		1/1 Increase		1/1 Increase	
Premium Increase:	5.3%	5.3%		3.57%		2.14%		7.72%		7.72%	

Short Plan Year Q2 Update

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(Segal 3-20-14)

North Carolina State Health Plan
Financial Projections - Dec 2013
Trends - 8.5% Medical & Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With MA & PDP, With Essential Health Benefits & MH Parity
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2012 - 2013 Biennium								
	Actual FY 2012	Actual FY 2013	Actual Short Plan Year Jul-Dec 2013	Projection Calendar 2014	Projection Calendar 2015	Projection Calendar 2016	Projection Calendar 2017	Projection Calendar 2018	Projection Calendar 2019
PLAN INCOME:									
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,970,543,666	3,051,421,272	3,208,031,812	3,372,966,690	3,824,203,625	4,336,181,113
EGWP/PDP Spouse Premium Reduction		-	-	(28,758,859)	(29,046,448)	(29,336,913)	(29,630,282)	(29,926,584)	(30,225,850)
MA Spouse Premium Reduction				(11,584,206)	(11,700,048)	(11,817,049)	(11,935,219)	(12,054,571)	(12,175,117)
MA Buy-up Premium				22,174,902	30,658,726	40,019,308	50,341,322	50,844,735	51,353,182
Health care Reform ERRP	42,163,391	(558,219)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(1,485,272)	(1,525,711)	(1,604,016)	(1,686,483)	(1,912,102)	(2,168,091)
Premium Incentive			-	(30,069,702)	(28,000,094)	37,232,486	36,860,749	53,391,313	55,247,217
CDHP Premium Reduction			-	(6,988,511)	(9,406,300)	(11,779,904)	(14,110,059)	(14,083,447)	(14,057,443)
Medicare Part D	57,583,602	38,056,016	(1,323,888)	11,777,523	6,332,844	6,617,822	6,915,624	7,226,827	7,552,035
EGWP+Wrap									
Direct Subsidy	-	24,435,483	25,202,822	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	24,177,036	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	31,734,272	-	-	-	-
Total	-	24,435,483	37,082,587	24,177,036	31,734,272	-	-	-	-
Appropriations from State Reserve									
Investment Earnings	3,015,815	3,236,713	1,841,087	3,321,318	3,217,073	2,472,854	1,579,006	949,878	1,134,624
Total Plan Income	2,852,680,163	2,960,048,314	1,539,900,247	2,953,107,894	3,043,685,587	3,239,836,402	3,411,301,348	3,878,639,674	4,392,841,669
PLAN EXPENSE:									
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	2,083,673,638	2,261,596,481	2,440,333,727	2,631,827,805	2,897,278,791	3,072,605,012
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(24,973,844)	(26,929,550)	(29,144,515)	(31,223,916)	(33,784,572)	(36,623,068)
Dental & MHSA Enhancement			-	6,514,633	7,070,911	7,629,735	8,228,444	9,058,380	9,606,540
Medicare Advantage Claims Reduction				(112,463,601)	(132,498,969)	(145,198,995)	(159,116,318)	(174,367,618)	(191,080,754)
Calendar Year Adjustments		-	-	9,810,071	4,202,852	2,413,200	2,618,322	2,840,879	3,082,354
Preventative at 100%				22,773,966	29,585,221	49,841,453	55,369,746	60,984,799	64,519,766
Premium Incentive				(19,576,815)	(22,464,351)	(24,693,344)	(39,441,246)	(41,875,309)	(44,809,245)
CDHP Claims Reduction				(6,536,570)	(11,217,934)	(17,432,379)	(25,312,620)	(28,054,532)	(30,750,194)
Limited Network Savings				755,079	759,503	1,192,777	1,139,976	980,250	803,548
PCP Copay Waiver				10,761,897	(794,450)	(7,830,362)	(33,815,869)	(49,197,620)	(66,311,558)
Essential Health Benefits/MH Parity				3,310,240	4,268,927	4,631,786	5,025,488	5,532,368	5,867,154
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,974,048,693	2,113,578,641	2,281,743,083	2,415,299,812	2,649,395,817	2,786,909,556
Medicare Advantage Premiums			-	176,055,285	220,532,743	269,549,392	323,543,071	372,120,793	425,530,349
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	934,478,295	974,347,743	1,052,930,005	1,138,023,343	1,230,098,785	1,329,738,481
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(60,868,702)	(57,539,179)	(52,278,672)	(54,073,772)	(52,947,389)	(54,894,471)
Calendar Year Adjustments			-	1,940,054	1,968,345	452,762	490,050	530,460	574,256
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	875,549,647	918,776,908	1,001,104,094	1,084,439,621	1,177,681,856	1,275,418,266
MA-PDP Claims Reduction			-	(256,316,210)	(307,306,809)	(336,762,167)	(369,040,821)	(404,413,383)	(443,176,406)
EGWP+Wrap Reduction in Rebates		-	-	839,332	-	-	-	-	-
EGWP+Wrap Claim Increase		-	-	-	-	-	-	-	-
Expand Coverage of Diabetic Test Strips		-	-	1,500,000	1,563,997	1,690,136	1,826,725	1,974,522	2,134,461
HB 675 - Pharmacy Audit Changes				204,615	208,438	225,248	243,452	263,149	284,465
Specialty Pharmacy Tier				(227,226)	(292,000)	(336,000)	(386,000)	(417,231)	(451,027)
Total Pharmacy Claims	628,032,853	682,777,709	393,069,298	621,550,158	612,950,534	665,921,311	717,082,978	775,088,914	834,209,759
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,771,654,136	2,947,061,919	3,217,213,786	3,455,925,861	3,796,605,524	4,046,649,664
Administrative Costs	165,480,561	161,401,639	69,548,737	188,437,262	179,809,574	184,837,642	189,649,805	192,119,934	192,119,934
ACA Reinsurance Fee				-	34,632,846	21,039,454	14,201,632	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,678,807,839	1,484,941,057	2,960,091,398	3,161,504,339	3,423,090,882	3,659,777,298	3,988,725,458	4,238,769,598
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	(6,983,504)	(117,818,752)	(183,254,480)	(248,475,950)	(110,085,784)	154,072,071
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	831,463,633	713,644,881	530,390,401	281,914,451	171,828,667
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	831,463,633	713,644,881	530,390,401	281,914,451	171,828,667	325,900,738
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	220,625,902	245,387,626	265,289,795	281,914,451	308,203,626	325,900,738
	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase		1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
Premium Increase:	5.3%	5.3%		3.57%	2.14%	5.55%	5.55%	13.81%	13.81%

Short Plan Year Q2 Update

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(Segal 3-20-14)

