



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



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Financial Update

Board of Trustees Meeting

June 5, 2018

A Division of the Department of State Treasurer

Financial Results: Actual vs. Budget

Calendar Year to Date April 2018

Calendar Year 2018	Actual thru Apr 2018	Authorized Budget (per Segal 2-23-18)	Variance Fav/(Unfav) Budget
Beginning Cash Balance	\$1.010 b	\$1.010 b	-
Plan Revenue	\$1.195 b	\$1.166 b	\$0.028 b
Net Claims Payments	\$1.079 b	\$1.090 b	\$0.011 b
Medicare Advantage Premiums	\$0.075 b	\$0.075 b	\$0.000 b
Net Administrative Expenses	\$0.037 b	\$0.073 b	\$0.036 b
Total Plan Expenses	\$1.191 b	\$1.238 b	\$0.047 b
Net Income/(Loss)	\$3.8 m	(\$71.0 m)	\$74.8 m
Ending Cash Balance	\$1.014 b	\$0.938 b	\$74.8 m

Financial Results Actual vs. Budget

Calendar Year to Date April 2018

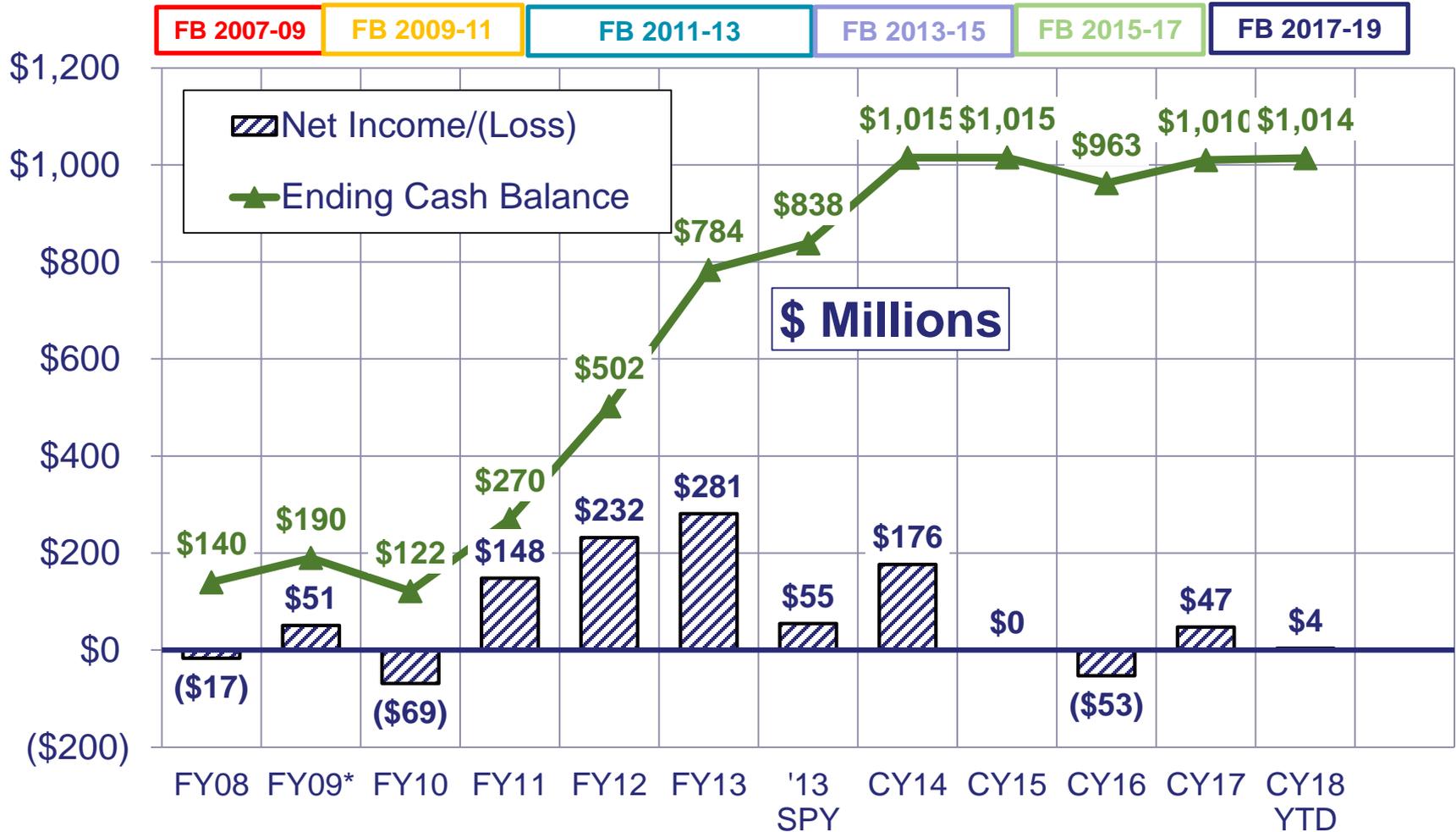
Per Member Per Month (PMPM) Analysis

Calendar Year 2018	Actual thru Apr 2018	Authorized Budget (per Segal 2-23-18)	Variance Fav/(Unfav) Budget
Plan Revenue	\$410.89	\$401.16	\$9.73
Net Claims Payments	\$372.31	\$374.78	\$2.47
Medicare Advantage Premiums	\$25.92	\$25.79	(\$0.13)
Net Administrative Expenses	\$12.65	\$24.99	\$12.34
Total Plan Expenses	\$410.87	\$425.56	\$14.68
Net Income/(Loss)	\$0.01	(\$24.40)	\$24.41

