



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



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STATE TREASURER OF NORTH CAROLINA
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Leadership Updates

Board of Trustees Meeting

February 8, 2018

A Division of the Department of State Treasurer

Calendar Year 2017 Financials

Financial Results: Actual vs. Budgeted

Calendar Year to Date December 2017

Calendar Year 2017	Actual thru Dec 2017	Authorized Budget (per Segal 4-26-17)	Variance Over/(Under) Budget
Beginning Cash Balance	\$0.963 B	\$0.963 B	\$0.000 B
Plan Revenue	\$3.355 B	\$3.303 B	\$0.052 B
Net Claims Payments	\$2.938 B	\$2.999 B	- \$0.061 B
Medicare Advantage Premiums	\$0.195 B	\$0.194 B	\$0.001 B
Net Administrative Expenses	\$0.175 B	\$0.214 B	- \$0.039 B
Total Plan Expenses	\$3.307 B	\$3.407 B	- \$0.100 B
Net Income/(Loss)	\$0.048 B	- \$0.104 B	\$0.152 B
Ending Cash Balance	\$1.011 B	\$0.859 B	\$0.152 B

Financial Results Actual vs. Budgeted

Calendar Year to Date December 2017

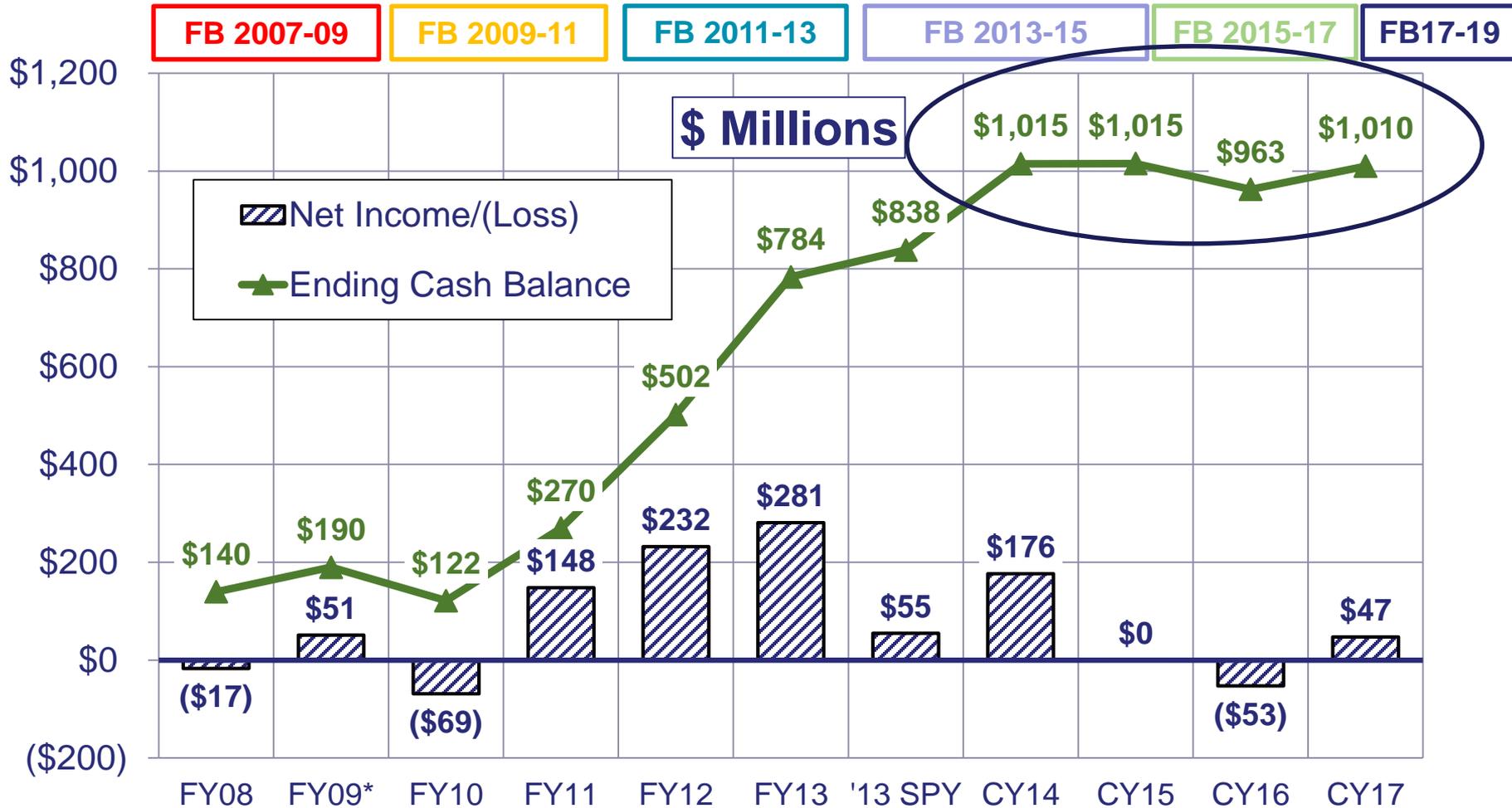
Per Member Per Month (PMPM) Analysis

Calendar Year 2017	Actual thru Dec 2017	Authorized Budget (per Segal 4-26-17)	Variance Over/(Under) Budget
Plan Revenue	\$389.19	\$387.92	\$1.27
Net Claims Payments	\$341.96	\$352.42	- \$10.46
Medicare Advantage Premiums	\$22.68	\$22.83	- \$0.15
Net Administrative Expenses	\$20.31	\$25.13	- \$4.82
Total Plan Expenses	\$384.95	\$400.38	- \$15.43
Net Income/(Loss)	\$4.24	- \$12.46	\$16.70