North Carolina State Health Plan
Financial Projections - Dec 2013
Trends - 8.5% Medical & Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With MA & PDP, With Essential Health Benefits & MH Parity
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2010-2011 Biennium		2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium	
	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Projection FY 2014	Projection FY2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019
PLAN INCOME:										
Net Contribution Income	2,413,877,944	2,684,814,172	2,750,368,851	2,895,366,140	2,974,875,415	3,025,476,833	3,129,770,621	3,290,543,712	3,598,759,274	4,080,384,112
EGWP/PDP Spouse Premium Reduction				-	(14,343,660)	(28,902,296)	(29,191,319)	(29,483,232)	(29,778,065)	(30,075,845)
MA Spouse Premium Reduction					(5,777,695)	(11,641,983)	(11,758,403)	(11,875,987)	(11,994,747)	(12,114,694)
MA Buy-up Premium					11,059,870	26,406,262	35,327,375	45,167,477	50,592,402	51,098,326
Health care Reform ERRP	-	45,298,812	42,163,391	(558,219)	-	-	-	-	-	-
Retro Disenrollments	(1,310,146)	(1,281,584)	(451,496)	(487,819)	(1,013,687)	(1,512,738)	(1,564,885)	(1,645,272)	(1,799,380)	(2,040,192)
Premium Incentive					(15,050,145)	(29,033,551)	4,648,296	37,046,043	45,133,340	54,319,532
CDHP Premium Reduction					(3,497,810)	(8,198,537)	(10,594,160)	(12,945,967)	(14,096,677)	(14,070,368)
Medicare Part D	74,357,704	66,276,535	57,583,602	38,056,016	7,673,821	6,207,753	6,487,102	6,779,021	7,084,077	7,402,861
EGWP+Wrap										
Direct Subsidy	-	-	-	24,435,483	25,202,822	-	-	-	-	-
Coverage Gap Subsidy	-	-	-	-	36,056,800	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	-	31,734,272	-	-	-	-
Total	-	-	-	24,435,483	61,259,622	31,734,272	-	-	-	-
Appropriations from State Reserve										
Investment Earnings	3,532,448	2,861,085	3,015,815	3,236,713	3,458,328	3,374,214	2,870,577	2,060,786	1,170,721	942,963
Total Plan Income	2,490,457,950	2,797,969,020	2,852,680,163	2,960,048,314	3,018,644,061	3,013,910,229	3,125,995,203	3,325,646,582	3,645,070,948	4,135,846,695
PLAN EXPENSE:										
Medical Claims Payment	1,829,432,245	1,852,549,690	1,849,410,105	1,858,096,405	2,111,136,595	2,170,606,720	2,355,942,280	2,539,384,035	2,744,609,210	2,957,011,522
Claim Refunds	(31,916,831)	(24,723,681)	(22,634,615)	(23,467,914)	(23,311,025)	(25,683,840)	(28,087,779)	(30,064,154)	(32,703,421)	(35,022,891)
Dental & MHSA Enhancement					3,370,316	6,786,430	7,365,884	7,939,418	8,581,057	9,245,135
Medicare Advantage Claims Reduction					(51,858,331)	(126,689,953)	(138,833,186)	(152,140,346)	(166,722,999)	(182,703,398)
Calendar Year Adjustments				-	(4,229,258)	(380,241)	830,294	900,869	977,443	1,060,525
Preventative at 100%					9,478,438	28,342,109	39,151,144	53,420,904	57,681,930	62,081,319
Premium Incentive					(7,838,711)	(22,981,509)	(23,579,701)	(32,074,091)	(40,658,993)	(43,343,166)
CDHP Claims Reduction					(2,617,294)	(9,533,851)	(14,328,079)	(21,376,086)	(26,684,587)	(29,403,292)
Limited Network Savings					302,340	832,871	976,344	1,166,339	1,060,026	891,808
PCP Copay Waiver					4,309,148	6,055,127	(4,315,840)	(20,835,470)	(41,513,579)	(57,761,881)
Essential Health Benefits/MH Parity					1,411,238	4,097,858	4,460,159	4,835,394	5,240,844	5,646,428
Net Medical Claims	1,797,515,414	1,827,826,009	1,826,775,490	1,834,628,491	2,040,153,456	2,031,451,720	2,199,581,522	2,351,156,809	2,509,866,931	2,687,702,109
Medicare Advantage Premiums					87,808,667	198,238,694	244,980,101	296,479,075	347,771,512	398,759,141
Pharmacy Claims Payment	N/A	N/A	721,163,013	752,419,650	870,709,119	934,905,342	1,051,228,929	1,095,165,283	1,183,723,074	1,279,551,736
Rebates	N/A	N/A	(93,130,160)	(69,641,941)	(69,918,142)	(56,695,982)	(51,398,622)	(53,167,573)	(52,001,558)	(53,911,531)
Calendar Year Adjustments					(10,156,576)	992,565	131,662	(592,770)	(641,245)	(693,747)
Net Pharmacy Claims	596,709,775	655,868,735	628,032,853	682,777,709	790,634,401	879,201,925	999,961,970	1,041,404,939	1,131,080,272	1,224,946,458
MA-PDP Claims Reduction					(115,753,515)	(293,833,875)	(321,997,852)	(352,861,346)	(386,683,106)	(423,746,682)
EGWP+Wrap Reduction in Rebates				-	839,332	-	-	-	-	-
EGWP+Wrap Claim Increase				-	-	-	-	-	-	-
Expand Coverage of Diabetic Test Strips				-	715,027	1,500,685	1,687,405	1,757,931	1,900,081	2,053,903
HB 675 - Pharmacy Audit Changes					100,000	200,000	224,885	234,284	253,228	273,729
Specialty Pharmacy Tier					(94,304)	(266,546)	(325,193)	(360,820)	(401,501)	(434,004)
Total Pharmacy Claims	596,709,775	655,868,735	628,032,853	682,777,709	676,440,941	586,802,189	679,551,215	690,174,988	746,148,975	803,093,403
Total Claims	2,394,225,189	2,483,694,744	2,454,808,343	2,517,406,200	2,804,403,064	2,816,492,603	3,124,112,838	3,337,810,872	3,603,787,417	3,889,554,653
Administrative Costs	164,649,780	165,902,094	165,480,561	161,401,639	169,321,052	177,151,548	182,466,094	187,208,490	192,195,802	192,119,934
ACA Reinsurance Fee					-	34,632,846	21,039,454	14,201,632	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,558,874,969	2,649,596,838	2,620,288,904	2,678,807,839	2,973,724,116	3,028,276,997	3,327,618,386	3,539,220,994	3,795,983,219	4,081,674,587
Plan Income (Loss)	(68,417,019)	148,372,182	232,391,259	281,240,475	44,919,945	(14,366,769)	(201,623,183)	(213,574,412)	(150,912,271)	54,172,108
Beginning Cash Balance (Deficit)	189,901,049	121,484,030	269,856,212	502,247,471	783,487,946	828,407,891	814,041,122	612,417,939	398,843,527	247,931,256
Ending Cash Balance (Deficit)	121,484,030	269,856,212	502,247,471	783,487,946	828,407,891	814,041,122	612,417,939	398,843,527	247,931,256	302,103,363
Target Stabilization Reserve	179,566,889	186,277,106	184,110,626	201,392,496	230,910,524	235,642,852	259,121,946	273,719,862	293,041,432	314,171,596
			7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
Premium Increase:	8.9%	8.9%	5.3%	5.3%	3.57%	2.14%	5.55%	5.55%	13.81%	13.81%

CY 2014 Q1 Update

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(Segal 5-16-14)

North Carolina State Health Plan
Financial Projections - Mar 2014
Trends - 8.5% Medical & Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With MA & PDP, With Essential Health Benefits & MH Parity
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2012 - 2013 Biennium								
	Actual FY 2012	Actual FY 2013	Actual Short Plan Year Jul-Dec 2013	Projection Calendar 2014	Projection Calendar 2015	Projection Calendar 2016	Projection Calendar 2017	Projection Calendar 2018	Projection Calendar 2019
PLAN INCOME:									
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	3,028,890,369	3,128,803,824	3,481,139,560	3,605,236,066	4,275,034,734	4,865,853,386
EGWP/PDP Spouse Premium Reduction		-	-	-	-	-	-	-	-
MA Spouse Premium Reduction				-	-	-	-	-	-
MA Buy-up Premium				-	-	-	-	-	-
Medicare Advantae Subsidy				152,149	-	-	-	-	-
Health care Reform ERRP	42,163,391	(558,219)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(1,147,610)	(1,564,402)	(1,740,570)	(1,802,618)	(2,137,517)	(2,432,927)
Wellness Credit			-	(86,126,636)	(115,224,546)	(336,693,892)	(333,629,435)	(486,724,546)	(486,445,952)
Premium Reduction due to Movement			-	-	(9,808,137)	(4,684,389)	(7,458,634)	(10,854,215)	(13,682,766)
Medicare Part D	57,583,602	38,056,016	(1,323,888)	14,528,165	6,332,844	6,617,822	6,915,624	7,226,827	7,552,035
EGWP+Wrap									
Direct Subsidy	-	24,435,483	25,202,822	572,152	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	23,747,921	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	31,734,272	-	-	-	-
Total	-	24,435,483	37,082,587	24,320,074	31,734,272	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,013,866	3,918,968	3,125,545	1,868,283	947,440	1,121,086
Total Plan Income	2,852,680,163	2,960,048,314	1,539,900,247	2,984,630,376	3,044,192,823	3,147,764,077	3,271,129,287	3,783,492,723	4,371,964,862
PLAN EXPENSE:									
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,998,101,810	2,237,889,787	2,414,753,829	2,604,241,245	2,866,910,701	3,040,400,426
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(23,670,288)	(26,647,267)	(28,839,018)	(30,896,629)	(33,430,454)	(36,239,211)
Dental & MHSA Enhancement			-	4,999,489	7,296,440	7,873,090	8,490,897	9,347,307	9,912,955
Medicare Advantage Claims Reduction				(78,444,877)	(115,388,404)	(126,448,382)	(138,568,460)	(151,850,247)	(166,405,093)
Calendar Year Adjustments		-	-	(4,650,956)	4,202,852	2,413,200	2,618,322	2,840,879	3,082,354
Preventative at 100% in Standard Plan				20,115,500	29,499,993	49,702,868	55,224,139	60,822,061	64,365,360
Wellness Comply Savings				(2,518,767)	(8,952,914)	(24,669,613)	(43,903,034)	(47,586,599)	(51,953,092)
Claims Reduction due to Movement				(22,567,495)	(30,328,293)	(14,443,883)	(19,442,907)	(28,102,594)	(36,731,934)
Limited Network Savings				705,306	924,795	1,517,412	1,396,118	1,252,501	1,076,509
PCP Copay Waiver				7,958,584	270,005	(10,422,866)	(32,068,571)	(55,361,216)	(80,571,041)
Essential Health Benefits/MH Parity				3,019,428	4,268,927	4,631,786	5,025,488	5,532,369	5,867,158
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,903,047,735	2,103,035,923	2,276,068,423	2,412,116,608	2,630,374,708	2,752,804,391
Medicare Advantage Premiums			-	158,450,497	193,034,335	232,276,427	275,487,271	316,071,947	360,688,456
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	845,130,445	937,199,494	1,012,785,871	1,094,635,194	1,183,200,557	1,279,041,944
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(95,427,102)	(58,014,645)	(52,771,544)	(54,584,611)	(53,476,984)	(55,443,564)
Calendar Year Adjustments			-	6,343,463	1,893,300	435,501	471,369	510,239	552,367
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	756,046,806	881,078,150	960,449,828	1,040,521,953	1,130,233,812	1,224,150,747
MA-PDP Claims Reduction			-	(170,590,776)	(251,548,637)	(275,659,573)	(302,081,544)	(331,036,060)	(362,765,866)
EGWP+Wrap Reduction in Rebates		-	-	-	-	-	-	-	-
EGWP+Wrap Claim Increase		-	-	-	-	-	-	-	-
Expand Coverage of Diabetic Test Strips		-	-	1,193,853	1,663,411	1,797,567	1,942,839	2,100,032	2,270,138
HB 675 - Pharmacy Audit Changes				158,587	208,438	225,249	243,452	263,150	284,465
Specialty Pharmacy Tier				(202,159)	(292,000)	(336,000)	(386,000)	(417,231)	(451,027)
Total Pharmacy Claims	628,032,853	682,777,709	393,069,298	586,606,311	631,109,362	686,477,071	740,240,701	801,143,703	863,488,457
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,648,104,543	2,927,179,620	3,194,821,920	3,427,844,580	3,747,590,358	3,976,981,304
Administrative Costs	165,480,561	161,401,639	69,548,737	180,329,844	179,809,572	184,837,659	189,649,870	194,604,037	194,527,688
ACA Reinsurance Fee				-	34,632,846	21,039,454	14,201,632	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,678,807,839	1,484,941,057	2,828,434,388	3,141,622,038	3,400,699,034	3,631,696,082	3,942,194,395	4,171,508,992
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	156,195,988	(97,429,216)	(252,934,957)	(360,566,794)	(158,701,671)	200,455,870
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	994,643,125	897,213,909	644,278,952	283,712,158	125,010,486
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	994,643,125	897,213,909	644,278,952	283,712,158	125,010,486	325,466,356
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	211,620,594	246,073,076	266,629,094	283,712,158	308,836,657	325,466,356
	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase		1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
Premium Increase:	5.3%	5.3%		3.57%	2.14%	4.47%	4.47%	16.11%	16.11%

