



*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



## Board of Trustees Meeting

July 17, 2018

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*A Division of the Department of State Treasurer*

# Agenda

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**Board of Trustees Teleconference**  
**Tuesday, July 17, 2018**  
**4:00-5:00 pm**

- |                                   |                        |
|-----------------------------------|------------------------|
| 1. Welcome                        | Dale R. Folwell, Chair |
| 2. Conflict of Interest Statement | Dale R. Folwell, Chair |

**Board Approval**

- |  |   |
|--|---|
| 3. Minutes from June 5, 2018 Teleconference <i>(Requires Vote)</i> | Dale R. Folwell, Chair  |
| 4. 2019 Active Premium Rates <i>(Requires Vote)</i>                | Dee Jones<br>Executive Director<br><br>Matthew Rish<br>Sr. Director, Finance, Policy<br>& Analytics |
| 5. 2019 Plan Design with Tobacco Cessation <i>(Requires Vote)</i>  | Caroline Smart<br>Sr. Director, Plan Integration  |

**Operations Updates**

- |  |   |
|--|---|
| 6. Follow Up Items from Previous Board Meeting <ul style="list-style-type: none"><li>• Charter Schools</li><li>• Actuarial Valuation of MA vs. Medicare 70/30 Plans</li><li>• PMPM Trend By Expense Category</li></ul> | Dee Jones /<br>Matthew Rish             |
| 7. May Financial Results   | Matthew Rish                            |
| 8. 2018 Short Session Legislative Agenda Update  | Andrew Norton<br>Deputy General Counsel |
| 9. August Board Meeting  | Dee Jones                               |
| 10. Adjournment  |   |



*North Carolina*  
**State Health Plan**  
FOR TEACHERS AND STATE EMPLOYEES



## Proposed 2019 Premium Contribution Rates

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*A Division of the Department of State Treasurer*

# 2019 Premium Rates

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## **Employer/Retirement System Contributions**

- ✓ Approve 4% increases in employer/Retirement Systems contributions for permanent employees and retirees, as authorized in the State Budget and shown on page 5 of this presentation.

## **80/20 and 70/30 Plan (Self-funded)**

- ✓ Approve the 2019 premium rates for the 80/20 and 70/30 plans, as shown on page 6 of this presentation.

## **High Deductible Health Plan**

- ✓ Approve a 4% increase in the employer premium rate for HDHP as shown on page 7 of this presentation.