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

Historical Financial Results by Plan Year

Net Income/(Loss) & Ending Cash Balance

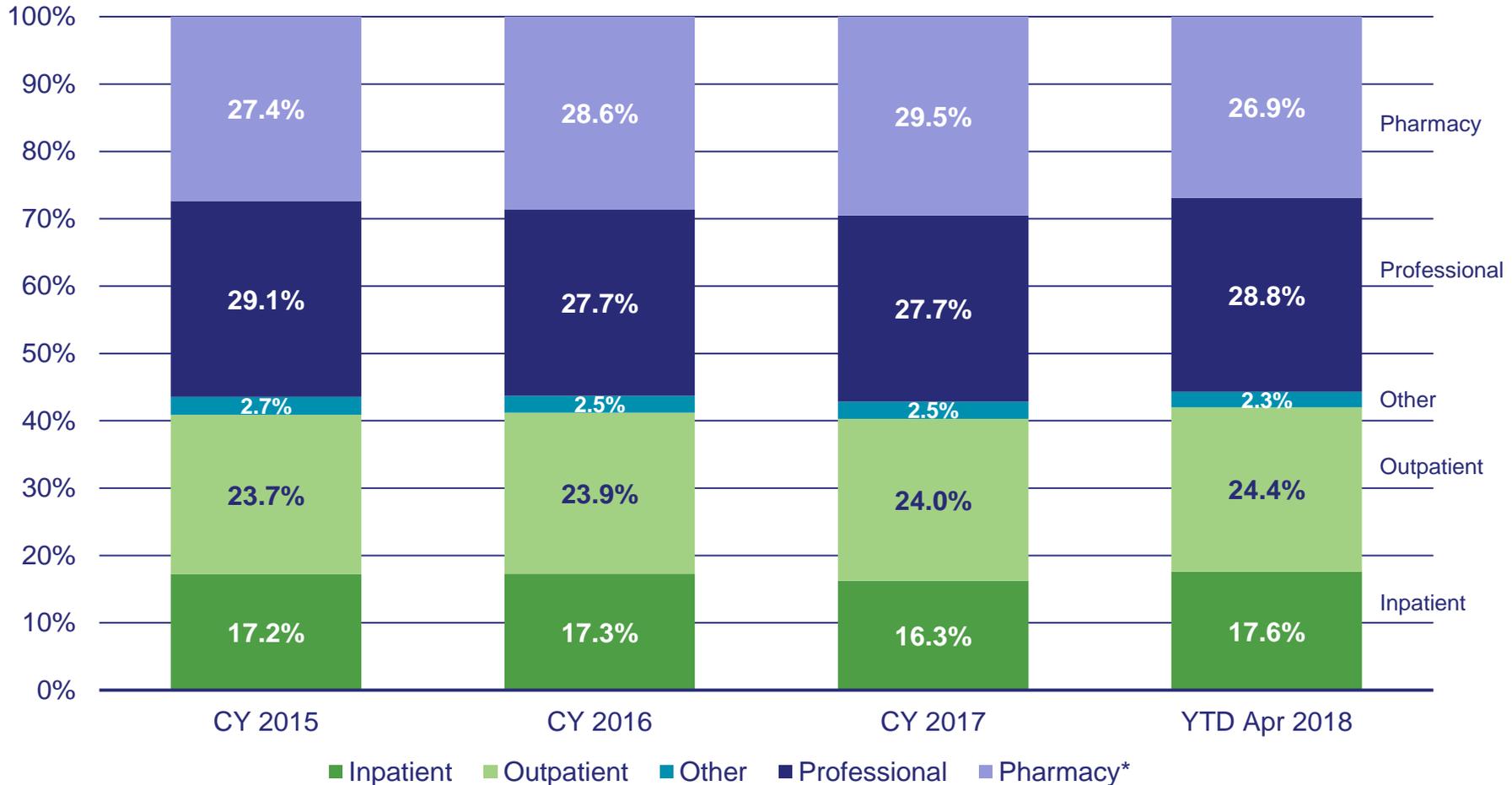


*The Plan received a \$250 million general fund appropriation from the State in FY 2009.

SPY = Short Plan Year (Jul-Dec 2013)