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North Carolina State Health Plan
Financial Projections - Mar 2014
Trends - 8.5% Medical & Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With MA & PDP, With Essential Health Benefits & MH Parity
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2010-2011 Biennium		2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium	
	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Projection FY 2014	Projection FY2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019
PLAN INCOME:										
Net Contribution Income	2,413,877,944	2,684,814,172	2,750,368,851	2,895,366,140	2,994,394,148	3,103,079,247	3,305,254,358	3,543,210,326	3,940,507,313	4,570,671,983
EGWP/PDP Spouse Premium Reduction				-	-	-	-	-	-	-
MA Spouse Premium Reduction					-	-	-	-	-	-
MA Buy-up Premium					-	-	-	-	-	-
Medicare Advantae Subsidy					152,149	-	-	-	-	-
Health care Reform ERRP	-	45,298,812	42,163,391	(558,219)	-	-	-	-	-	-
Retro Disenrollments	(1,310,146)	(1,281,584)	(451,496)	(487,819)	(656,611)	(1,551,540)	(1,652,627)	(1,771,605)	(1,970,254)	(2,285,336)
Wellness Credit					(28,759,106)	(115,080,257)	(226,204,540)	(335,157,115)	(410,339,598)	(486,584,965)
Premium Reduction due to Movement					-	(4,919,289)	(7,237,917)	(6,074,468)	(9,158,848)	(12,271,619)
Medicare Part D	74,357,704	66,276,535	57,583,602	38,056,016	10,355,829	6,276,386	6,487,102	6,779,021	7,084,077	7,402,861
EGWP+Wrap										
Direct Subsidy	-	-	-	24,435,483	25,774,974	-	-	-	-	-
Coverage Gap Subsidy	-	-	-	-	35,627,686	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	-	31,734,272	-	-	-	-
Total	-	-	-	24,435,483	61,402,661	31,734,272	-	-	-	-
Investment Earnings	3,532,448	2,861,085	3,015,815	3,236,713	3,839,168	4,026,509	3,592,708	2,552,944	1,282,719	887,099
Total Plan Income	2,490,457,950	2,797,969,020	2,852,680,163	2,960,048,314	3,040,728,238	3,023,565,328	3,080,239,084	3,209,539,103	3,527,405,410	4,077,820,022
PLAN EXPENSE:										
Medical Claims Payment	1,829,432,245	1,852,549,690	1,849,410,105	1,858,096,405	2,036,106,807	2,147,853,708	2,331,246,792	2,512,766,161	2,715,840,904	2,926,017,901
Claim Refunds	(31,916,831)	(24,723,681)	(22,634,615)	(23,467,914)	(22,138,601)	(25,414,481)	(27,793,356)	(29,749,020)	(32,360,630)	(34,655,800)
Dental & MHSA Enhancement					1,754,883	7,002,886	7,600,823	8,192,650	8,854,757	9,540,021
Medicare Advantage Claims Reduction					(25,666,010)	(110,329,549)	(120,904,637)	(132,493,346)	(145,192,833)	(159,109,567)
Calendar Year Adjustments				-	(18,690,285)	(380,241)	830,294	900,869	977,443	1,060,525
Preventative at 100% in Standard Plan					6,854,749	28,259,422	39,036,399	53,276,346	57,532,424	61,929,190
Wellness Comply Savings					(828,478)	(6,107,341)	(16,704,734)	(34,154,969)	(45,720,880)	(49,740,728)
Claims Reduction due to Movement					(7,525,283)	(30,174,831)	(22,157,948)	(16,836,015)	(23,653,924)	(32,262,373)
Limited Network Savings					237,351	936,304	1,228,691	1,460,151	1,328,348	1,169,261
PCP Copay Waiver					2,631,058	5,519,195	(4,975,565)	(21,046,701)	(43,500,701)	(67,734,584)
Essential Health Benefits/MH Parity					1,059,857	4,158,427	4,460,159	4,835,394	5,240,845	5,646,430
Net Medical Claims	1,797,515,414	1,827,826,009	1,826,775,490	1,834,628,491	1,973,796,047	2,021,323,499	2,191,866,918	2,347,151,519	2,499,345,752	2,661,860,276
Medicare Advantage Premiums					79,548,716	175,178,855	212,606,572	253,828,104	295,729,130	338,324,708
Pharmacy Claims Payment	N/A	N/A	721,163,013	752,419,650	800,006,086	899,260,836	1,011,149,558	1,053,411,000	1,138,592,756	1,230,768,323
Rebates	N/A	N/A	(93,130,160)	(69,641,941)	(92,245,116)	(69,163,011)	(51,882,687)	(53,669,341)	(52,521,684)	(54,450,781)
Calendar Year Adjustments					(5,291,967)	954,722	126,642	(570,171)	(616,799)	(667,300)
Net Pharmacy Claims	596,709,775	655,868,735	628,032,853	682,777,709	702,469,003	831,052,546	959,393,513	999,171,487	1,085,454,274	1,175,650,242
MA-PDP Claims Reduction					(55,531,971)	(240,520,250)	(263,574,116)	(288,837,695)	(316,522,788)	(346,861,498)
EGWP+Wrap Reduction in Rebates				-	-	-	-	-	-	-
EGWP+Wrap Claim Increase				-	-	-	-	-	-	-
Expand Coverage of Diabetic Test Strips				-	358,984	1,596,075	1,794,663	1,869,672	2,020,859	2,184,459
HB 675 - Pharmacy Audit Changes					53,972	200,000	224,885	234,284	253,229	273,729
Specialty Pharmacy Tier					(60,788)	(274,995)	(325,193)	(360,820)	(401,501)	(434,004)
Total Pharmacy Claims	596,709,775	655,868,735	628,032,853	682,777,709	647,289,201	592,053,375	697,513,751	712,076,928	770,804,072	830,812,927
Total Claims	2,394,225,189	2,483,694,744	2,454,808,343	2,517,406,200	2,700,633,964	2,788,555,728	3,101,987,242	3,313,056,551	3,565,878,954	3,830,997,912
Administrative Costs	164,649,780	165,902,094	165,480,561	161,401,639	161,213,637	177,151,548	182,466,094	187,208,529	192,090,617	197,116,970
ACA Reinsurance Fee					-	34,632,846	21,039,454	14,201,632	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,558,874,969	2,649,596,838	2,620,288,904	2,678,807,839	2,861,847,600	3,000,340,123	3,305,492,790	3,514,466,711	3,757,969,570	4,028,114,882
Plan Income (Loss)	(68,417,019)	148,372,182	232,391,259	281,240,475	178,880,637	23,225,205	(225,253,707)	(304,927,609)	(230,564,161)	49,705,141
Beginning Cash Balance (Deficit)	189,901,049	121,484,030	269,856,212	502,247,471	783,487,946	962,368,583	985,593,789	760,340,082	455,412,473	224,848,313
Ending Cash Balance (Deficit)	121,484,030	269,856,212	502,247,471	783,487,946	962,368,583	985,593,789	760,340,082	455,412,473	224,848,313	274,553,453
Target Stabilization Reserve	179,566,889	186,277,106	184,110,626	201,392,496	222,792,246	235,203,919	260,044,260	275,330,560	294,313,484	314,340,588
			7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
Premium Increase:	8.9%	8.9%	5.3%	5.3%	3.57%	2.14%	4.47%	4.47%	16.11%	16.11%

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North Carolina State Health Plan
Financial Projections - Jun 2014
Trends - 7.0% Medical & 8.5% Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With MA & PDP, With Essential Health Benefits & MH Parity
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2012 - 2013 Biennium								
	Actual FY 2012	Actual FY 2013	Actual Short Plan Year Jul-Dec 2013	Projection Calendar 2014	Projection Calendar 2015	Projection Calendar 2016	Projection Calendar 2017	Projection Calendar 2018	Projection Calendar 2019
PLAN INCOME:									
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,918,674,381	2,951,410,895	3,043,513,806	3,138,757,776	3,555,599,708	4,028,147,898
Additional Contribution/(Credit)		-	-	(9,273,308)	(18,200,330)	7,540,905	7,708,496	22,956,365	23,188,935
Medicare Advantae Subsidy				417,565	-	-	-	-	-
Health care Reform ERRP	42,163,391	(558,219)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(762,462)	(1,475,705)	(1,521,757)	(1,569,379)	(1,777,800)	(2,014,074)
Premium Change due to Movement			-	-	(2,069,875)	3,562,316	757,514	1,088,179	1,393,967
Medicare Part D	57,583,602	38,056,016	(1,323,888)	15,755,988	6,332,844	6,617,822	6,915,624	7,226,827	7,552,035
EGWP+Wrap									
Direct Subsidy	-	24,435,483	25,202,822	216,170	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	31,734,272	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	31,734,272	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,037,042	3,795,447	2,968,598	1,760,825	919,811	1,067,149
Total Plan Income	2,852,680,163	2,960,048,314	1,539,900,247	2,957,227,608	2,971,527,548	3,062,681,690	3,154,330,856	3,586,013,091	4,059,335,910
PLAN EXPENSE:									
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,923,771,653	2,043,049,477	2,168,271,136	2,306,114,623	2,498,646,651	2,610,832,157
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(23,379,887)	(24,429,422)	(25,933,873)	(27,414,731)	(29,146,209)	(31,193,353)
Claims Adjustment for Changes				12,361,978	(533,548)	54,626,340	13,499,983	(12,249,983)	(43,217,635)
Cost of Autism				-	4,000,000	5,000,000	5,200,000	5,500,000	5,778,219
Cost of Add Towns				-	894,905	956,522	996,952	1,055,371	1,052,756
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,912,753,744	2,022,981,411	2,202,920,124	2,298,396,827	2,463,805,830	2,543,252,144
Medicare Advantage Premiums				157,598,589	168,862,661	181,496,934	194,973,718	209,526,378	225,241,621
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	679,332,594	714,742,901	769,323,996	829,338,691	894,087,930	963,950,031
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(99,777,740)	(58,107,239)	(52,742,044)	(54,414,583)	(56,160,834)	(57,969,685)
Claims Adjustment for Changes			-	-	-	-	-	-	-
Additional ACA Preventive Medicine			-	-	692,000	1,276,000	1,366,000	1,462,000	1,511,248
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	579,554,855	657,327,662	717,857,952	776,290,108	839,389,096	907,491,593
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,649,907,187	2,849,171,734	3,102,275,010	3,269,660,653	3,512,721,304	3,675,985,358
Administrative Costs	165,480,561	161,401,639	69,548,737	173,657,606	192,801,628	198,192,837	203,352,385	208,664,127	214,133,099
ACA Reinsurance Fee				-	34,019,697	20,569,718	13,884,560	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,678,807,839	1,484,941,057	2,823,564,794	3,075,993,058	3,321,037,565	3,486,897,598	3,721,385,432	3,890,118,457
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	133,662,815	(104,465,510)	(258,355,875)	(332,566,741)	(135,372,341)	169,217,453
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	972,109,951	867,644,441	609,288,566	276,721,824	141,349,483
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	972,109,951	867,644,441	609,288,566	276,721,824	141,349,483	310,566,936
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	211,846,231	241,227,817	262,870,027	276,721,824	297,287,543	310,566,936
	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase		1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
Premium Increase:	5.3%	5.3%		3.57%	0.00%	3.53%	3.53%	13.71%	13.71%