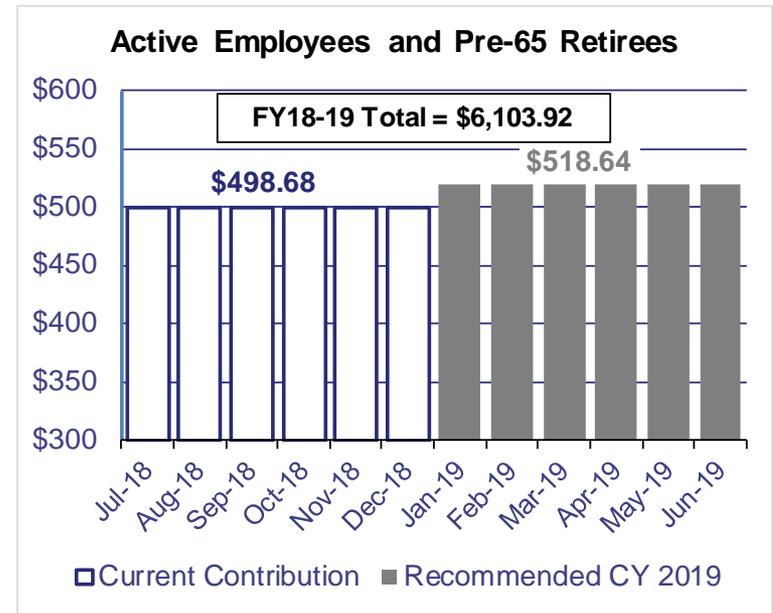
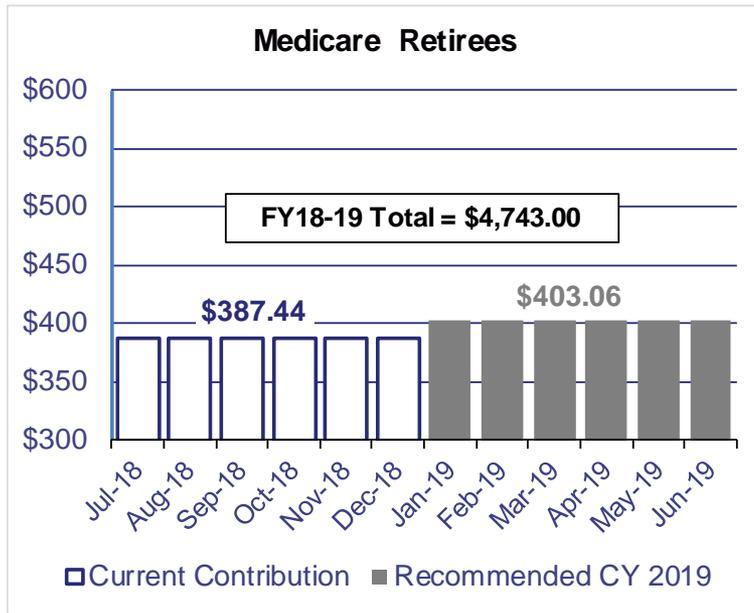
## **Other Member Groups (50% and 100% contributory; COBRA; National Guard, Firefighters, etc.)**

- ✓ Approve premium rate policies for “other member groups,” as described on page 8 of this presentation.

# Employer/Retirement Systems Contributions

## 2019 Recommendation

- The State Budget specifies maximum employer/Retirement Systems contributions for Medicare primary subscribers and for non-Medicare primary subscribers (active employees and pre-65/non-Medicare retirees) for the 2018-19 Fiscal Year (Medicare Primary: \$4,743; Non-Medicare Primary: \$6,104) (35.19.(e) of SL 2017-57).
- The fiscal year maximum is translated to monthly contribution amounts the Plan is authorized to collect for each employee, retiree and disabled member.
- The State Budget provides increases of 4% in the monthly employer/Retirement Systems contributions, beginning January 2019.
- For 2019, Plan staff recommends increases to:
  - **\$403.06**/month for the Medicare primary population
  - **\$518.64**/month for the non-Medicare primary population



# 80/20 and 70/30 Plans

## 2019 Recommendation

- **Base Premiums:**

- Base Premiums would not change for 2019.
- Tobacco Attestation wellness surcharge kept flat at \$60

- **Dependent Tiers:**

- Premiums for the dependent tiers would not change for 2019.
- The “Subscriber + Family” and “Subscriber + Children” tiers are frozen for the second year in a row.

### Monthly Employee Premiums

Coverage & Tiers	2018 Rates	2019 Rates
<b>80/20 Employees *</b>		
Subscriber Only	\$50.00	<b>\$50.00</b>
Subscriber + Child(ren)	\$305.00	<b>\$305.00</b>
Subscriber + Spouse	\$700.00	<b>\$700.00</b>
Subscriber + Family	\$720.00	<b>\$720.00</b>
<b>80/20 Retirees / Non-Med Dependents</b>		
Subscriber Only	\$50.00	<b>\$50.00</b>
Subscriber + Child(ren)	\$305.00	<b>\$305.00</b>
Subscriber + Spouse	\$700.00	<b>\$700.00</b>
Subscriber + Family	\$720.00	<b>\$720.00</b>

\*Assumes successful completion of tobacco attestation

Actuarial Value	
80/20 Active & Non-Medicare Plans	<b>80.4%</b>
70/30 Active & Non-Medicare Plans	<b>74.7%</b>
70/30 Medicare Plan	<b>90.1%</b>

