



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



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA



October 2017 Financial Report

Board of Trustees Meeting

November 28, 2017

A Division of the Department of State Treasurer

Financial Results: Actual vs. Budgeted

Calendar Year to Date October 2017

Calendar Year 2017	Actual thru Oct 2017	Authorized Budget (per Segal 4-26-17)	Variance Over/(Under) Budget
Beginning Cash Balance	\$962.5 m	\$962.5 m	\$0.0 m
Plan Revenue	\$2.779 b	\$2.749 b	\$29.7 m
Net Claims Payments	\$2.500 b	\$2.501 b	(\$1.2 m)
Medicare Advantage Premiums	\$161.8 m	\$161.5 m	\$0.3 m
Net Administrative Expenses	\$145.7 m	\$179.6 m	(\$33.9 m)
Total Plan Expenses	\$2.807 b	\$2.842 b	(\$34.8 m)
Net Income/(Loss)	(\$28.7 m)	(\$93.2 m)	\$64.5 m
Ending Cash Balance	\$933.8 m	\$869.3 m	\$64.5 m

Financial Results: Actual vs. Budgeted

Calendar Year to Date October 2017

Per Member Per Month (PMPM) Analysis

Calendar Year 2017	Actual thru Oct 2017	Authorized Budget (per Segal 4-26-17)	Variance Over/(Under) Budget
Plan Revenue	\$387.28	\$387.57	(\$0.29)
Net Claims Payments	\$349.65	\$353.16	(\$3.51)
Medicare Advantage Premiums	\$22.63	\$22.80	(\$0.17)
Net Administrative Expenses	\$20.38	\$25.36	(\$4.98)
Total Plan Expenses	\$392.66	\$401.32	(\$8.66)
Net Income/(Loss)	(\$5.38)	(\$13.75)	\$8.37

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

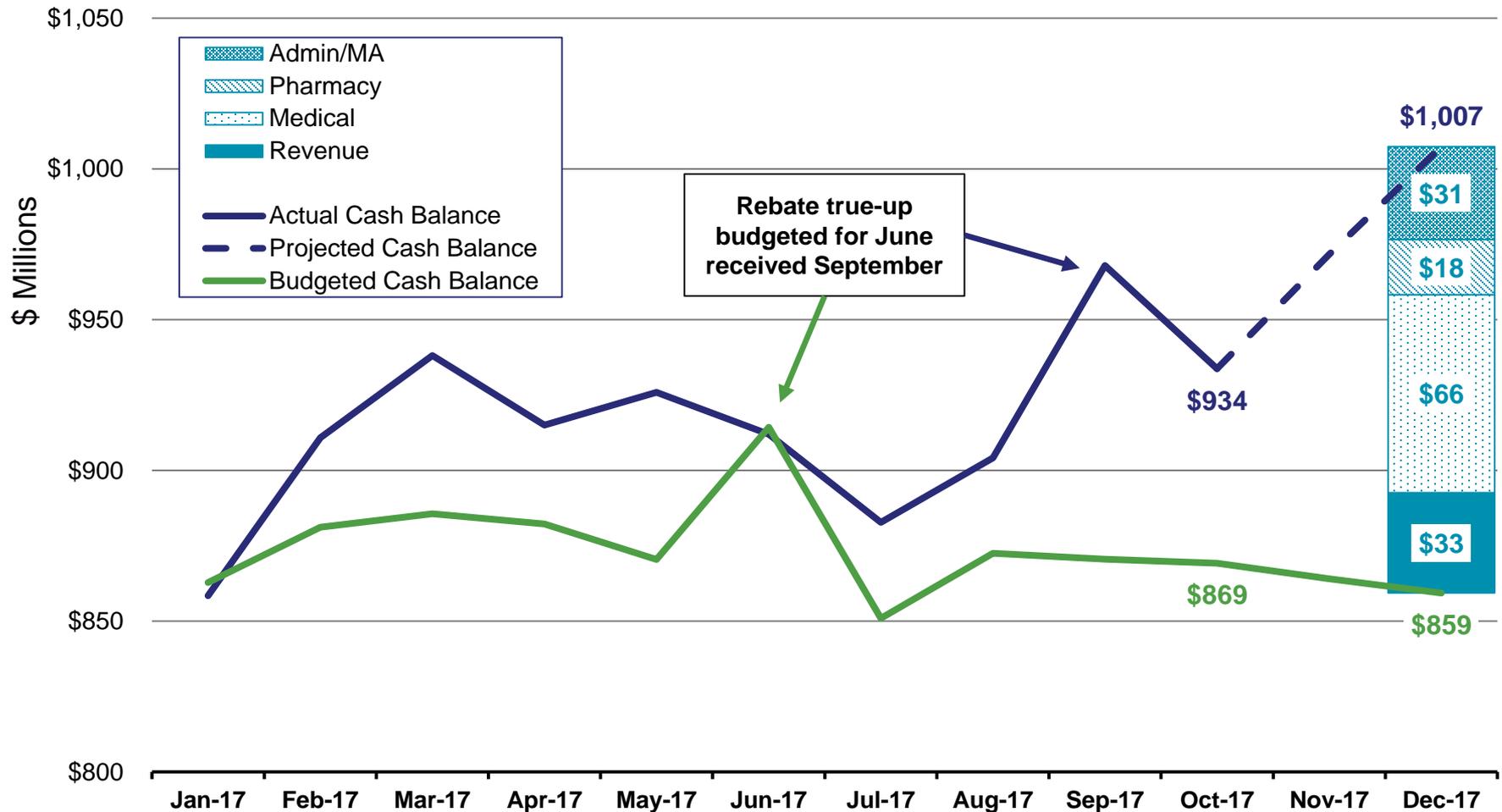
Financial Results: Administrative Expense Detail