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North Carolina State Health Plan
Financial Projections - Jun 2014
Trends - 7.0% Medical & 8.5% Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With MA & PDP, With Essential Health Benefits & MH Parity
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2010-2011 Biennium		2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium	
	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Projection FY 2014	Projection FY2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019
PLAN INCOME:										
Net Contribution Income	2,413,877,944	2,684,814,172	2,750,368,851	2,895,366,140	2,941,097,678	2,957,330,894	2,997,476,025	3,091,148,757	3,347,339,381	3,792,050,539
Additional Contribution/(Credit)				-	-	(18,389,215)	(5,299,800)	7,624,855	15,349,640	23,072,825
Medicare Advantae Subsidy					417,565	-	-	-	-	-
Health care Reform ERRP	-	45,298,812	42,163,391	(558,219)	-	-	-	-	-	-
Retro Disenrollments	(1,310,146)	(1,281,584)	(451,496)	(487,819)	(299,923)	(1,478,665)	(1,498,738)	(1,545,574)	(1,673,670)	(1,896,025)
0					-	-	-	-	-	-
Premium Change due to Movement					-	(1,034,938)	746,221	2,159,915	922,847	1,241,073
Medicare Part D	74,357,704	66,276,535	57,583,602	38,056,016	11,583,652	6,276,386	6,487,102	6,779,021	7,084,077	7,402,861
EGWP+Wrap										
Direct Subsidy	-	-	-	24,435,483	25,216,663	202,329	-	-	-	-
Coverage Gap Subsidy	-	-	-	-	38,563,909	1,478,088	-	-	-	-
Catastrophic Subsidy	-	-	-	-	-	31,734,272	-	-	-	-
Total	-	-	-	24,435,483	63,780,571	33,414,689	-	-	-	-
Investment Earnings	3,532,448	2,861,085	3,015,815	3,236,713	3,916,235	3,933,340	3,456,019	2,406,449	1,221,707	870,198
Total Plan Income	2,490,457,950	2,797,969,020	2,852,680,163	2,960,048,314	3,020,495,778	2,980,052,493	3,001,366,829	3,108,573,423	3,370,243,983	3,822,741,471
PLAN EXPENSE:										
Medical Claims Payment	1,829,432,245	1,852,549,690	1,849,410,105	1,858,096,405	1,989,574,333	1,981,132,627	2,104,367,930	2,236,473,423	2,378,323,219	2,527,382,130
Claim Refunds	(31,916,831)	(24,723,681)	(22,634,615)	(23,467,914)	(22,450,766)	(23,520,519)	(25,159,105)	(26,558,401)	(28,433,075)	(30,024,340)
Claims Adjustment for Changes					-	12,149,156	26,519,120	35,022,403	617,098	(27,583,637)
Cost of Autism						2,001,993	4,500,445	5,100,042	5,350,084	5,639,177
Cost of Add Towns						432,449	924,000	989,000	1,022,182	1,089,662
Net Medical Claims	1,797,515,414	1,827,826,009	1,826,775,490	1,834,628,491	1,967,123,567	1,972,195,706	2,111,152,391	2,251,026,467	2,356,879,507	2,476,502,992
Medicare Advantage Premiums					78,538,847	163,281,043	175,164,083	188,218,563	202,231,947	217,364,453
Pharmacy Claims Payment	N/A	N/A	721,163,013	752,419,650	743,281,462	686,597,084	769,269,941	798,947,229	861,298,346	928,570,652
Rebates	N/A	N/A	(93,130,160)	(69,641,941)	(91,653,105)	(74,166,940)	(51,914,121)	(53,570,874)	(55,279,945)	(57,057,201)
Claims Adjustment for Changes					-	-	-	-	-	-
Additional ACA Preventive Medicine						346,345	984,278	1,321,029	1,414,030	1,473,850
Net Pharmacy Claims	596,709,775	655,868,735	628,032,853	682,777,709	651,628,357	612,776,489	718,340,098	746,697,384	807,432,432	872,987,301
Total Claims	2,394,225,189	2,483,694,744	2,454,808,343	2,517,406,200	2,697,290,771	2,748,253,238	3,004,656,572	3,185,942,415	3,366,543,886	3,566,854,745
Administrative Costs	164,649,780	165,902,094	165,480,561	161,401,639	148,134,913	189,951,548	195,650,094	200,734,833	205,969,298	211,358,434
ACA Reinsurance Fee					-	34,019,697	20,569,718	13,884,560	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,558,874,969	2,649,596,838	2,620,288,904	2,678,807,839	2,845,425,684	2,972,224,483	3,220,876,384	3,400,561,808	3,572,513,183	3,778,213,179
Plan Income (Loss)	(68,417,019)	148,372,182	232,391,259	281,240,475	175,070,094	7,828,010	(219,509,556)	(291,988,384)	(202,269,200)	44,528,292
Beginning Cash Balance (Deficit)	189,901,049	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	966,386,050	746,876,494	454,888,110	252,618,909
Ending Cash Balance (Deficit)	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	966,386,050	746,876,494	454,888,110	252,618,909	297,147,201
Target Stabilization Reserve	179,566,889	186,277,106	184,110,626	201,392,496	222,593,914	232,647,498	254,654,324	269,795,147	284,788,074	301,454,126
			7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
Premium Increase:	8.9%	8.9%	5.3%	5.3%	3.57%	0.00%	3.53%	3.53%	13.71%	13.71%

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North Carolina State Health Plan
Financial Projections - Sep 2014
Trends - 7.0% Medical & 8.5% Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With 2015 Open Enrollment Statistics Presented to Board
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2012 - 2013 Biennium								
	Actual FY 2012	Actual FY 2013	Actual Short Plan Year Jul-Dec 2013	Projection Calendar 2014	Projection Calendar 2015	Projection Calendar 2016	Projection Calendar 2017	Projection Calendar 2018	Projection Calendar 2019
PLAN INCOME:									
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,930,652,229	2,949,220,454	3,086,399,013	3,230,235,259	3,622,342,100	4,062,398,942
Additional Contribution/(Credit)		-	-	(4,544,193)	(11,755,275)	5,047,114	3,462,141	15,190,766	13,042,607
Medicare Advantae Subsidy			-	739,315	821,240	834,810	848,735	862,855	877,172
Health care Reform ERRP	42,163,391	(558,219)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(397,955)	(1,474,610)	(1,543,200)	(1,615,118)	(1,811,171)	(2,031,199)
Premium Change due to Movement			-	-	3,817,527	10,007,610	11,185,997	11,918,851	13,005,825
Medicare Part D	57,583,602	38,056,016	(1,323,888)	21,933,585	15,214,020	15,792,782	16,353,189	16,927,188	17,514,561
EGWP+Wrap									
Direct Subsidy	-	24,435,483	25,202,822	216,170	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	31,734,272	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	31,734,272	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,223,387	3,698,015	2,819,138	1,714,182	968,877	1,116,648
Total Plan Income	2,852,680,163	2,960,048,314	1,539,900,247	2,980,984,770	2,991,275,642	3,119,357,268	3,262,184,385	3,666,399,465	4,105,924,557
PLAN EXPENSE:									
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,954,826,712	2,076,162,263	2,203,345,580	2,343,620,097	2,539,506,422	2,653,762,451
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(23,079,322)	(24,824,081)	(26,353,034)	(27,860,220)	(29,622,409)	(31,705,794)
Claims Adjustment for Changes				6,644,117	32,911,072	77,394,512	54,958,247	23,780,037	(13,111,432)
Cost of Autism				-	4,000,000	5,000,000	5,200,000	5,500,000	5,800,000
Cost of Add Towns				-	894,898	956,521	997,003	1,055,534	1,053,025
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,938,391,507	2,089,144,152	2,260,343,579	2,376,915,127	2,540,219,584	2,615,798,250
Medicare Advantage Premiums				157,588,332	172,021,713	186,089,065	201,180,125	217,563,831	235,351,986
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	698,011,969	699,434,807	750,445,002	809,056,736	872,298,660	940,541,323
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(99,449,279)	(56,730,957)	(51,122,543)	(52,336,714)	(53,590,219)	(54,877,521)
Claims Adjustment for Changes			-	-	-	-	-	-	-
Additional ACA Preventive Medicine			-	-	692,000	1,276,000	1,366,000	1,462,000	1,511,404
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	598,562,690	643,395,850	700,598,459	758,086,022	820,170,441	887,175,206
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,694,542,528	2,904,561,715	3,147,031,102	3,336,181,274	3,577,953,856	3,738,325,442
Administrative Costs	165,480,561	161,401,639	69,548,737	161,777,050	192,886,339	198,202,938	203,383,437	208,717,374	214,209,842
ACA Reinsurance Fee				-	33,856,390	23,416,249	14,260,074	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,678,807,839	1,484,941,057	2,856,319,579	3,131,304,444	3,368,650,289	3,553,824,786	3,786,671,230	3,952,535,284
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	124,665,192	(140,028,802)	(249,293,021)	(291,640,401)	(120,271,765)	153,389,273
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	963,112,328	823,083,525	573,790,504	282,150,103	161,878,338
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	963,112,328	823,083,525	573,790,504	282,150,103	161,878,338	315,267,611
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	215,641,107	245,928,600	266,484,783	282,150,103	302,435,102	315,267,611
	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%
Premium Increase:	7/1 Increase 5.3%	7/1 Increase 5.3%		1/1 Increase 3.57%	1/1 Increase 0.00%	1/1 Increase 5.05%	1/1 Increase 5.05%	1/1 Increase 12.55%	1/1 Increase 12.55%