Allocation of Claims Expenditures

Medical, Blue Card and Pharmacy Payments

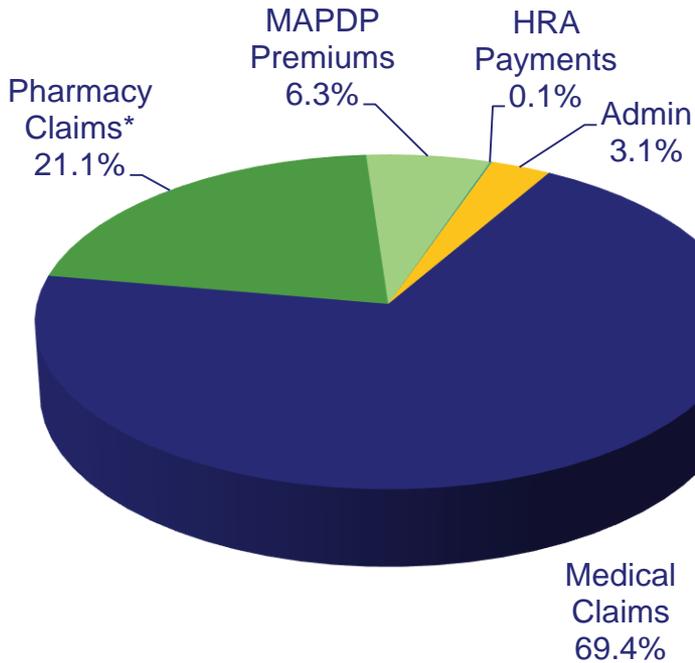


* Pharmacy claims costs do **not** include the impact of rebates

Source: BCBSNC Summary of Billed Charges

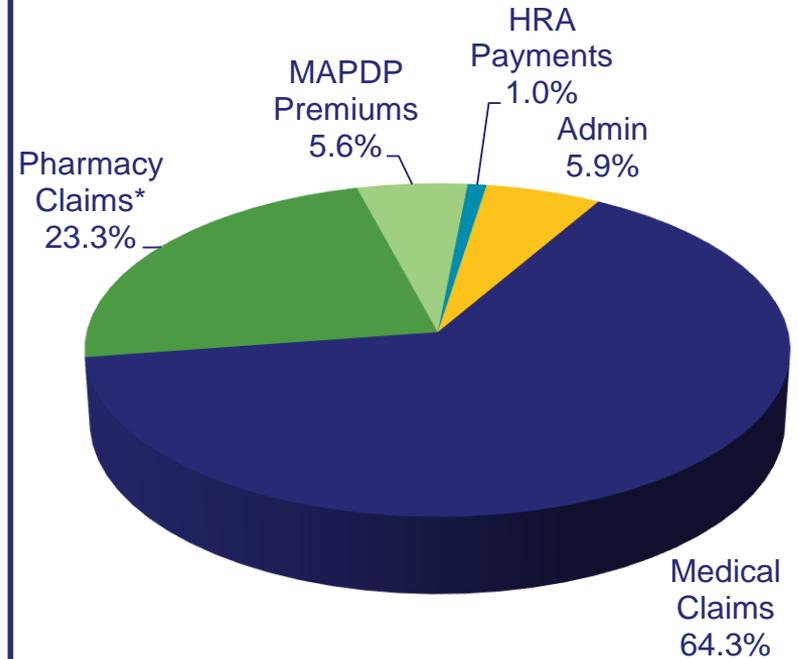
Allocation of Total Expenditures

YTD April 2018



Total Expenses = \$1.191 billion

YTD April 2017



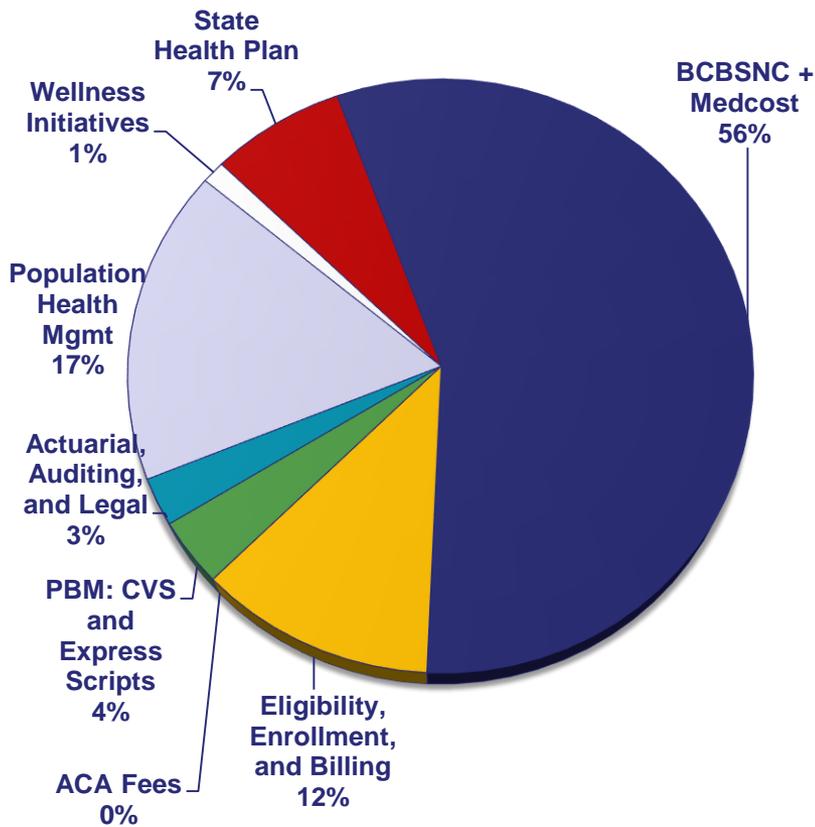
Total Expenses = \$1.146 billion

*After rebates

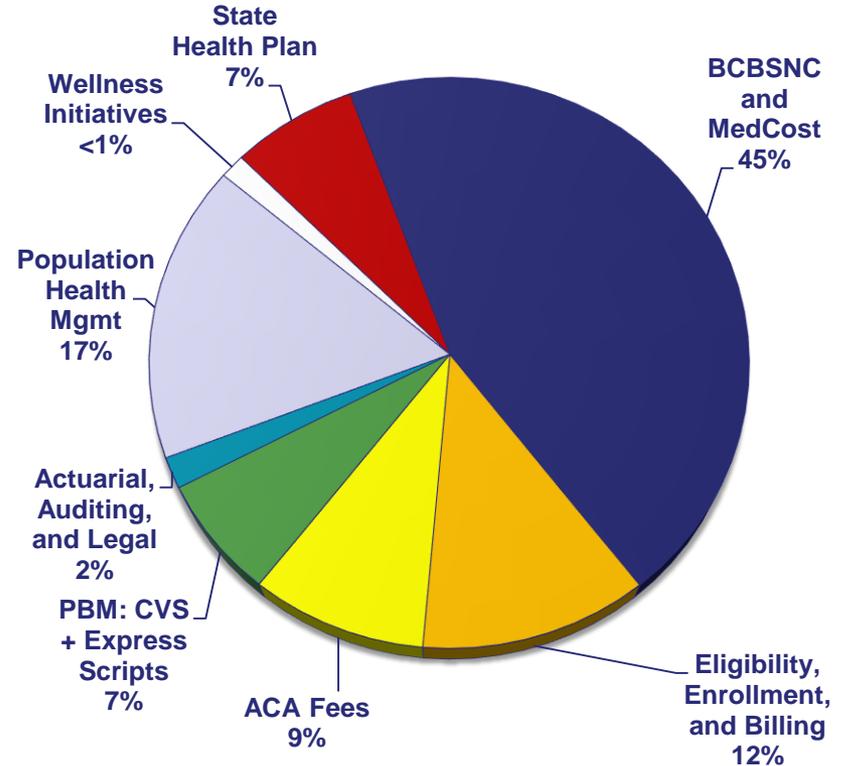
Sources: BCBSNC Net Disbursements reports; Financial Status Reports

Calendar Year 2018 Administrative Expenses

Calendar YTD April 2018
(\$36.6 Million)



Calendar Year 2017
(\$174.5 Million)



Note: The charts show administrative fees that were paid in 2018 YTD vs Total 2017 and reflect some inconsistencies in the timing of payments. These data do not reflect admin fee balances being negotiated with BCBS.