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

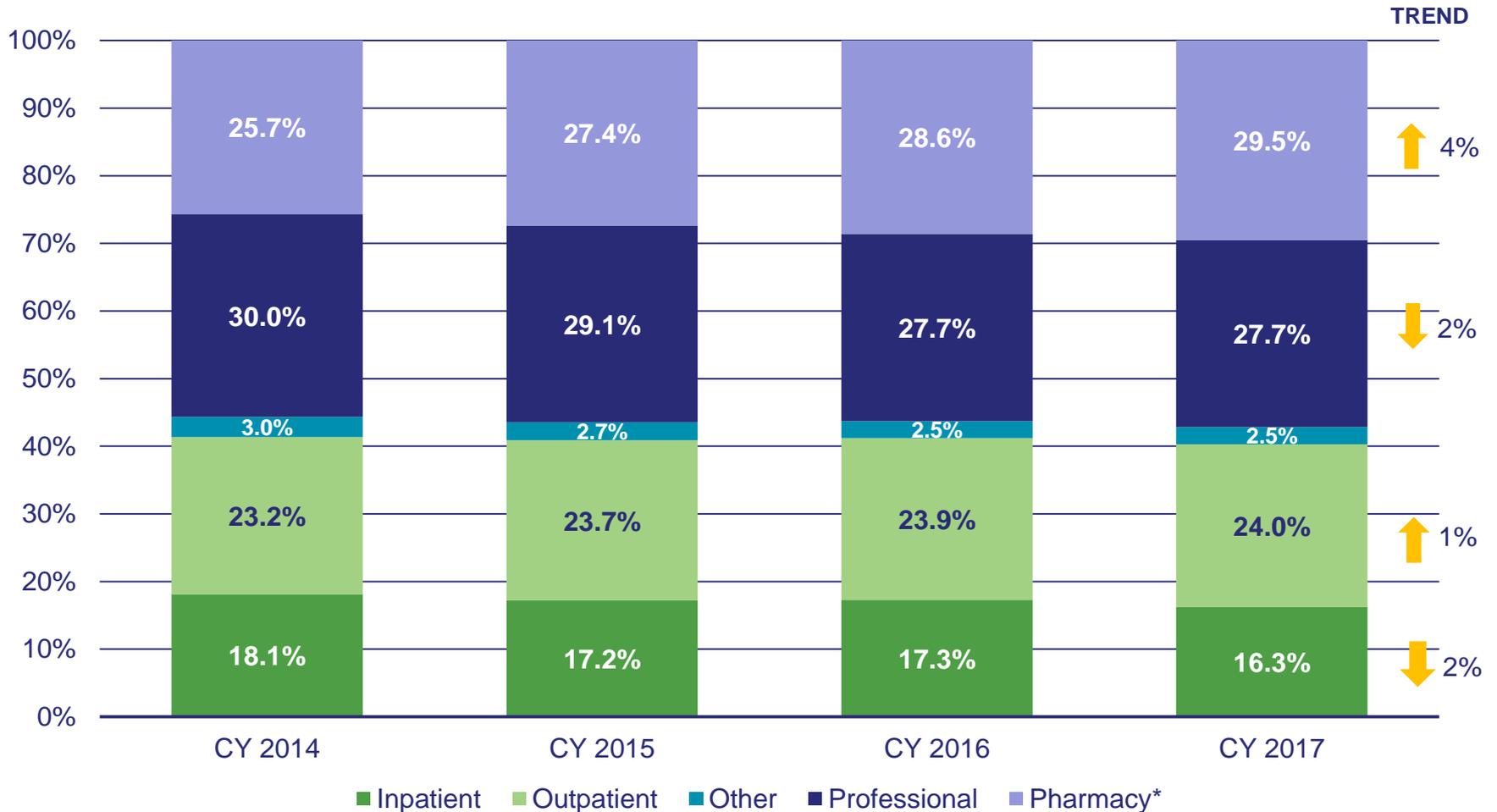
Net Income/(Loss) & Ending Cash Balance



*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