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North Carolina State Health Plan
Financial Projections - Sep 2014
Trends - 7.0% Medical & 8.5% Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With 2015 Open Enrollment Statistics Presented to Board
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2010-2011 Biennium		2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium	
	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Projection FY2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019
PLAN INCOME:										
Net Contribution Income	2,413,877,944	2,684,814,172	2,750,368,851	2,895,366,140	2,941,097,678	2,968,175,339	3,017,843,403	3,158,350,707	3,426,431,469	3,842,525,718
Additional Contribution/(Credit)				-	-	(10,431,844)	(3,332,632)	4,252,830	9,339,142	14,114,086
Medicare Advantae Subsidy					417,565	731,202	827,924	841,753	855,775	869,993
Health care Reform ERRP	-	45,298,812	42,163,391	(558,219)	-	-	-	-	-	-
Retro Disenrollments	(1,310,146)	(1,281,584)	(451,496)	(487,819)	(299,923)	(1,113,591)	(1,508,922)	(1,579,175)	(1,713,216)	(1,921,263)
Premium Change due to Movement					-	1,908,763	6,912,502	10,596,746	11,552,419	12,462,384
Medicare Part D	74,357,704	66,276,535	57,583,602	38,056,016	11,583,652	16,850,239	15,528,475	16,082,292	16,649,783	17,230,759
EGWP+Wrap										
Direct Subsidy	-	-	-	24,435,483	25,216,663	202,329	-	-	-	-
Coverage Gap Subsidy	-	-	-	-	38,563,909	1,478,088	-	-	-	-
Catastrophic Subsidy	-	-	-	-	-	31,734,272	-	-	-	-
Total	-	-	-	24,435,483	63,780,571	33,414,689	-	-	-	-
Investment Earnings	3,532,448	2,861,085	3,015,815	3,236,713	3,916,235	4,089,885	3,309,775	2,293,751	1,234,167	935,755
Total Plan Income	2,490,457,950	2,797,969,020	2,852,680,163	2,960,048,314	3,020,495,778	3,013,624,684	3,039,580,526	3,190,838,904	3,464,349,539	3,886,217,433
PLAN EXPENSE:										
Medical Claims Payment	1,829,432,245	1,852,549,690	1,849,410,105	1,858,096,405	1,989,574,333	2,028,718,028	2,138,318,328	2,272,749,137	2,417,108,551	2,568,823,346
Claim Refunds	(31,916,831)	(24,723,681)	(22,634,615)	(23,467,914)	(22,450,766)	(23,410,628)	(25,564,630)	(26,988,783)	(28,896,338)	(30,516,203)
Claims Adjustment for Changes					-	23,134,016	54,619,385	67,167,168	39,120,987	5,359,743
Cost of Autism						2,001,943	4,500,432	5,100,039	5,350,080	5,650,073
Cost of Add Towns						432,455	924,000	989,000	1,022,287	1,089,886
Net Medical Claims	1,797,515,414	1,827,826,009	1,826,775,490	1,834,628,491	1,967,123,567	2,030,875,814	2,172,797,516	2,319,016,561	2,433,705,566	2,550,406,845
Medicare Advantage Premiums					78,538,847	164,846,382	179,037,892	193,615,825	209,351,600	226,435,784
Pharmacy Claims Payment	N/A	N/A	721,163,013	752,419,650	743,281,462	699,550,098	750,359,717	779,375,014	840,271,609	905,981,199
Rebates	N/A	N/A	(93,130,160)	(69,641,941)	(91,653,105)	(73,155,564)	(50,464,389)	(51,728,731)	(52,959,242)	(54,229,533)
Claims Adjustment for Changes					-	-	-	-	-	-
Additional ACA Preventive Medicine						346,336	984,270	1,321,028	1,414,029	1,473,927
Net Pharmacy Claims	596,709,775	655,868,735	628,032,853	682,777,709	651,628,357	626,740,870	700,879,598	728,967,312	788,726,395	853,225,593
Total Claims	2,394,225,189	2,483,694,744	2,454,808,343	2,517,406,200	2,697,290,771	2,822,463,067	3,052,715,006	3,241,599,697	3,431,783,562	3,630,068,223
Administrative Costs	164,649,780	165,902,094	165,480,561	161,401,639	148,134,913	178,158,173	195,650,094	200,755,180	206,011,206	211,423,176
ACA Reinsurance Fee					-	28,213,658	23,204,919	14,304,477	5,809,660	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,558,874,969	2,649,596,838	2,620,288,904	2,678,807,839	2,845,425,684	3,028,834,899	3,271,570,019	3,456,659,354	3,643,604,428	3,841,491,398
Plan Income (Loss)	(68,417,019)	148,372,182	232,391,259	281,240,475	175,070,094	(15,210,214)	(231,989,493)	(265,820,450)	(179,254,889)	44,726,035
Beginning Cash Balance (Deficit)	189,901,049	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	943,347,825	711,358,332	445,537,882	266,282,993
Ending Cash Balance (Deficit)	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	943,347,825	711,358,332	445,537,882	266,282,993	311,009,028
Target Stabilization Reserve	179,566,889	186,277,106	184,110,626	201,392,496	222,593,914	239,185,502	258,630,940	274,318,549	290,018,877	306,326,919
			7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%
Premium Increase:	7/1 Increase 8.9%	7/1 Increase 8.9%	7/1 Increase 5.3%	7/1 Increase 5.3%	1/1 Increase 3.57%	1/1 Increase 0.00%	1/1 Increase 5.05%	1/1 Increase 5.05%	1/1 Increase 12.55%	1/1 Increase 12.55%

CY 2014 Q4 Update

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North Carolina State Health Plan
Financial Projections - Dec 2014
Trends - 7.0% Medical & 8.5% Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With 2015 Open Enrollment Statistics Presented to Board
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2012 - 2013 Biennium										
	Actual FY 2012	Actual FY 2013	Actual Short Plan Year Jul-Dec 2013	Actual Calendar 2014	Projection Calendar 2015	Projection Calendar 2016	Projection Calendar 2017	Projection Calendar 2018	Projection Calendar 2019	Projection Calendar 2020	Projection Calendar 2021
PLAN INCOME:											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,953,772,223	3,101,131,147	3,235,843,804	3,653,487,711	4,125,395,474	4,311,513,070	4,506,425,464
Additional Contribution/(Credit)		-	-	-	(10,376,224)	5,145,445	4,818,826	18,917,211	18,630,028	18,365,569	18,119,397
Medicare Advantae Subsidy			-	721,773	831,097	845,494	859,597	873,898	888,399	903,102	918,011
Health care Reform ERRP	42,163,391	(558,219)	-	-	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(28,401)	(1,476,886)	(1,550,566)	(1,617,922)	(1,826,744)	(2,062,698)	(2,155,757)	(2,253,213)
Premium Change due to Movement			-	-	3,993,468	11,622,587	13,310,087	14,416,268	16,015,148	17,517,830	19,114,508
Medicare Part D	57,583,602	38,056,016	(1,323,888)	21,584,404	14,587,080	15,141,354	15,678,618	16,228,910	16,792,022	17,367,685	17,955,557
EGWP+Wrap											
Direct Subsidy	-	24,435,483	25,202,822	216,170	-	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,602,498	-	-	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	48,602,498	-	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,417,142	3,860,908	2,960,127	1,776,103	960,310	1,113,335	1,525,494	1,569,578
Total Plan Income	2,852,680,163	2,960,048,314	1,539,900,247	3,007,665,461	3,013,794,163	3,135,295,588	3,270,669,113	3,703,057,564	4,176,771,708	4,365,036,993	4,561,849,302
PLAN EXPENSE:											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,949,838,964	2,101,396,496	2,219,135,755	2,360,659,977	2,558,289,641	2,673,783,303	2,840,860,287	3,023,696,136
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(22,731,740)	(24,976,142)	(26,541,532)	(28,062,333)	(29,840,926)	(31,944,210)	(33,743,180)	(36,151,631)
Claims Adjustment for Changes				-	17,729,417	58,323,830	39,278,263	14,231,933	(10,645,612)	1,743,281	16,894,361
Cost of Autism				-	4,000,000	5,000,000	5,200,000	5,500,000	5,800,000	5,500,000	5,800,000
Cost of Add Towns				-	895,070	956,521	997,006	1,055,546	1,053,044	1,048,115	1,045,812
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,099,044,842	2,256,874,574	2,378,072,914	2,549,236,193	2,638,046,525	2,815,408,503	3,011,284,678
Medicare Advantage Premiums				155,497,950	174,209,835	188,456,835	203,740,772	220,333,899	238,349,453	257,910,440	279,150,482
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	714,108,588	763,000,999	822,618,110	886,947,124	956,365,336	1,031,838,279	1,112,787,335
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(98,763,203)	(57,003,557)	(50,882,716)	(52,091,374)	(53,339,150)	(54,620,561)	(55,936,513)	(57,287,936)
Claims Adjustment for Changes			-	-	-	-	-	-	-	-	-
Additional ACA Preventive Medicine			-	-	692,000	1,276,000	1,366,000	1,462,000	1,511,416	1,462,000	1,511,683
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	657,797,031	713,394,283	771,892,737	835,069,975	903,256,192	977,363,766	1,057,011,082
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,657,393	2,931,051,708	3,158,725,692	3,353,706,422	3,604,640,067	3,779,652,169	4,050,682,708	4,347,446,243
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	200,283,888	214,301,683	221,361,381	227,168,476	233,148,224	239,306,372	242,021,598
ACA Reinsurance Fee				-	33,856,390	23,508,300	14,315,786	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,678,807,839	1,484,941,057	2,831,263,302	3,165,191,986	3,396,535,675	3,589,383,589	3,831,808,543	4,012,800,393	4,289,989,080	4,589,467,841
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,402,159	(151,397,823)	(261,240,088)	(318,714,476)	(128,750,979)	163,971,315	75,047,913	(27,618,539)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,849,295	863,451,472	602,211,385	283,496,909	154,745,929	318,717,244	393,765,157
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,849,295	863,451,472	602,211,385	283,496,909	154,745,929	318,717,244	393,765,157	366,146,618
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	214,723,553	248,115,769	267,324,197	283,496,909	304,587,555	318,717,244	341,349,504	366,146,618
	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase		1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
Premium Increase:	5.3%	5.3%		3.57%	0.00%	4.74%	4.74%	13.32%	13.32%	4.88%	4.88%