Calendar Year 2018 Administrative Expense Detail

Vendor/Expense	Service Provided	2018 Status	YTD 2018 Total	Total CY Projected	% of Total
BCBSNC	Medical Claims Processing	Contract continues/PSPM fee increases/No HRA fee	\$20,597,893	\$88,622,000	60.3%
ActiveHealth Management	Population Health Management	Contract continues thru Sep/PMPM fee decreases significantly	\$6,281,886	\$18,112,000	12.3%
Benefitfocus	Enrollment & Eligibility	Contract continues/same PSPM fee	\$3,645,514	\$15,961,000	10.9%
CVS	Pharmacy Benefit Management	Contract continues/same PSPM fees	\$1,109,069	\$7,953,000	5.4%
SHP Salaries & Benefits	General Administration	Continues	\$1,164,235	\$4,263,000	2.9%
iTedium/COBRAGuard	COBRA & Billing	Contract continues/same PMPM fee	\$716,018	\$2,404,000	1.6%
Health Management Systems, Inc.	Subrogation	Contracted through August with optional extensions	\$482,429	\$1,379,000	0.9%
DST Core Services Allocation	General Administration	Continues	\$460,257	\$1,364,000	0.9%
Change Healthcare/HTMS	Contractual Staff	Continues with fewer contractual personnel	\$419,246	\$1,495,000	1.0%
DHHS Public Health - QuitlineNC	Tobacco Cessation	Contract continues with some reductions	\$389,664	\$698,000	0.5%
Segal Consulting	Actuarial & Benefit Consulting	Contracted through June; optional 6-month extension	\$294,717	\$1,049,000	0.7%
Express Scripts	Pharmacy Benefit Management	Contract has ended. Final true ups	\$223,603	\$402,000	0.3%
Everything Else (<\$200k)	Multiple	Several contracts/programs have been eliminated or are reduced or ending	\$876,565	\$3,274,000	2.2%
TOTAL			\$36,661,096	\$146,976,000	100.0%