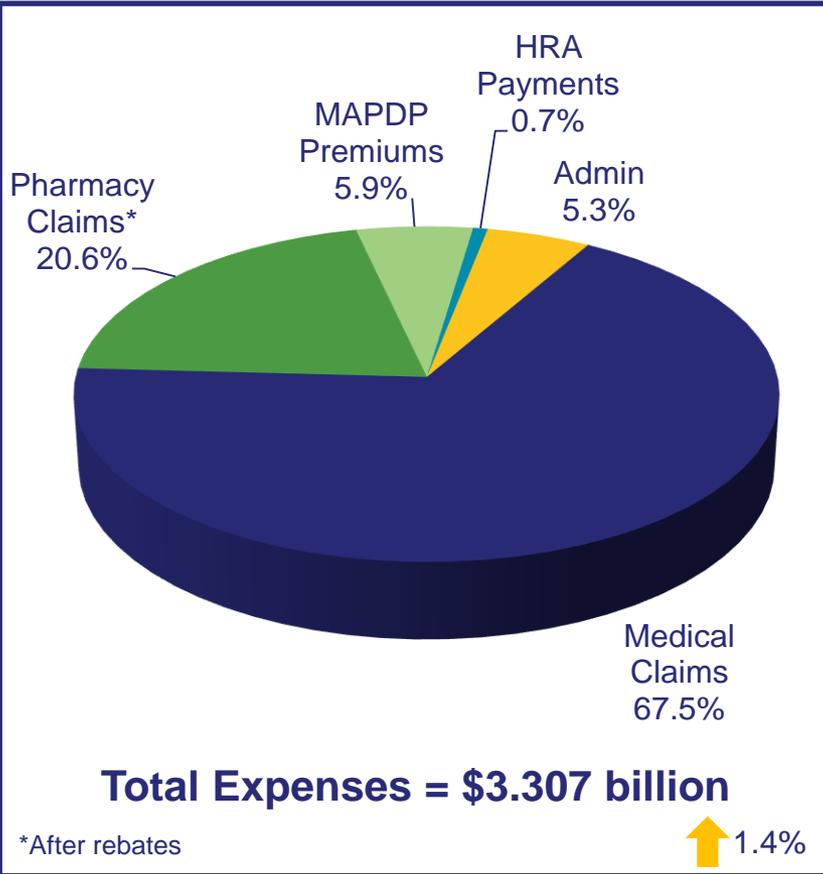


* Pharmacy claims costs do not include the impact of rebates

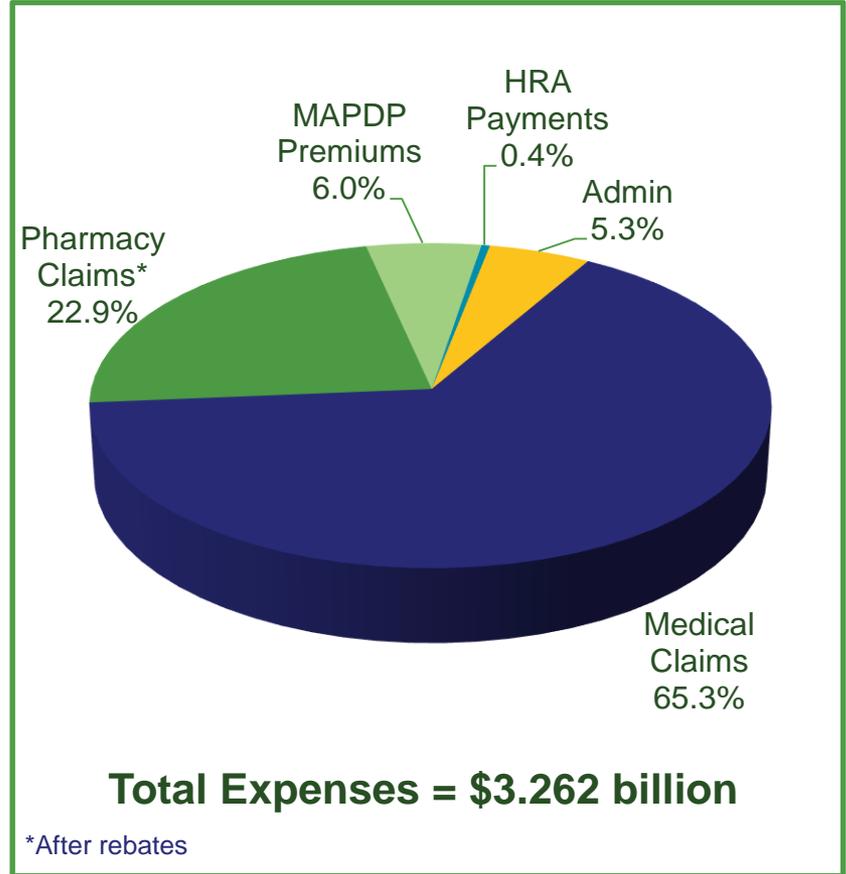
Source: BCBSNC Summary of Billed Charges