Calendar Year to Date October 2017

Vendor	Service Provided	Total to Date	% of Total
BCBSNC	Medical Claims Processing	\$65,721,876	45.1%
ActiveHealth Management	Population Health Management	\$24,403,676	16.7%
Benefitfocus	Enrollment & Eligibility	\$13,983,909	9.6%
US Federal Government	ACA Fees	\$13,124,489	9.0%
CVS	Pharmacy Benefit Management	\$6,268,785	4.3%
iTedium/COBRAGuard	COBRA & Billing	\$3,826,471	2.6%
SHP Salaries	General Administration	\$2,590,177	1.8%
Change Healthcare/HTMS	Contractual Staff	\$2,236,310	1.5%
Express Scripts	Pharmacy Benefit Management	\$2,111,170	1.4%
DHHS Public Health - Quitline	Tobacco Cessation	\$1,662,780	1.1%
GDAC/Dept of Information Technology	Data Analytics	\$1,441,782	1.0%
DST Core Services Allocation	General Administration	\$1,215,250	0.8%
Segal Consulting	Actuarial & Benefit Consulting	\$989,444	0.7%
Health Management Systems, Inc.	Subrogation	\$989,407	0.7%
SHP Benefits	General Administration	\$832,883	0.6%
SHP Communications	Printing & Mailing	\$763,179	0.5%
NC Agricultural Foundation	Wellness - EatSmart, Diabetes Prevention Program	\$515,092	0.4%
PCMH Pilot Program Vendors	PCMH Pilot Programs	\$431,396	0.3%
SAS	Data Analytics	\$408,600	0.3%
Thomas & Gibbs	Auditing Services	\$285,038	0.2%
SHP Other IT	Data Analytics	\$261,185	0.2%
Tricast Inc.	Auditing Services - Pharmacy	\$215,750	0.1%
BCBS (Rival Health)	Wellness	\$171,403	0.1%
SHP Rent	Office Space	\$150,277	0.1%
External Temp Agencies	Temporary Staffing	\$119,915	0.1%
NC Department of Justice	Legal Services	\$107,553	0.1%
Medcost	Plan Administration (HDHP)	\$94,220	0.1%
NC Office of State Controller	Administrative Assistance	\$88,226	0.1%
DHHS-DMA (Truven)	Data Analytics	\$82,250	0.1%
Hospital Association/Hospitals	Data Feeds	\$63,488	0.0%
Buck Consultants/Conduent	Communications Consulting	\$35,239	0.0%
Everything Else		\$516,855	0.4%
TOTAL		\$145,708,075	100.0%

