



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Proposed Premium Rates for 2014

Board of Trustees Meeting

July 26, 2013

A Division of the Department of State Treasurer

Presentation Overview

- Review approved 2014 rate structure
- State budget
- Rates for employees and retirees
- Rates for member groups not eligible for typical employer share (100% contributory, 50% contributory, etc.)
- Staff recommendations

Approved 2014 Rate Structure

- At the May 2013 meeting, the Board approved a 2014 rate structure that includes:
 - New plan options
 - *CDHP*: Dependent premiums set 10% below rates for the 70/30 Plan
 - *Base MA-PDP Plans*: Rates set to cover the carrier premium for the plan (\$112 per month) + a share of SHP administrative expenses (\$2.50 per month)
 - *Enhanced MA-PDP Plans*: An additional \$33 is added to the monthly premium from the base plans
 - The same family tiers currently in use
 - Split Contracts: Members of the same family could be on two different plans (one Medicare and one non-Medicare) if the family includes both Medicare eligible and non-Medicare members
 - Wellness surcharges and credits

State Budget Bill (SB 402-Appropriations Act of 2013)

2014 Rate Increases

- The State budget bill sets the maximum total employer contribution for each fiscal year of the biennium
- Historically, the percentage increases in the employer contribution and employee/retiree premiums have been the same
- The budget expected to be signed by the Governor provides funding to cover an increase in the employer premium (i.e. State contribution) of up to 3.57% effective January 1, 2014
- The budget also provides funding to cover an additional increase in the employer premium of up to 2.14% effective January 1, 2015
- Rates shown in the presentation reflect 3.57% premium increases for all coverage tiers beginning January 1, 2014 (*staff recommendation*) with the following exception:

Monthly dependent rates for the Medicare Advantage products are set to cover the fully insured premium costs charged by the carriers plus a small add-on of \$2.50 for Plan administrative costs

Proposed 2014 Premium Rates

Employee/Retiree Premiums									
Active Employees and Non-Medicare Retirees									
		Participation in Wellness Activities							
Wellness Activities		All Three	Two Activities Completed			One Activity Completed		None	
Smoking Attestation		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PCP Selection		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HA Completion		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Wellness Plans		Employer Share	Employee/Retiree Share						
Enhanced 80/20 Plan	\$448.11	\$13.56	\$28.56	\$28.56	\$33.56	\$43.56	\$48.56	\$48.56	\$63.56
Consumer-Directed Health Plan	\$448.11	\$0.00	\$10.00	\$10.00	\$20.00	\$20.00	\$30.00	\$30.00	\$40.00
Alternate Plan		Employer Share	Employee/Retiree Share						
Traditional 70/30 Plan	\$448.11	\$0.00							
Medicare Retirees									
<i>Medicare Advantage Plans</i>									
MA-PDP Base Plan	\$348.25	\$0.00							
MA-PDP Enhanced Plan	\$348.25	\$33.00							
<i>Alternate Plan</i>									
Traditional 70/30 Plan	\$348.25	\$0.00							

Total Employee/Retiree Contribution =

Employee/Retiree Share

of the Employee/Retiree Premium

+

Dependent Premium

Red lettering indicates a new offering from the State Health Plan.

Where applicable, premium rates assume a 3.57% increase effective January 1, 2014.

Dependent Premiums						
Dependent Group	All Dependents are Non-Medicare			One or More Medicare Dependents		
	Enhanced 80/20	CDHP	Traditional 70/30	MA-PDP Base	MA-PDP Enhanced	Traditional 70/30
Employee/Retiree + Child(ren)	\$272.80	\$184.60	\$205.12	\$114.50	\$147.50	\$145.94
Employee/Retiree + Spouse	\$628.54	\$475.68	\$528.52	\$114.50	\$147.50	\$383.72
Employee/Retiree + Family	\$666.38	\$506.64	\$562.94	\$229.00	\$295.00	\$418.10

Enhanced 80/20 Plan Subscribers

Proposed Employee/Retiree Premium Rates

Monthly Premium Rates for Enhanced 80/20 Plan Subscribers

Non-Medicare Subscribers

Wellness Activities	Participation in Wellness Activities							
	All 3	Two Activities Completed			One Activity Complete		None	
Smoking Attestation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PCP Selection	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HA Completion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Non-Medicare for Employee/Retiree and Dependent(s)