Allocation of Total Expenditures

Calendar Year 2017



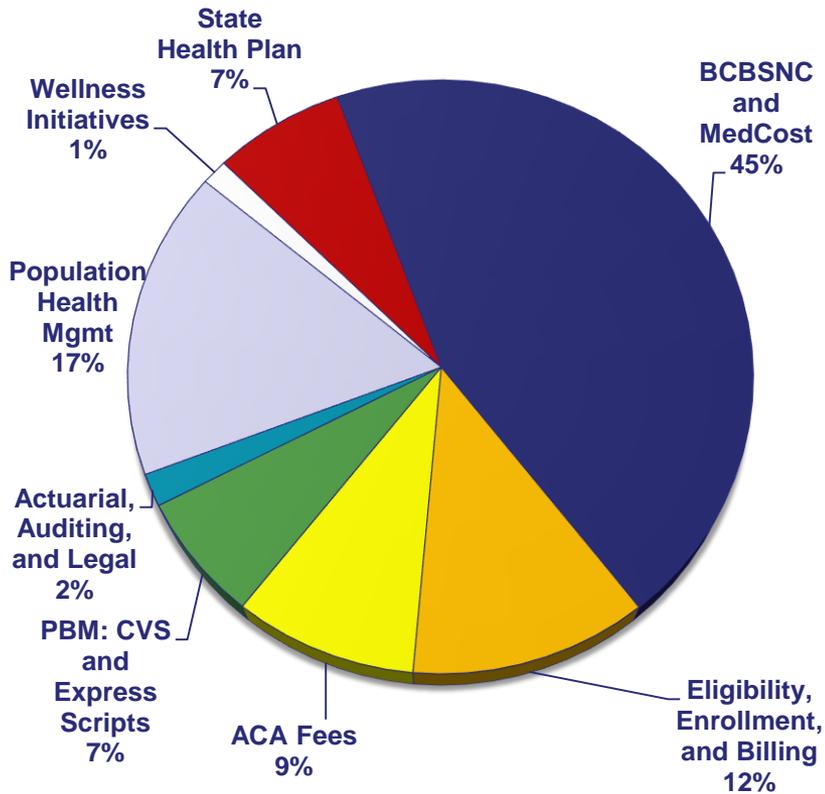
Calendar Year 2016



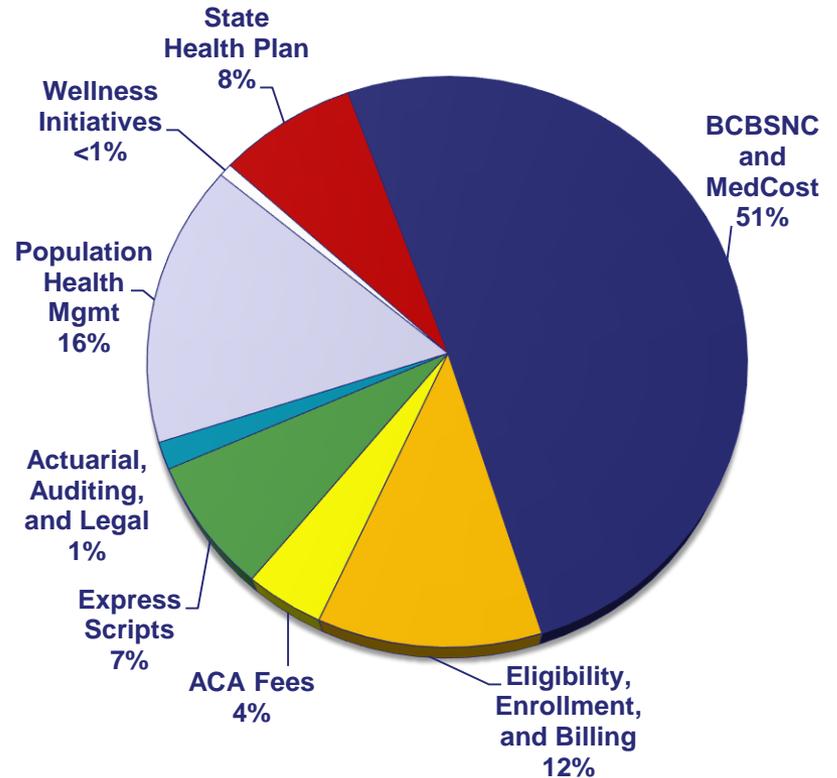
Source: BCBSNC Net Disbursements reports; Financial Status Reports

Calendar Year 2017 Administrative Expenses

Calendar Year 2017
\$174.5 Million



Calendar Year 2016
\$173.4 Million



Note: The charts show administrative fees that were paid in 2017 and 2016 and reflect some inconsistencies in the timing of payments.