Preliminary Q4 Update

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North Carolina State Health Plan
Financial Projections - Dec 2014
Trends - 7.0% Medical & 8.5% Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With 2015 Open Enrollment Statistics Presented to Board
Incentives start at $15/$15/$20 and increase $10/$10/$20 every 2-years, $10 Standard Premium Credit

	2010-2011 Biennium		2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Projection FY2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
PLAN INCOME:												
Net Contribution Income	2,413,877,944	2,684,814,172	2,750,368,851	2,895,366,140	2,941,097,678	2,983,144,834	3,036,735,861	3,168,516,494	3,444,819,645	3,889,610,063	4,218,489,015	4,409,003,266
Additional Contribution/(Credit)				-	-	(5,204,734)	(2,586,923)	4,981,510	11,883,465	18,772,723	18,496,912	18,241,603
Medicare Advantae Subsidy					417,565	718,248	838,520	852,525	866,727	881,128	895,730	910,535
Health care Reform ERRP	-	45,298,812	42,163,391	(558,219)	-	-	-	-	-	-	-	-
Retro Disenrollments	(1,310,146)	(1,281,584)	(451,496)	(487,819)	(299,923)	(740,552)	(1,518,368)	(1,584,258)	(1,722,410)	(1,944,805)	(2,109,245)	(2,204,502)
Premium Change due to Movement					-	1,996,734	7,830,698	12,469,499	13,915,781	15,224,774	16,714,279	18,319,484
Medicare Part D	74,357,704	66,276,535	57,583,602	38,056,016	11,583,652	16,241,738	14,890,196	15,421,198	15,965,305	16,522,338	17,092,058	17,674,158
EGWP+Wrap												
Direct Subsidy	-	-	-	24,435,483	25,216,663	202,329	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	-	48,602,498	-	-	-	-	-	-
Total	-	-	-	24,435,483	63,780,571	50,282,915	-	-	-	-	-	-
Investment Earnings	3,532,448	2,861,085	3,015,815	3,236,713	3,916,235	4,363,051	3,469,569	2,402,849	1,251,571	920,516	1,349,787	1,628,513
Total Plan Income	2,490,457,950	2,797,969,020	2,852,680,163	2,960,048,314	3,020,495,778	3,050,802,233	3,059,659,552	3,203,059,817	3,486,980,083	3,939,986,738	4,270,928,535	4,463,573,058
PLAN EXPENSE:												
Medical Claims Payment	1,829,432,245	1,852,549,690	1,849,410,105	1,858,096,405	1,989,574,333	2,041,549,357	2,153,549,730	2,289,153,617	2,434,833,909	2,588,009,595	2,810,027,811	2,930,611,955
Claim Refunds	(31,916,831)	(24,723,681)	(22,634,615)	(23,467,914)	(22,450,766)	(23,123,875)	(25,746,338)	(27,183,087)	(29,107,629)	(30,743,379)	(32,931,425)	(34,783,615)
Claims Adjustment for Changes					-	8,839,779	37,153,614	49,597,982	26,360,772	1,440,587	(3,471,678)	9,223,409
Cost of Autism						2,001,939	4,500,431	5,100,039	5,350,079	5,650,072	5,649,807	5,650,065
Cost of Add Towns						432,627	924,000	989,000	1,022,294	1,089,902	1,015,009	1,082,325
Net Medical Claims	1,797,515,414	1,827,826,009	1,826,775,490	1,834,628,491	1,967,123,567	2,029,699,828	2,170,381,437	2,317,657,551	2,438,459,426	2,565,446,778	2,780,289,523	2,911,784,139
Medicare Advantage Premiums					78,538,847	163,847,340	181,315,615	196,079,793	212,016,697	229,319,268	248,105,617	268,504,043
Pharmacy Claims Payment	N/A	N/A	721,163,013	752,419,650	743,281,462	707,680,231	762,902,769	792,426,993	854,369,264	921,209,569	994,176,241	1,071,808,494
Rebates	N/A	N/A	(93,130,160)	(69,641,941)	(91,653,105)	(72,859,614)	(50,227,698)	(51,486,136)	(52,711,058)	(53,975,539)	(55,274,106)	(56,607,676)
Claims Adjustment for Changes					-	-	-	-	-	-	-	-
Additional ACA Preventive Medicine						346,336	984,270	1,321,028	1,414,029	1,473,932	1,499,451	1,474,063
Net Pharmacy Claims	596,709,775	655,868,735	628,032,853	682,777,709	651,628,357	635,166,953	713,659,340	742,261,885	803,072,234	868,707,963	940,401,587	1,016,674,881
Total Claims	2,394,225,189	2,483,694,744	2,454,808,343	2,517,406,200	2,697,290,771	2,828,714,121	3,065,356,392	3,255,999,229	3,453,548,357	3,863,474,009	3,968,796,726	4,196,963,063
Administrative Costs	164,649,780	165,902,094	165,480,561	161,401,639	148,134,913	166,152,874	210,100,000	218,500,000	224,222,245	230,114,323	236,181,880	242,430,767
ACA Reinsurance Fee					-	28,213,658	23,273,957	14,360,504	5,832,357	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,558,874,969	2,649,596,838	2,620,288,904	2,678,807,839	2,845,425,684	3,023,080,653	3,298,730,349	3,488,859,733	3,683,602,959	3,893,588,332	4,204,978,607	4,439,393,830
Plan Income (Loss)	(68,417,019)	148,372,182	232,391,259	281,240,475	175,070,094	27,721,580	(239,070,797)	(285,799,916)	(196,622,876)	46,398,407	65,949,929	24,179,228
Beginning Cash Balance (Deficit)	189,901,049	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	986,279,620	747,208,823	461,408,907	264,786,031	311,184,438	377,134,367
Ending Cash Balance (Deficit)	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	986,279,620	747,208,823	461,408,907	264,786,031	311,184,438	377,134,367	401,313,594
Target Stabilization Reserve	179,566,889	186,277,106	184,110,626	201,392,496	222,593,914	239,838,010	259,563,670	275,392,749	291,737,849	309,073,927	334,862,200	353,561,312
			7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
Premium Increase:	8.9%	8.9%	5.3%	5.3%	3.57%	0.00%	4.74%	4.74%	13.32%	13.32%	4.88%	4.88%

Preliminary Q4 Update

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 deducible for in network benefits, 35% after deductible out of network	15% after deducible 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

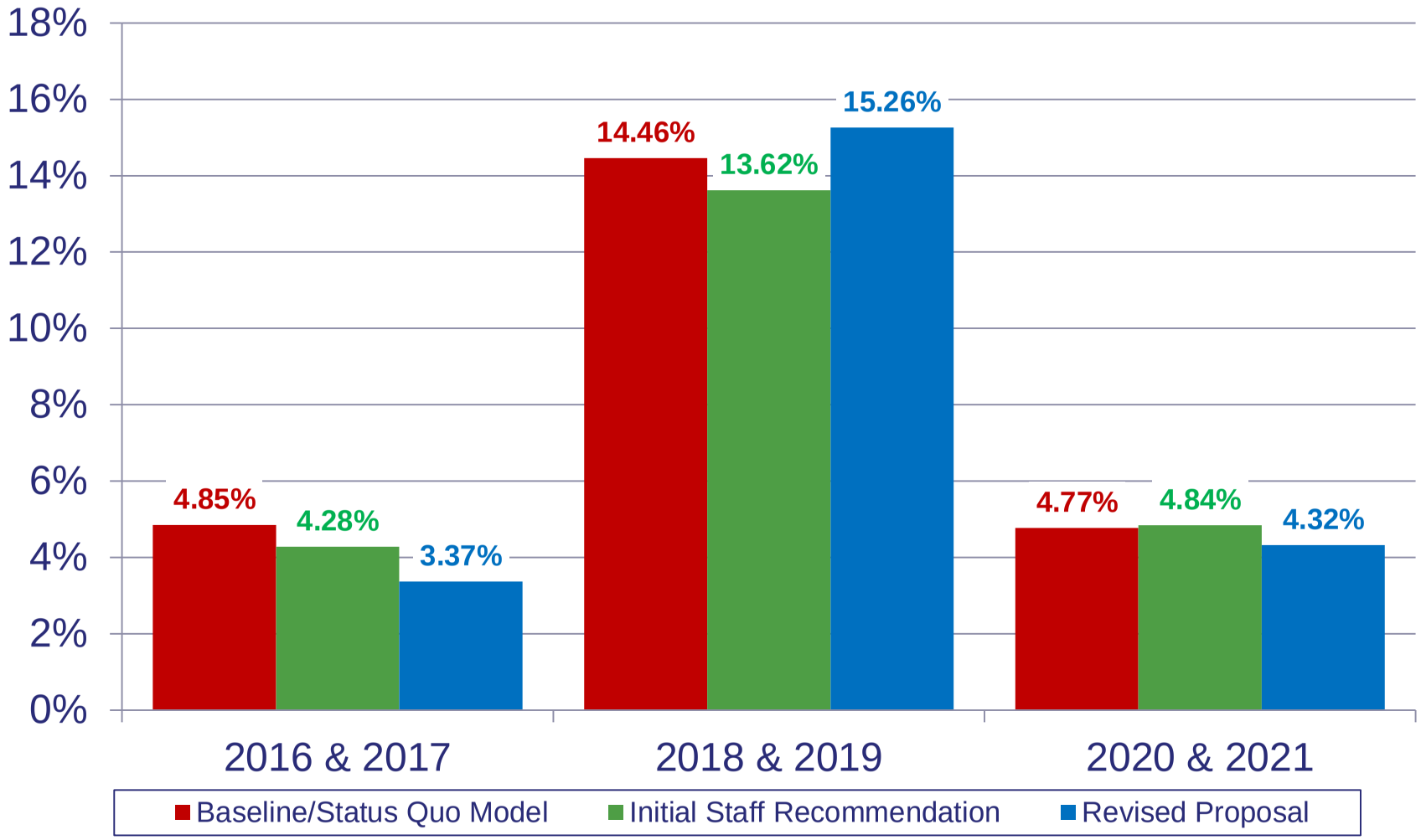
2018

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.