Employee/Retiree Only	\$13.56	\$28.56	\$28.56	\$33.56	\$43.56	\$48.56	\$48.56	\$63.56
Employee/Retiree + Child(ren)	\$286.36	\$301.36	\$301.36	\$306.36	\$316.36	\$321.36	\$321.36	\$336.36
Employee/Retiree + Spouse	\$642.10	\$657.10	\$657.10	\$662.10	\$672.10	\$677.10	\$677.10	\$692.10
Employee/Retiree + Family	\$679.94	\$694.94	\$694.94	\$699.94	\$709.94	\$714.94	\$714.94	\$729.94

Medicare Primary for One or More Dependent(s)

Medicare Advantage Base Plan for Medicare Dependents

Employee/Retiree + Child(ren)	\$128.06	\$143.06	\$143.06	\$148.06	\$158.06	\$163.06	\$163.06	\$178.06
Employee/Retiree + Spouse	\$128.06	\$143.06	\$143.06	\$148.06	\$158.06	\$163.06	\$163.06	\$178.06
Employee/Retiree + Family	\$242.56	\$257.56	\$257.56	\$262.56	\$272.56	\$277.56	\$277.56	\$292.56

Medicare Advantage Enhanced Plan for Medicare Dependents

Employee/Retiree + Child(ren)	\$161.06	\$176.06	\$176.06	\$181.06	\$191.06	\$196.06	\$196.06	\$211.06
Employee/Retiree + Spouse	\$161.06	\$176.06	\$176.06	\$181.06	\$191.06	\$196.06	\$196.06	\$211.06
Employee/Retiree + Family	\$308.56	\$323.56	\$323.56	\$328.56	\$338.56	\$343.56	\$343.56	\$358.56

Traditional 70/30 Plan for Medicare Dependents

Employee/Retiree + Child(ren)	\$159.50	\$174.50	\$174.50	\$179.50	\$189.50	\$194.50	\$194.50	\$209.50
Employee/Retiree + Spouse	\$397.28	\$412.28	\$412.28	\$417.28	\$427.28	\$432.28	\$432.28	\$447.28
Employee/Retiree + Family	\$431.66	\$446.66	\$446.66	\$451.66	\$461.66	\$466.66	\$466.66	\$481.66

Consumer-Directed Health Plan Subscribers

Proposed Employee/Retiree Premium Rates

Monthly Premium Rates for Consumer-Directed Health Plan Subscribers

Non-Medicare Subscribers

Wellness Activities	Participation in Wellness Activities							
	All 3	Two Activities Completed			One Activity Complete		None	
Smoking Attestation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PCP Selection	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HA Completion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Non-Medicare for Employee/Retiree and Dependent(s)

Employee/Retiree Only	\$0.00	\$10.00	\$10.00	\$20.00	\$20.00	\$30.00	\$30.00	\$40.00
Employee/Retiree + Child(ren)	\$184.60	\$194.60	\$194.60	\$204.60	\$204.60	\$214.60	\$214.60	\$224.60
Employee/Retiree + Spouse	\$475.68	\$485.68	\$485.68	\$495.68	\$495.68	\$505.68	\$505.68	\$515.68
Employee/Retiree + Family	\$506.64	\$516.64	\$516.64	\$526.64	\$526.64	\$536.64	\$536.64	\$546.64

Medicare Primary for One or More Dependent(s)

<i>Medicare Advantage Base Plan for Medicare Dependents</i>								
Employee/Retiree + Child(ren)	\$114.50	\$124.50	\$124.50	\$134.50	\$134.50	\$144.50	\$144.50	\$154.50
Employee/Retiree + Spouse	\$114.50	\$124.50	\$124.50	\$134.50	\$134.50	\$144.50	\$144.50	\$154.50
Employee/Retiree + Family	\$229.00	\$239.00	\$239.00	\$249.00	\$249.00	\$259.00	\$259.00	\$269.00
<i>Medicare Advantage Enhanced Plan for Medicare Dependents</i>								
Employee/Retiree + Child(ren)	\$147.50	\$157.50	\$157.50	\$167.50	\$167.50	\$177.50	\$177.50	\$187.50
Employee/Retiree + Spouse	\$147.50	\$157.50	\$157.50	\$167.50	\$167.50	\$177.50	\$177.50	\$187.50
Employee/Retiree + Family	\$295.00	\$305.00	\$305.00	\$315.00	\$315.00	\$325.00	\$325.00	\$335.00
<i>Traditional 70/30 Plan for Medicare Dependents</i>								
Employee/Retiree + Child(ren)	\$145.94	\$155.94	\$155.94	\$165.94	\$165.94	\$175.94	\$175.94	\$185.94
Employee/Retiree + Spouse	\$383.72	\$393.72	\$393.72	\$403.72	\$403.72	\$413.72	\$413.72	\$423.72
Employee/Retiree + Family	\$418.10	\$428.10	\$428.10	\$438.10	\$438.10	\$448.10	\$448.10	\$458.10