Calendar Year 2017 Administrative Expense Detail

Vendor/Expense	Service Provided	2018 Status	CY 2017 Total	% of Total
BCBSNC	Medical Claims Processing	Contract continues/PSPM fee increases / No HRA fee	\$78,422,611	44.9%
ActiveHealth Management	Population Health Management	Contract continues thru Sep/PMPM, fee decreases significantly	\$28,937,680	16.6%
Benefitfocus	Enrollment & Eligibility	Contract continues/same PSPM fee	\$16,665,425	9.6%
US Federal Government	ACA Fees	Reinsurance fee ended in 2017/smaller PCORI fee continues	\$16,074,009	9.2%
CVS/Caremark	Pharmacy Benefit Management	Contract continues/same PMPM fee	\$9,731,092	5.6%
iTedium/COBRAGuard	COBRA & Billing	Contract continues/same PSPM fees	\$4,184,086	2.4%
SHP Salaries and Benefits	General Administration	Continues	\$4,073,278	2.3%
Change Healthcare/HTMS	Contractual Staff	Continues with fewer contractual personnel	\$2,543,010	1.5%
Express Scripts	Pharmacy Benefit Management	Contract has ended	\$2,111,170	1.2%
DHHS Public Health - Quitline	Tobacco Cessation	Contract continues with some reductions	\$1,691,500	1.0%
GDAC/Dept of Information Technology	Data Analytics	Contract changing in 2018	\$1,441,782	0.8%
DST Core Services Allocation	General Administration	Continues	\$1,436,225	0.8%
Health Management Systems, Inc.	Subrogation	Contracted through August with optional extensions	\$1,223,900	0.7%
Segal Consulting	Actuarial & Benefit Consulting	Contracted through June; optional 6-month extension	\$1,192,891	0.7%
Everything Else (<\$1,000,000 each)	Multiple	Several contracts/programs have been eliminated or are reduced or ending	\$4,776,293	2.7%
TOTAL			\$174,504,952	100.0%

Financial Comparison:

Calendar Year 2017 Actual vs. 2018 Forecast

Calendar Year 2017	Actual CY 2017	Variance (per Segal 9-7-17 FC)	Forecast CY 2018
Beginning Cash Balance	\$0.963 B	\$0.047 B	\$1.010 B
Plan Revenue	\$3.355 B	\$0.231 B	\$3.586 B
Net Claims Payments	\$2.938 B	\$0.296 B	\$3.233 B
Medicare Advantage Premiums	\$0.195 B	\$0.007 B	\$0.202 B
Net Administrative Expenses	\$0.175 B	\$0.017 B	\$0.192 B
Total Plan Expenses	\$3.307 B	\$0.320 B	\$3.627 B
Net Income/(Loss)	\$0.048 B	- \$0.089 B	-\$0.041 B
Ending Cash Balance	\$1.011 B	-\$0.041 B	\$0.969 B

Does not reflect actual membership movement, including CDHP or UHC.