Coverage & Tiers	2018 Rates	2019 Rates
<b>70/30 Employees *</b>		
Subscriber Only	\$25.00	<b>\$25.00</b>
Subscriber + Child(ren)	\$218.00	<b>\$218.00</b>
Subscriber + Spouse	\$590.00	<b>\$590.00</b>
Subscriber + Family	\$598.00	<b>\$598.00</b>
<b>70/30 Retirees/Non-Med Dependents</b>		
Subscriber Only	\$0.00	<b>\$0.00</b>
Subscriber + Child(ren)	\$218.00	<b>\$218.00</b>
Subscriber + Spouse	\$590.00	<b>\$590.00</b>
Subscriber + Family	\$598.00	<b>\$598.00</b>
<b>70/30 Retirees/Med Dependents</b>		
Subscriber Only	\$0.00	<b>\$0.00</b>
Subscriber + Child(ren)	\$155.00	<b>\$155.00</b>
Subscriber + Spouse	\$425.00	<b>\$425.00</b>
Subscriber + Family	\$444.00	<b>\$444.00</b>

\*Assumes successful completion of tobacco attestation

# High Deductible Health Plan

## 2019 Recommendation

- Increase Employer Premiums for the HDHP by 4%
- Employee Premiums would stay the same in 2019.
- HDHP COBRA rates: COBRA participants would pay the full monthly premium (the employer and employee shares)
- Affordability Safe Harbor caps Employee only contributions at \$99.75

Member Premium	2018 Rates	2019 Rates
<b>HDHP</b>		
Employee Only	\$96.00	\$96.00
Employee + Children	\$284.00	\$284.00
Employee + Spouse	\$513.00	\$513.00
Family	\$617.00	\$617.00

	2018	2019
<b>HDHP Employer Contribution</b>	\$136.30	\$141.75

# Premium Rates for Other Member Groups

## 2019 Recommendation

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- **100% Contributory Subscribers & COBRA Participants:**

- Employee Premium + 2019 Employer Premium + Tobacco surcharge (\$0 or \$60)
  - Vary based on Medicare status, Coverage, and Tier.
- Tobacco Wellness surcharge also applies for Active, COBRA, and 80/20 Non-Medicare Retirees.

- **50% contributory Subscribers:**

- Employee Premium + (50% x 2019 Employer Premium) + Tobacco surcharge (\$0 or \$60)
  - Vary based on Medicare status, Coverage, and Tier.
- Tobacco Wellness surcharge also applies for Active, COBRA, and 80/20 Non-Medicare Retirees
- Medicare Advantage subscribers will not add more than the fully insured premium + administrative costs to the Non-contributory premiums in the same tier.

- **National Guard, Firefighters, and Emergency Medical Personnel:**

- (Employee Premium + 2019 Employer Premium) x 120% + Tobacco surcharge (\$0 or \$60)
  - Vary based on Coverage and Tier.
- The additional 20% rate factor to protect against adverse selection (See §135-48.58 NC General Statutes)
- If the tobacco attestation is not complete, the \$60 tobacco surcharge applies.

# 2019 Premium Rates – Requires Board Vote

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## **Employer/Retirement System Contributions**

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## **80/20 and 70/30 Plan (Self-funded)**

- ✓ Approve the 2019 premium rates for the 80/20 and 70/30 plans, as shown on page 6 of this presentation.

## **High Deductible Health Plan**

- ✓ Approve a 4% increase in the employer premium rate for HDHP as shown on page 7 of this presentation.

## **Other Member Groups (50% and 100% contributory; COBRA; National Guard, Firefighters, etc.)**

- ✓ Approve premium rate policies for “other member groups,” as described on page 8 of this presentation.