Non-Medicare Traditional 70/30 Plan Subscribers

Proposed Employee/Retiree Premium Rates

Monthly Premium Rates for Traditional 70/30 Plan Subscribers

Non-Medicare Subscribers

Non-Medicare for Employee/Retiree and Dependent(s)	
Employee/Retiree Only	\$0.00
Employee/Retiree + Child(ren)	\$205.12
Employee/Retiree + Spouse	\$528.52
Employee/Retiree + Family	\$562.94

Medicare Primary for One or More Dependent(s)	
<i>Medicare Advantage Base Plan for Medicare Dependents</i>	
Employee/Retiree + Child(ren)	\$114.50
Employee/Retiree + Spouse	\$114.50
Employee/Retiree + Family	\$229.00
<i>Medicare Advantage Enhanced Plan for Medicare Dependents</i>	
Employee/Retiree + Child(ren)	\$147.50
Employee/Retiree + Spouse	\$147.50
Employee/Retiree + Family	\$295.00
<i>Traditional 70/30 Plan for Medicare Dependents</i>	
Employee/Retiree + Child(ren)	\$145.94
Employee/Retiree + Spouse	\$383.72
Employee/Retiree + Family	\$418.10

Medicare Subscribers

Proposed Retiree Premium Rates

Monthly Premium Rates

Medicare Prime Subscribers

		Medicare Plan		
		MA-PDP Base	MA-PDP Enhanced	Traditional 70/30
Medicare Primary for Employee/Retiree and One or More Dependent(s)				
	Employee/Retiree Only	\$0.00	\$33.00	\$0.00
	Employee/Retiree + Child(ren)	\$114.50	\$180.50	\$145.94
	Employee/Retiree + Spouse	\$114.50	\$180.50	\$383.72
	Employee/Retiree + Family	\$229.00	\$328.00	\$418.10
Dependent(s) are Non-Medicare				
	<i>Enhanced 80/20 Plan for Dependents</i>			
	Employee/Retiree + Child(ren)	\$272.80	\$305.80	\$272.80
	Employee/Retiree + Spouse	\$628.54	\$661.54	\$628.54
	Employee/Retiree + Family	\$666.38	\$699.38	\$666.38
	<i>Consumer-Directed Health Plan for Dependents</i>			
	Employee/Retiree + Child(ren)	\$184.60	\$217.60	\$184.60
	Employee/Retiree + Spouse	\$475.68	\$508.68	\$475.68
	Employee/Retiree + Family	\$506.64	\$539.64	\$506.64
	<i>Traditional 70/30 Plan for Dependents</i>			
	Employee/Retiree + Child(ren)	\$205.12	\$238.12	\$205.12
	Employee/Retiree + Spouse	\$528.52	\$561.52	\$528.52
	Employee/Retiree + Family	\$562.94	\$595.94	\$562.94

Calculation of Rates for Other Member Groups

- 100% contributory subscribers pay: the rates shown in the previous charts + the employer contribution
- 50% contributory subscribers pay: the rates shown in the previous charts + 50% of the employer contribution

Exception: 100% and 50% contributory MA-PDP subscribers may not pay more than the fully insured premium costs charged by the carriers (plus share of SHP agency administrative costs)

- COBRA subscribers pay: the rates shown in the previous charts + the employer contribution + an additional 2% fee *or* an additional 50% fee for COBRA disability subscribers

Exception: COBRA MA-PDP subscribers may not pay more than the fully insured premium costs charged by the carriers (plus share of SHP agency administrative costs) with an additional 2% COBRA administration fee

- National Guard, firefighters, and emergency medical personnel pay: the rates shown in the previous charts + the employer contribution + an additional 20% rate factor to protect against adverse selection (See §135-48.58 NC General Statutes)

2014 Premium Rate Recommendations

Staff Recommendation:

1. Approve 3.57% across the board rate increases effective January 1, 2014, with the exception of the rates for dependent coverage under the Medicare Advantage plan options (as shown in the presentation), and
2. Authorize the Executive Administrator to alter the across the board rate increases to match the percentage increase in the maximum employer contribution in the unlikely event the maximum employer contribution for fiscal year 2013-14 is revised in subsequent legislation.