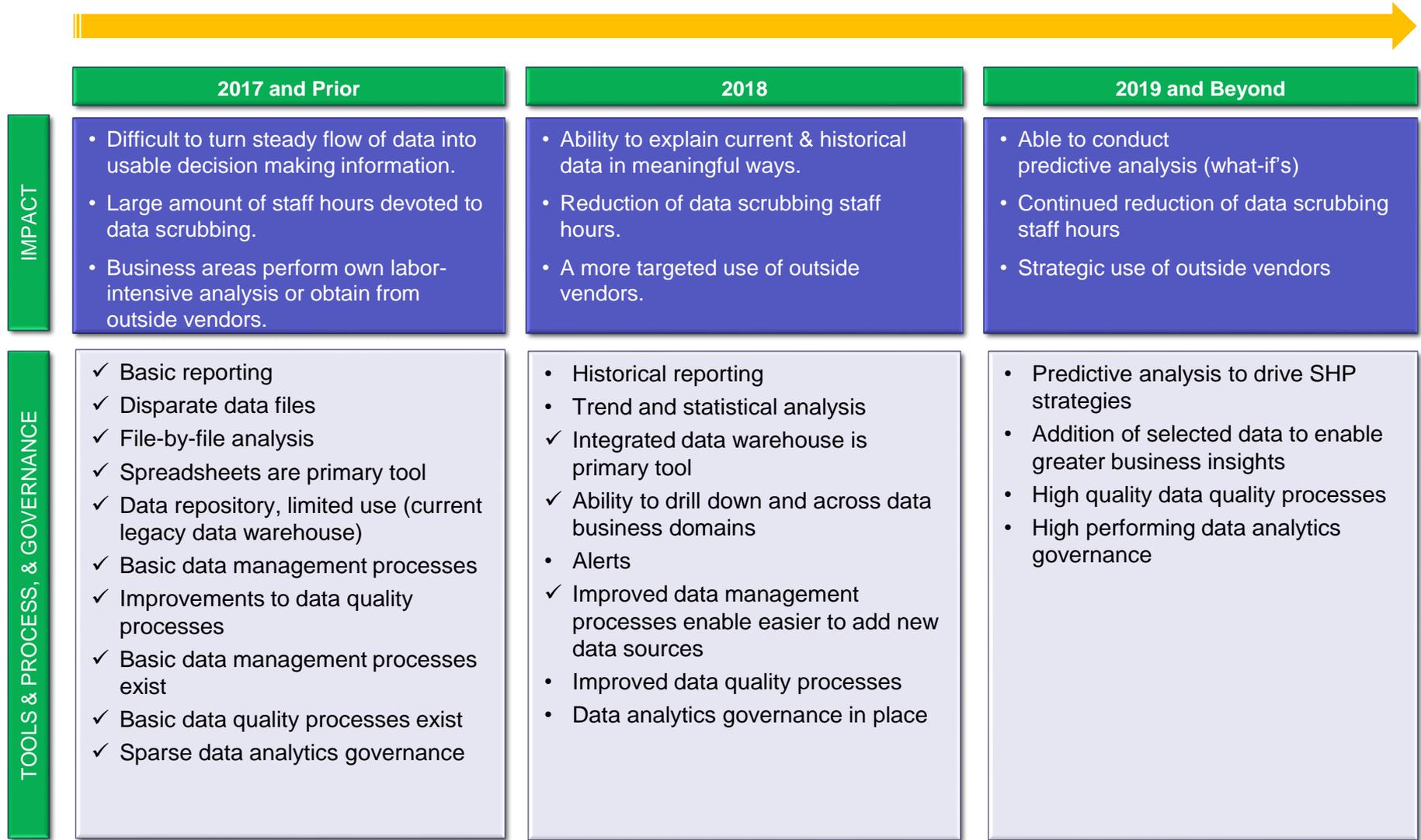
Data Analytics Update

Mission

The Data Analytics Team mission is to foster a data-driven approach to State Health Plan business operations by enhancing and improving decision-making information.



Path to Data-Driven Business Operations



New Data Warehouse

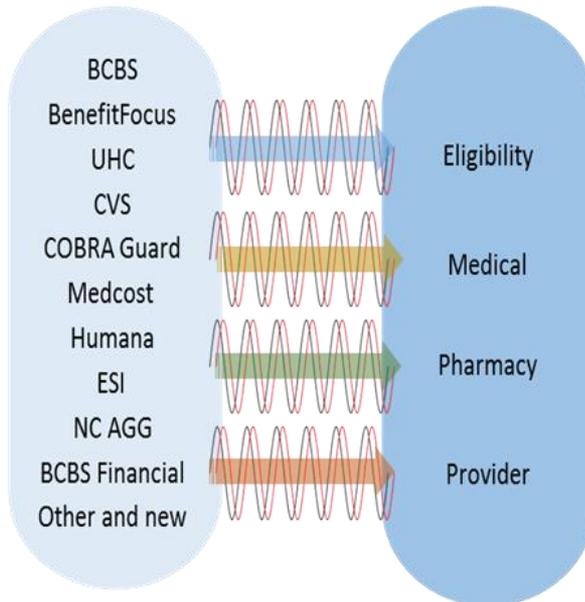
Key Benefits

- Assembles vendor data into business domains regardless of vendor
- Provides a single member identifier enabling easy searches
- Standardizes data collection, transformation and loading to ensure high quality data

Live: January 31, 2018

Old Warehouse

- Organized by vendor file (difficult to query across vendors)
- Each vendor file had own member identifier (difficult to query across vendors)
- Multiple files for each vendor, by date (error prone, data missed)



New Warehouse

- Organized by SHP needs (consolidated across vendors)
- 1 unique member identifier across all vendors (easy to query across vendors)
- Easier to add new vendors or data types

Data Source	Target Date	Claims	Eligibility	Provider	Financials
Phase 1					
BCBS	January-18	X	X		
CVS	January-18	X			
ESI	January-18	X			
Humana	January-18	X	X		
UHC	January-18	X	X		
Phase 2					
BenefitFocus	March-18		X		
Future Possibilities					
BCBS	TBD			X	X
BenefitFocus	TBD		X		
CVS					X
iTedium (CobraGuard)	TBD		X		X
Medcost	TBD	X			X

Data warehouse data is refreshed monthly

What's Next

The data analytics teams works with business users to design, build, and customize the reports, queries and dashboards needed to manage the Plan.