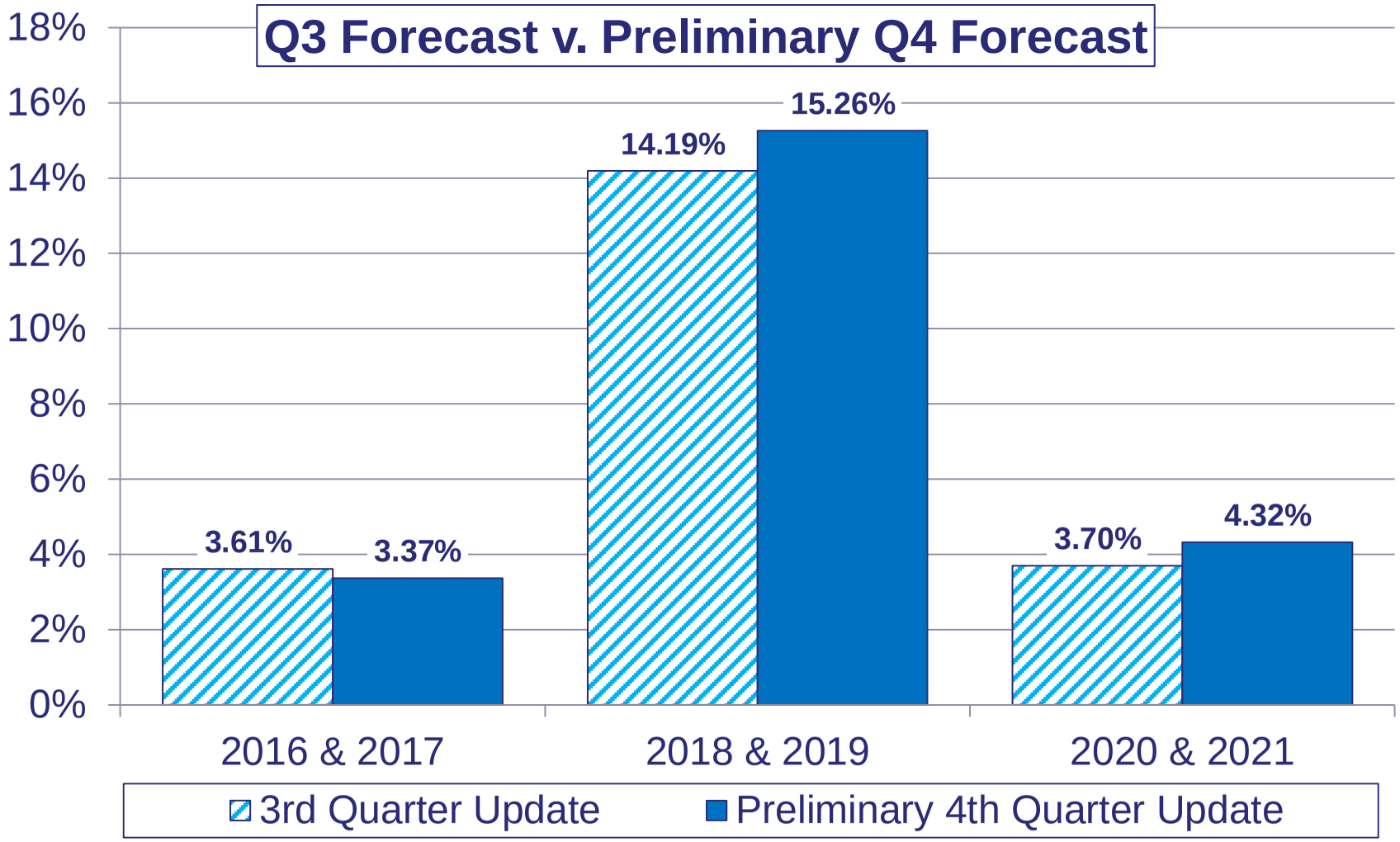
Impact on Actuarial Forecast

Annual Premium Increases: January 1st of Each Year
Preliminary CY 2014 Q4 Forecast Update



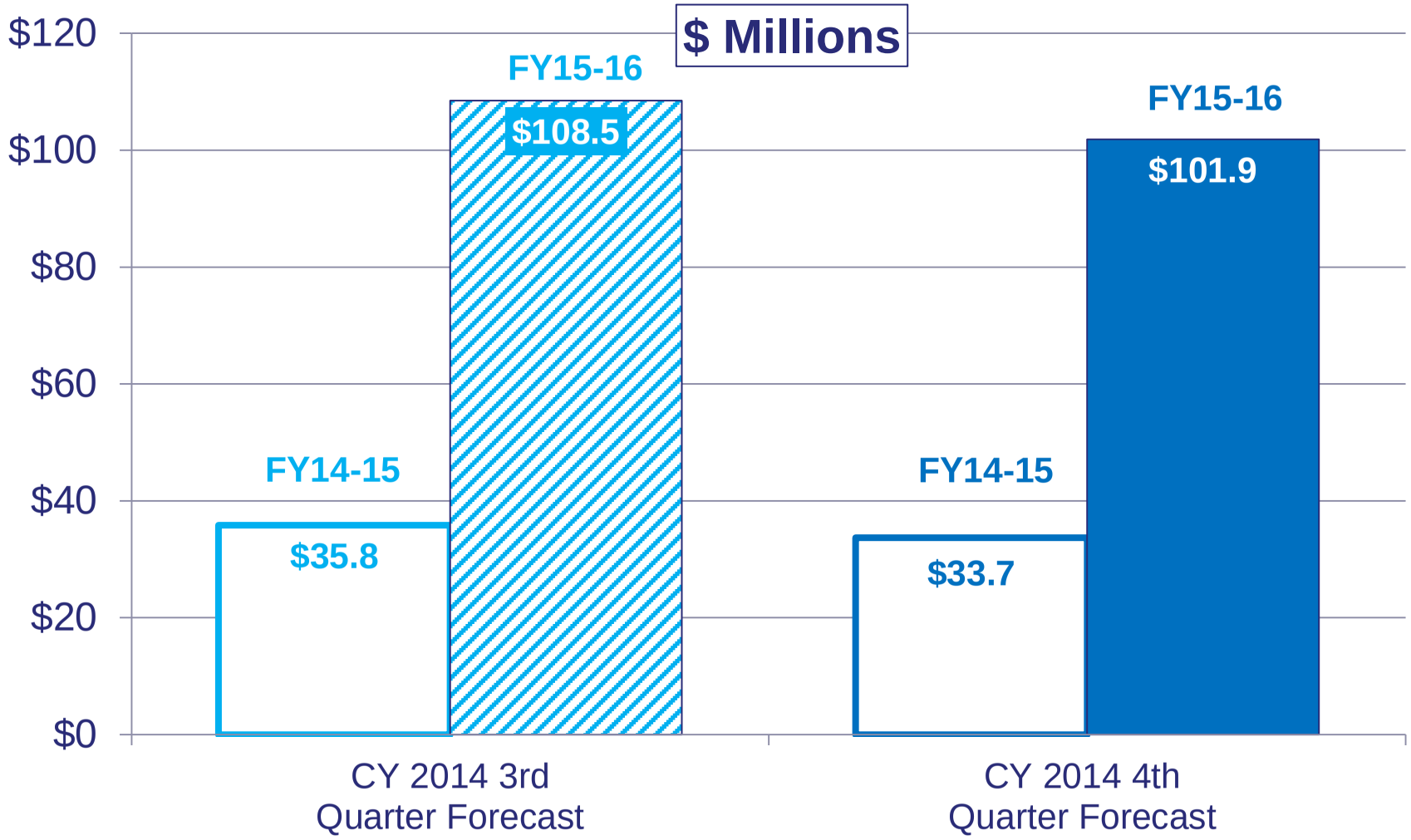
Annual Premium Increases: January 1st of Each Year

Revised Proposal

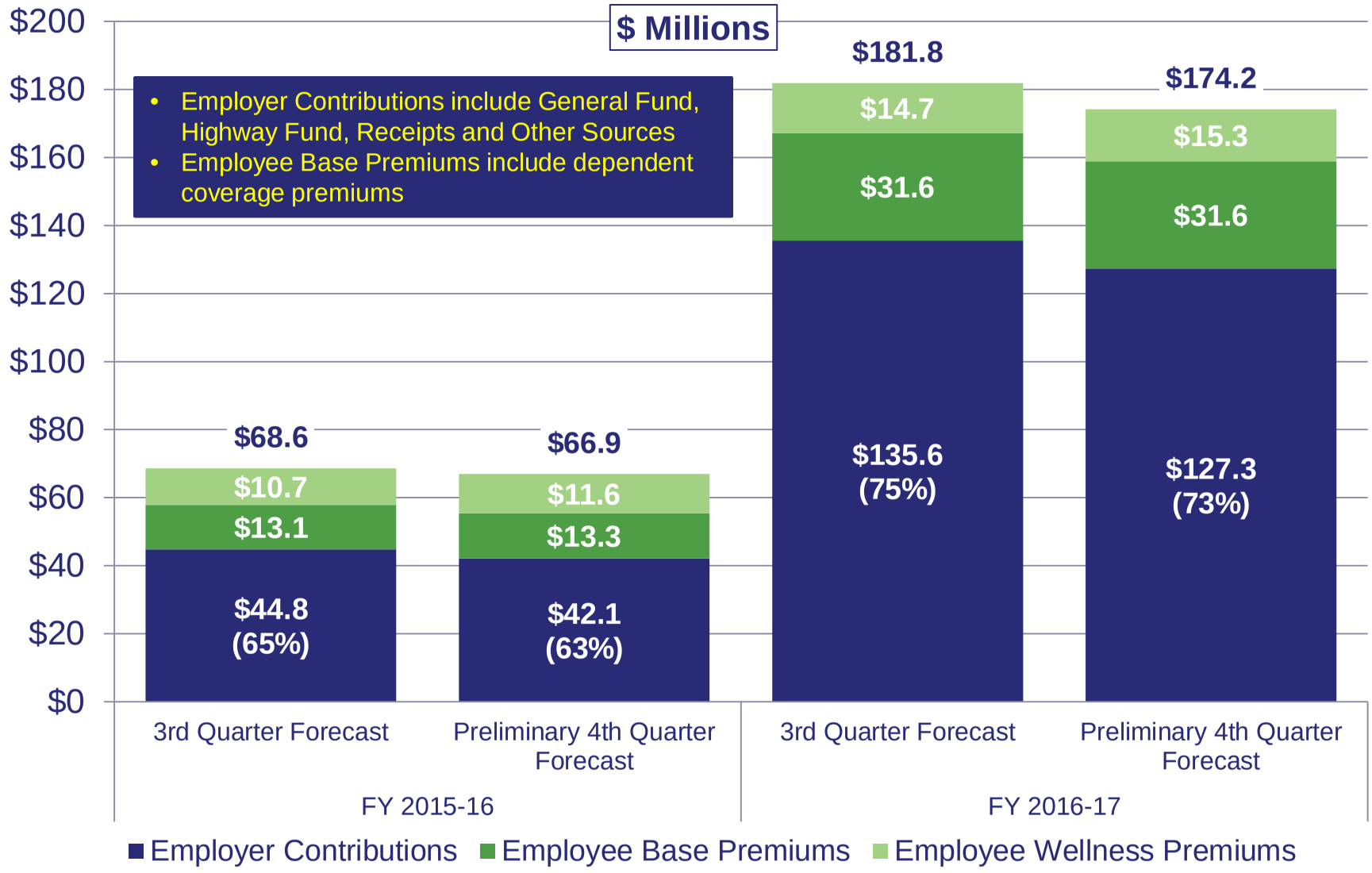


General Fund Increases: 2015-2017 Fiscal Biennium

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**

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 – 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**

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.