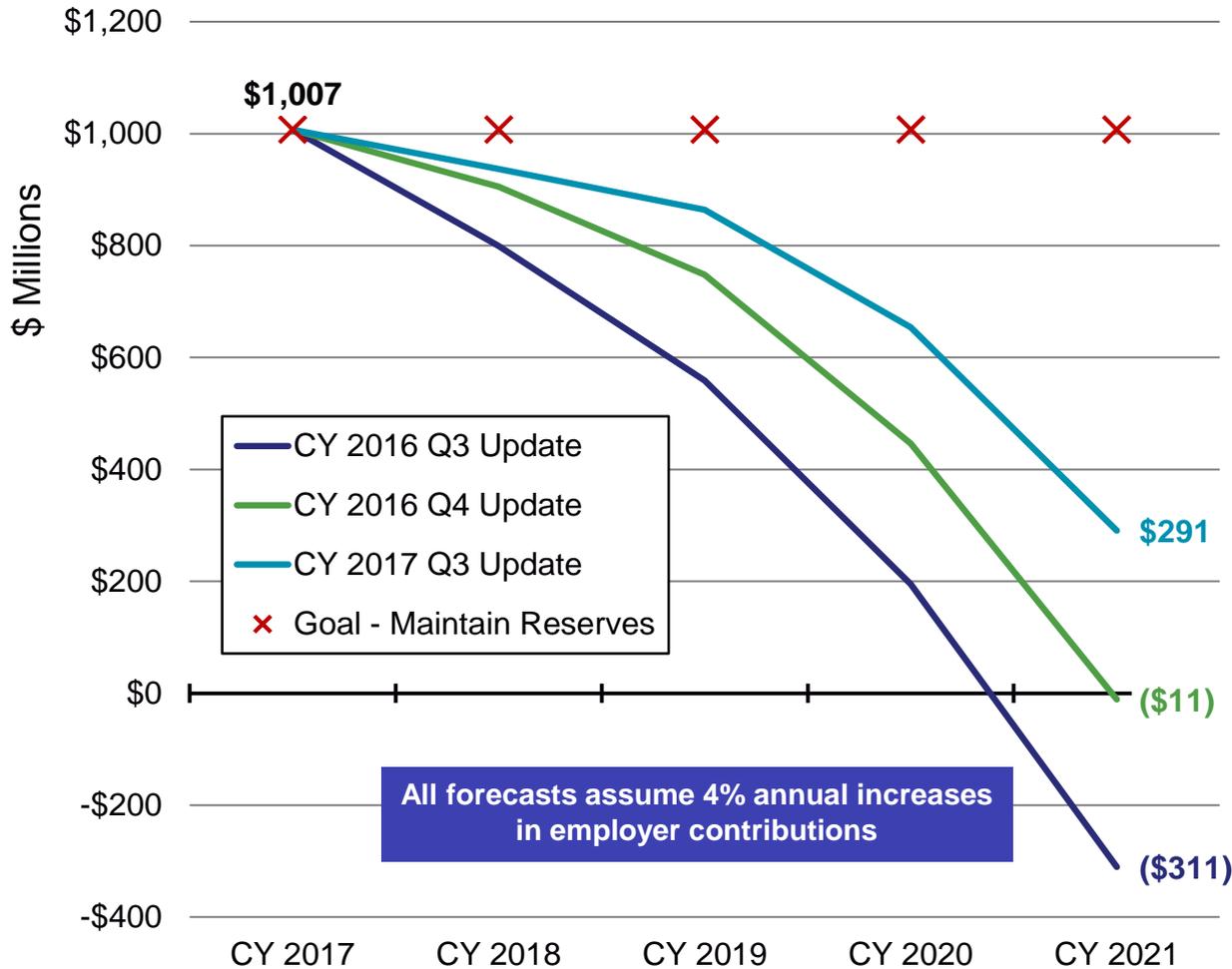
Financial Results and 3rd Quarter Projection

State Health Plan Cash Balance



3rd Quarter Forecast Update: Long-Term Outlook

End-of-Year Closing Cash Balance Comparisons



All updates start with a \$1.007 billion 12/31/17 cash balance and assume 4% annual increases in employer contributions.

- **CY 2016 Q3 Update** includes experience through Sep 2016; 2017 plan design for future years; member premiums increase with employer contribution (4%/year)
- **CY 2016 Q4 Update** includes experience through Dec 2016; 2018 plan design for future years; approved 2018 member premiums with no increases through 2021
- **CY 2017 Q3 Update** includes experience through Sep 2017; 2018 plan design for future years; approved 2018 member premiums with no increases through 2021; negotiated 2018 Medicare Advantage rates trended forward; additional pharmacy savings resulting from the 2018 market check