SHP Data Analytics Spend

Feb. 2016 - Nov. 2017 Costs	Amount	Hours	Avg. Rate
Data Warehouse Development	\$2,584,957	13,807	\$198/ Hour
Operations & Maintenance	\$767,991	5,656	\$136/ hour

Milestones:

- 2017: BCBSNC, CVS claims and historical ESI data quality improvements
- Jan. 2018: HCDM go-live

2018 Expected Costs	Amount
Development - Data Warehouse (GDAC/SAS)	\$600,000
Development – Data (BCBSNC – Groupers)	\$105,000
Operations & Maintenance – Staff	\$424,850
Operations & Maintenance - Contractors	\$732,711
Total	\$1,862,511

2018 Targets:

- Development
 - Early Q2: Benefitfocus eligibility data
 - Late Q2 / Early Q3: Episodes of Care
 - Q3 / Q4: additional data – to be determined (e.g. provider, financial)
- O&M
 - February: report and dashboard development starts

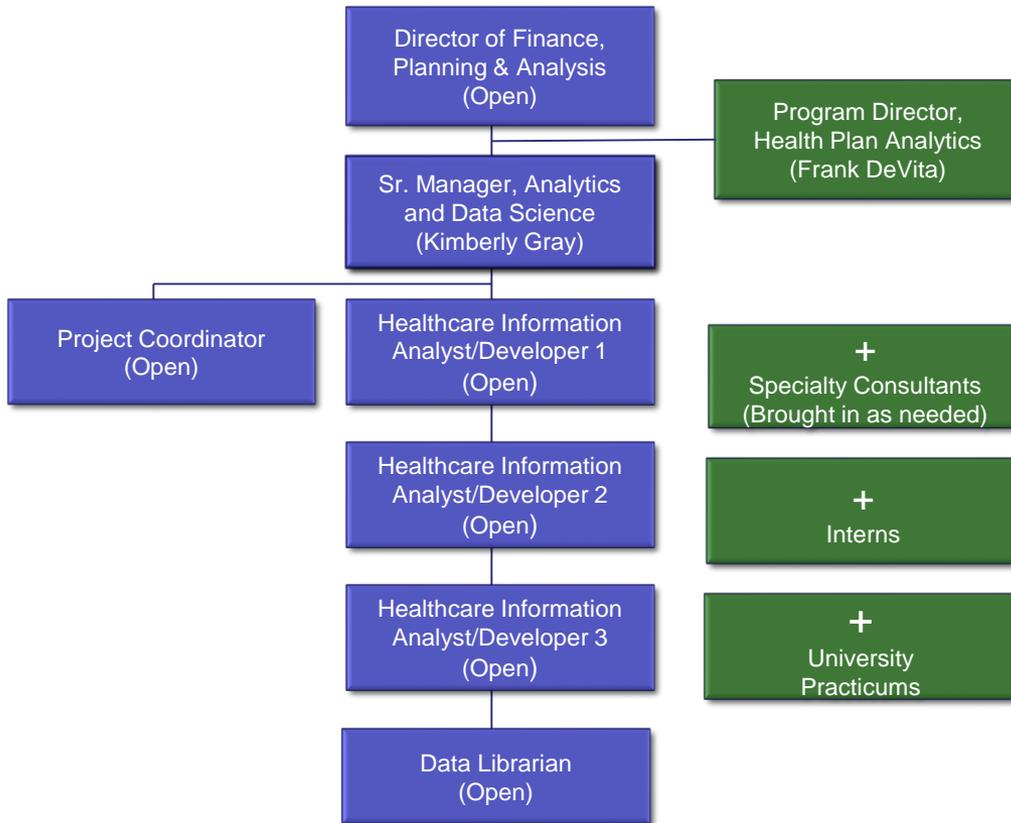
Expected Annual O&M Costs	Amount
Development - Data Warehouse (GDAC/SAS)	\$400,000
Development – Data (TBD)	TBD
Operations & Maintenance – Staff	\$556,960
Operations & Maintenance - Contractors	\$366,456
Operations & Maintenance – Data (BCBSNC Groupers)	\$80,000
Total	\$1,403,316

Q4 2017/ Q1 2018 Program refocus:

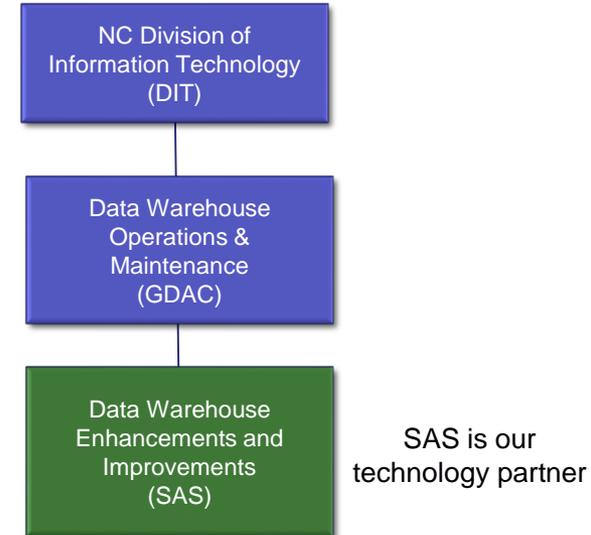
- 11/4/17: changed to locally sourced Program Director ~ 45% reduction
- December: Business user work sessions to align information reporting requirements with new SHP strategic objectives
- 1/1/18: direct contracting of SAS subcontractors ~ 9% reduction