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.

North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES

Communicating the 2016 Benefit Options

Board of Trustees Meeting

February 11, 2015

A Division of the Department of State Treasurer

Communicating a Paradigm Shift

- In order to effect change, we must communicate to members using methods in which they can relate.
- We need to create an experience that will assist members in understanding the value of their benefit.
- Communicating benefit options and changes for 2016 will include similar strategies that we have used in the past, but the key messages and approach will be different.
- Using marketing and advertising basics to communicate to members will ultimately produce more engaged and informed members, guiding them to the benefit option that best fits their needs.

Communications Strategy

Website Strategy

- To coincide with the transition to Aon Hewitt, the State Health Plan's website will be redesigned to serve as a landing page for all members regardless of their enrollment system (BEACON/eEnroll).
- The Plan will direct members to shpnc.org, where they will be able to access eEnroll, the new Aon Hewitt platform.
- This will alleviate confusion regarding "where to enroll" and allow the Plan's website to serve as the main hub of benefit and enrollment information.
- The new design will allow for more flexibility during Annual Enrollment which will feature new tools and videos for members.

Direct Mail Strategy

Direct Mail

Potential Direct Mail Communication Materials

Spring

- Active/Non-Medicare postcard introducing 2016 changes—focusing on:
  - Premium credit activities regarding tobacco use
  - More information coming soon—engage now
- Postcard introducing new enrollment platform—focusing on:
  - Verify your information and enter your email address
  - Promote online transparency tools

Summer

- Active/Non-Medicare postcard introducing 2016 changes—focusing on:
  - Premium credit activities regarding Health Assessment
- Invitation to Medicare Outreach Meetings

Fall

- Understanding the CDHP
- Decision Guide (promote cost estimator tool)
- Enrollment Guide
- Reminder Postcard

Health Benefit Representatives

- On-site and Webinar HBR Trainings (July)
- Posters promoting Annual Enrollment
- Educational Tools/Tips
- HBR Update Newsletters
- HBR Alerts (Email)
- Member Webinars (opportunities for HBRs to broadcast webinars to employees)

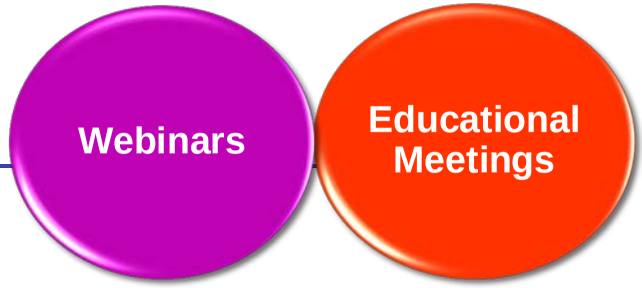
Email/Online Strategy

- Member Focus Newsletter
- Facebook Messaging
- Various Portal Messaging
- Emails from enrollment system (Aon Hewitt)

Active/Non-Medicare Member Videos

- 3 Member Videos
- Potential topics include:
  - CDHP Features
  - Plan Options Overview (all 3 plans)
  - What is the right choice for me?
    - Member scenarios and online estimator tool demonstration

Educational Member Sessions



- Educational sessions for Active and Non-Medicare Retirees
  - Set the stage for change
  - Provide an overview of the changes for 2016
  - Member scenarios and estimator tool
- The Plan will provide onsite sessions at worksites across the state
- The Plan will offer the same sessions via Webinar
- Educational sessions for Retirees
  - Highlight any changes to benefits
  - Offer resources with carriers present to offer support

North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES

Contract with Novant Medical Group for Patient Centered Medical Home Pilot

Request for Approval

Board of Trustees Meeting

February 11, 2015

Contract Approval Required by Statute

North Carolina General Statutes §135-48.22 and §135-48.33(a) require that the BOT approve all Plan contracts with a value over $500,000.

The cost of this contract over the two year pilot initiative is estimated to be between $655,128 and $1,082,592.

This contract is exempt from Department of Administration Purchase & Contract rules pursuant to §135-48.34 as a provider contract.

Strategic Plan – Improve Members' Health

- **Initiative**:
  Maximize Patient Centered Medical Home (PCMH) effectiveness
- **What it Means**:
  The PCMH model is a way of organizing primary care that emphasizes care coordination and communication to transform primary care to include population health management. Medical homes can lead to higher quality and lower costs, and can improve patients' and providers' experience of care.
- **What We Will Do**:
  Support providers and practices in serving as a PCMH through data analytics, care management, and/or enhanced payment through the Population Health Management Services vendor to designated PCMH groups.

PCMH Pilot

- The PCMH Pilot is structured to provide a per member per month payment (PMPM) to practices in exchange for meeting mutually agreed upon quality metrics and collaborating with the Plan and its population health management vendor, Active Health Management, on case and disease management and referral to Plan resources.
- The PMPM correlates with the tier placement of the practice. Tier is determined through an objective scoring and assessment tool.
- Active Health Management's role will vary with each practice depending on tier assignment.

Practice Participation

Practice Group	# of SHP Members
Eagle Family Physicians	4,532
Novant Medical Group	6,066-10,024
CaroMont Health	1,410
New Hanover Medical Group	1,499
Totals	13,507- 17,465

Only the contract with Novant is estimated to exceed $500,000 and therefore is the only contract that requires BOT approval.

Cost of Pilot with Novant Medical Group

The estimated *maximum* cost of the PCMH Pilot with Novant Medical Group is:

6,066 to 10,024 x $4.50 x 24 months = $655,128 to $1,082,592

Total estimated *maximum* cost of the PCMH Pilot:

13,507 to 17,465 x $4.50 x 24 months = $1,458,756 to $1,886,220

The cost of the PCMH Pilot is covered by the PMPM paid to Active Health Management.

Recommendation

Plan staff recommends approval of the Contract with the Novant Medical Group for participation in the PCMH Pilot.

Appendix

Onboarding Tiers and Payment Strategy

Tier 1

$1.50 pmpm

- Strong interest/willingness to partner
- Demonstrated physician leadership
- Practice uses EMR and has IT infrastructure
- Practice uses EMR for patient care
- Willingness to coordinate with AHM/SHP services

Tier 2

$2.50 pmpm

- Strong interest/willingness to partner
- Demonstrated physician leadership
- Practice uses EMR and has IT infrastructure
- Practice uses EMR for patient care
- Willingness to coordinate with AHM/SHP services

- Internal QI process including QI committee
- Other PCMH relationships w/payers
- NCQA recognition minimum Level 1 PCMH recognition
- Historical performance on quality metrics meets or exceeds 50th - 75th percentile of regional performance (HSA regions)

Onboarding Tiers and Payment Strategy

Tier 3 — $3.50 pmpm

- Strong interest/willingness to partner
- Demonstrated physician leadership
- Practice uses EMR and has IT infrastructure
- Practice uses EMR for patient care
- Willingness to coordinate with AHM/SHP services

- Internal QI process including QI committee
- Other PCMH relationships with payers
- NCQA recognition minimum Level 1 PCMH recognition
- Historical performance on quality metrics meets or exceed 50th - 75th percentile of regional performance (HSA regions)

- Current partnerships with specialists and/or hospitals
- Has internal care coordination supports or is willing to hire a Care Coordinator
- Patient communication and engagement tools available

Tier 4 — $4.50 pmpm

- Strong interest/willingness to partner
- Demonstrated physician leadership
- Practice uses EMR and has IT infrastructure
- Practice uses EMR for patient care
- Willingness to coordinate with AHM/SHP services

- Internal QI process including QI committee
- Other PCMH relationships with payers
- NCQA recognition minimum Level 1 PCMH recognition
- Historical performance on quality metrics meets or exceed 50th - 75th percentile of regional performance (HSA regions)

- Current partnerships with specialists and/or hospitals
- Has internal care coordination supports or is willing to hire a Care Coordinator
- Patient communication and engagement tools available

- Member and provider satisfaction data available (12 month period)

Quality Improvement and Tier Movement (12 months)

Tier 1

$1.50 pmpm

- Contract signed and onboarding Tier 1 requirements met
- Over the next 12 months, meet targets on 70% of all decided upon quality metrics

Tier 2

$2.50 pmpm

- Contract signed and onboarding Tier 2 requirements met
- Over next 12 months meet target on 80% of all selected quality metrics
- Achieve 50% 'engagement' with members

Quality Improvement and Tier Movement (12 months)

Tier 3

$3.50 pmpm

- Contract signed and onboarding Tier 3 requirements met
- Over the next 12 months, meet target on 90% of all decided upon quality metrics and achieve 65% engagement with members

- Practice provides care coordination
- Practice can identify and target members for population health management based on clinical data available
- Practice provides analytics and reporting from EMR
- Increase to a minimum of NCQA Level 2

Tier 4

$4.50 pmpm

- Contract signed and onboarding Tier 4 requirements met
- Over the next 12 months, meet target on 100% of all decided upon quality metrics and achieve 85% engagement with members

- Practice provides care coordination
- Practice can identify and target members for population health management based on clinical data available
- Practice provides analytics and reporting from EMR
- Increase to a minimum of NCQA Level 3

- Member satisfaction is $\geq$ 90%
- Provider satisfaction is $\geq$ 90% (previous12 month period)