Data Analytics Organization

State Health Plan



Technology Operations



Benefit Changes Request Policy & Process

Requests for Benefit Changes Policy

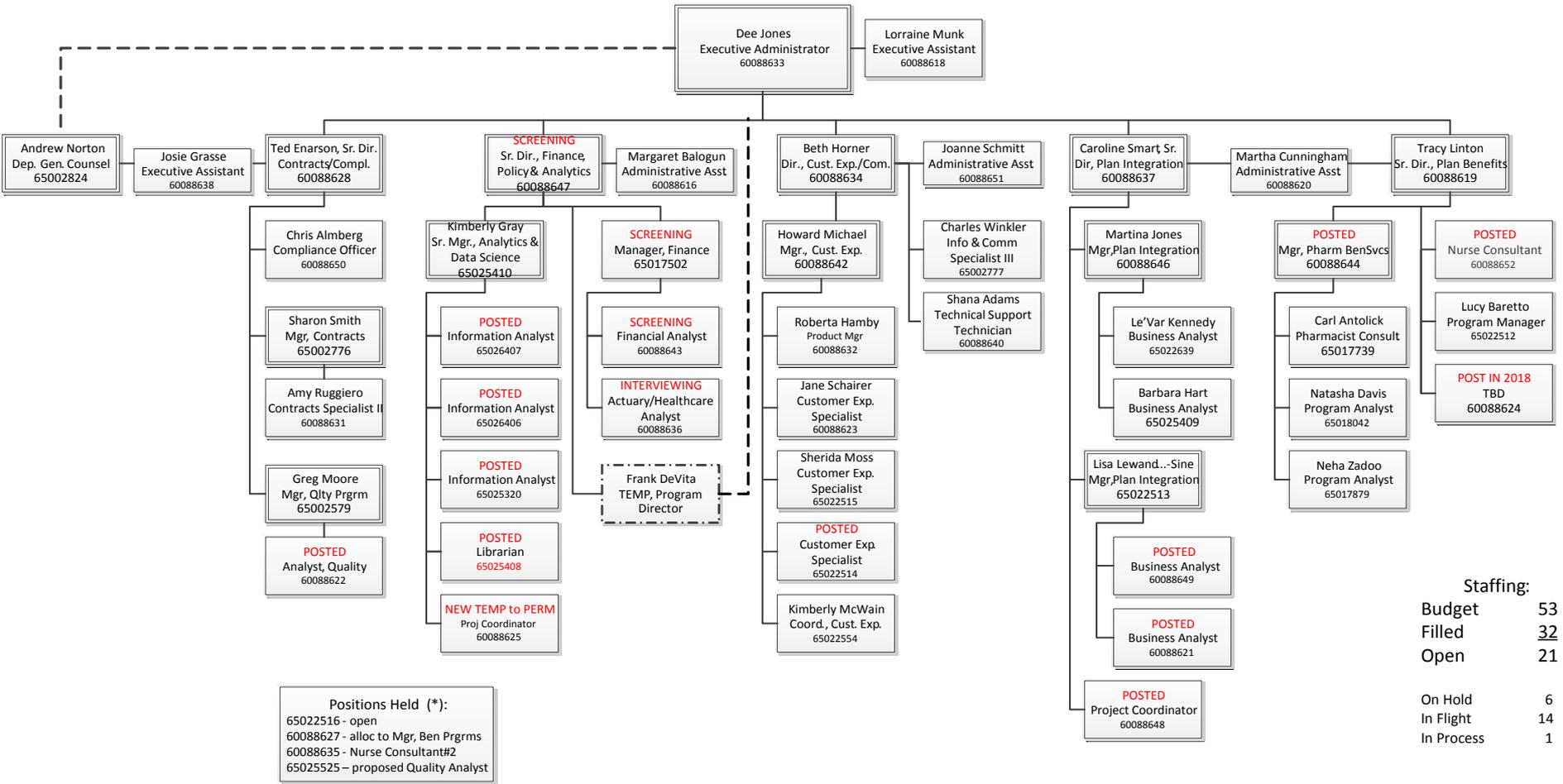
- The Board of Trustees bylaws provide for one meeting per year to be used to review Plan benefit change requests.
 - Individuals may present a change(s) for their own interest
 - Groups may present a change for a certain segment of Plan membership
- The Plan is looking to provide a framework for these requests in order to conduct the necessary research and analysis to make a recommendation to the board AND to communicate to member(s)/public.

Plan Benefits Change Request Process

- 1) Members/Groups complete Benefits Change Request form available on the Plan's website
- 2) Requests are presented to the board at designated meeting
- 3) Plan Benefits team researches request(s) and prepares report
- 4) Report is reviewed by the Plan's Leadership Team and Executive Administrator
- 5) Response is communicated to board members and member/public

State Health Plan Organizational Chart

State Health Plan Staff Organizational Chart



Staffing:	
Budget	53
Filled	32
Open	21
On Hold	6
In Flight	14
In Process	1

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