# Appendix: Detailed Rate Sheets

# Active Employees and COBRA

## Recommended 2019 Premium Rates

Active Employee Group	80/20 Plan Tobacco Attestation Complete?*		70/30 Plan Tobacco Attestation Complete?*		Employer Contribution
	Yes	No	Yes	No	
<b>Active Employees</b>					
Subscriber Only	\$50.00	\$110.00	\$25.00	\$85.00	\$518.64
Subscriber + Child(ren)	\$305.00	\$365.00	\$218.00	\$278.00	\$518.64
Subscriber + Spouse	\$700.00	\$760.00	\$590.00	\$650.00	\$518.64
Subscriber + Family	\$720.00	\$780.00	\$598.00	\$658.00	\$518.64
<b>Job Share Employees (50% Contributory)</b>					
Subscriber Only	\$309.32	\$369.32	\$284.32	\$344.32	\$259.32
Subscriber + Child(ren)	\$564.32	\$624.32	\$477.32	\$537.32	\$259.32
Subscriber + Spouse	\$959.32	\$1,019.32	\$849.32	\$909.32	\$259.32
Subscriber + Family	\$979.32	\$1,039.32	\$857.32	\$917.32	\$259.32
<b>LOA, Direct Bill &amp; COBRA (100% Contribution)</b>					
Subscriber Only	\$568.64	\$628.64	\$543.64	\$603.64	\$0.00
Subscriber + Child(ren)	\$823.64	\$883.64	\$736.64	\$796.64	\$0.00
Subscriber + Spouse	\$1,218.64	\$1,278.64	\$1,108.64	\$1,168.64	\$0.00
Subscriber + Family	\$1,238.64	\$1,298.64	\$1,116.64	\$1,176.64	\$0.00

\*Tobacco Attestation:

**YES** = Subscriber is not a tobacco user **or** has agreed to participate in a cessation program.

**NO** = Subscriber is a tobacco user and has **not** agreed to participate in a cessation program.

# Non-Medicare Retirees and Disabled Members

## Recommended 2019 Premium Rates

Non-Contributory Non-Medicare Members	80/20 Plan Tobacco Attestation Complete?*		70/30 Plan	Retirement System Contribution
	Yes	No		
<b>Subscriber and All Dependents are Non-Medicare</b>				
Subscriber Only	\$50.00	\$110.00	\$0.00	\$518.64
Subscriber + Child(ren)	\$305.00	\$365.00	\$218.00	\$518.64
Subscriber + Spouse	\$700.00	\$760.00	\$590.00	\$518.64
Subscriber + Family	\$720.00	\$780.00	\$598.00	\$518.64
<b>Medicare Primary for One or More Dependent(s)</b>				
<i>Medicare Primary Dependents on MA Base Plan</i>				
Subscriber + Child(ren)	\$135.00	\$195.00	\$85.00	\$518.64
Subscriber + Spouse	\$135.00	\$195.00	\$85.00	\$518.64
Subscriber + Family	\$220.00	\$280.00	\$170.00	\$518.64
<i>Medicare Primary Dependents on MA Enhanced Plan</i>				
Subscriber + Child(ren)	\$198.00	\$258.00	\$148.00	\$518.64
Subscriber + Spouse	\$198.00	\$258.00	\$148.00	\$518.64
Subscriber + Family	\$346.00	\$406.00	\$296.00	\$518.64
<i>Medicare Primary Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$205.00	\$265.00	\$155.00	\$518.64
Subscriber + Spouse	\$475.00	\$535.00	\$425.00	\$518.64
Subscriber + Family	\$494.00	\$554.00	\$444.00	\$518.64

\*Tobacco Attestation:

**YES** = Subscriber is not a tobacco user or has agreed to participate in a cessation program.

**NO** = Subscriber is a tobacco user and has not agreed to participate in a cessation program.

**MA** = Medicare Advantage

# 50% Contributory Non-Medicare Retirees

## Recommended 2019 Premium Rates

50% Contributory Non-Medicare Retirees	80/20 Plan Tobacco Attestation Complete?*		70/30 Plan	Retirement System Contribution
	Yes	No		
<b>Retiree and All Dependents are Non-Medicare</b>				
Subscriber Only	\$309.32	\$369.32	\$259.32	\$259.32
Subscriber + Child(ren)	\$564.32	\$624.32	\$477.32	\$259.32
Subscriber + Spouse	\$959.32	\$1,019.32	\$849.32	\$259.32
Subscriber + Family	\$979.32	\$1,039.32	\$857.32	\$259.32
<b>Medicare Primary for One or More Dependent(s)</b>				
<i>Medicare Primary Dependents on MA Base Plan</i>				
Subscriber + Child(ren)	\$394.32	\$454.32	\$344.32	\$259.32
Subscriber + Spouse	\$394.32	\$454.32	\$344.32	\$259.32
Subscriber + Family	\$479.32	\$539.32	\$429.32	\$259.32
<i>Medicare Primary Dependents on MA Enhanced Plan</i>				
Subscriber + Child(ren)	\$457.32	\$517.32	\$407.32	\$259.32
Subscriber + Spouse	\$457.32	\$517.32	\$407.32	\$259.32
Subscriber + Family	\$605.32	\$665.32	\$555.32	\$259.32
<i>Medicare Primary Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$464.32	\$524.32	\$414.32	\$259.32
Subscriber + Spouse	\$734.32	\$794.32	\$684.32	\$259.32
Subscriber + Family	\$753.32	\$813.32	\$703.32	\$259.32

\*Tobacco Attestation:

**YES** = Subscriber is not a tobacco user or has agreed to participate in a cessation program.

**NO** = Subscriber is a tobacco user and has not agreed to participate in a cessation program.

**MA** = Medicare Advantage

# 100% Contributory Non-Medicare Retirees

## Recommended 2019 Premium Rates

100% Contributory Non-Medicare Retirees	80/20 Plan Tobacco Attestation Complete?*		70/30 Plan	Retirement System Contribution
	Yes	No		
<b>Retiree and All Dependents are Non-Medicare</b>				
Subscriber Only	\$568.64	\$628.64	\$518.64	\$0.00
Subscriber + Child(ren)	\$823.64	\$883.64	\$736.64	\$0.00
Subscriber + Spouse	\$1,218.64	\$1,278.64	\$1,108.64	\$0.00
Subscriber + Family	\$1,238.64	\$1,298.64	\$1,116.64	\$0.00
<b>Medicare Primary for One or More Dependent(s)</b>				
<i>Medicare Primary Dependents on MA Base Plan</i>				
Subscriber + Child(ren)	\$653.64	\$713.64	\$603.64	\$0.00
Subscriber + Spouse	\$653.64	\$713.64	\$603.64	\$0.00
Subscriber + Family	\$738.64	\$798.64	\$688.64	\$0.00
<i>Medicare Primary Dependents on MA Enhanced Plan</i>				
Subscriber + Child(ren)	\$716.64	\$776.64	\$666.64	\$0.00
Subscriber + Spouse	\$716.64	\$776.64	\$666.64	\$0.00
Subscriber + Family	\$864.64	\$924.64	\$814.64	\$0.00
<i>Medicare Primary Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$723.64	\$783.64	\$673.64	\$0.00
Subscriber + Spouse	\$993.64	\$1,053.64	\$943.64	\$0.00
Subscriber + Family	\$1,012.64	\$1,072.64	\$962.64	\$0.00

\*Tobacco Attestation:

**YES** = Subscriber is not a tobacco user **or** has agreed to participate in a cessation program.

**NO** = Subscriber is a tobacco user and has **not** agreed to participate in a cessation program.

**MA** = Medicare Advantage

# Medicare Primary Subscribers

## Recommended 2019 Premium Rates

Non-Contributory Medicare Primary Subscribers	Medicare Advantage		Medicare 70/30 Plan	Retirement System Contribution
	Base Plan	Enhanced Plan		
<b>Medicare Primary for Retiree and One or More Dependents</b>				
Subscriber Only	\$0.00	\$63.00	\$0.00	\$403.06
Subscriber + Child(ren)	\$89.00	\$215.00	\$155.00	\$403.06
Subscriber + Spouse	\$89.00	\$215.00	\$425.00	\$403.06
Subscriber + Family	\$178.00	\$367.00	\$444.00	\$403.06
<b>Non-Medicare Primary for Dependent(s)</b>				
<i>Dependents on 80/20 Plan</i>				
Subscriber + Child(ren)	\$255.00	\$318.00	\$255.00	\$403.06
Subscriber + Spouse	\$650.00	\$713.00	\$650.00	\$403.06
Subscriber + Family	\$670.00	\$733.00	\$670.00	\$403.06
<i>Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$218.00	\$281.00	\$218.00	\$403.06
Subscriber + Spouse	\$590.00	\$653.00	\$590.00	\$403.06
Subscriber + Family	\$598.00	\$661.00	\$598.00	\$403.06

# 50% Contributory Medicare Primary Subscribers

## Recommended 2019 Premium Rates

50% Contributory Medicare Retirees	Medicare Advantage		Medicare 70/30 Plan	Retirement System Contribution
	Base Plan	Enhanced Plan		
<b>Medicare Primary for Retiree and One or More Dependents</b>				
Subscriber Only	\$89.00	\$152.00	\$201.53	\$201.53
Subscriber + Child(ren)	\$178.00	\$304.00	\$356.53	\$201.53
Subscriber + Spouse	\$178.00	\$304.00	\$626.53	\$201.53
Subscriber + Family	\$267.00	\$456.00	\$645.53	\$201.53
<b>Non-Medicare Primary for Dependent(s)</b>				
<i>Dependents on 80/20 Plan</i>				
Subscriber + Child(ren)	\$344.00	\$407.00	\$456.53	\$201.53
Subscriber + Spouse	\$739.00	\$802.00	\$851.53	\$201.53
Subscriber + Family	\$759.00	\$822.00	\$871.53	\$201.53
<i>Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$307.00	\$370.00	\$419.53	\$201.53
Subscriber + Spouse	\$679.00	\$742.00	\$791.53	\$201.53
Subscriber + Family	\$687.00	\$750.00	\$799.53	\$201.53

# COBRA and 100% Contributory Medicare Primary Subscribers

## Recommended 2019 Premium Rates

100% Contributory Medicare Primary Subscribers	Medicare Advantage		Medicare 70/30 Plan	Retirement System Contribution
	Base Plan	Enhanced Plan		
<b>Medicare Primary for Retiree and One or More Dependents</b>				
Subscriber Only	\$89.00	\$152.00	\$403.06	\$0.00
Subscriber + Child(ren)	\$178.00	\$304.00	\$558.06	\$0.00
Subscriber + Spouse	\$178.00	\$304.00	\$828.06	\$0.00
Subscriber + Family	\$267.00	\$456.00	\$847.06	\$0.00
<b>Non-Medicare Primary for Dependent(s)</b>				
<i>Dependents on 80/20 Plan</i>				
Subscriber + Child(ren)	\$344.00	\$407.00	\$658.06	\$0.00
Subscriber + Spouse	\$739.00	\$802.00	\$1,053.06	\$0.00
Subscriber + Family	\$759.00	\$822.00	\$1,073.06	\$0.00
<i>Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$307.00	\$370.00	\$621.06	\$0.00
Subscriber + Spouse	\$679.00	\$742.00	\$993.06	\$0.00
Subscriber + Family	\$687.00	\$750.00	\$1,001.06	\$0.00

# Firefighters, Rescue Squad Workers, and National Guard

## Recommended 2019 Premium Rates

Firefighters, Rescue Squad Workers, and National Guard	80/20 Plan Tobacco Attestation Complete?*		70/30 Plan Tobacco Attestation Complete?*		Employer Contribution
	Yes	No	Yes	No	
Subscriber Only	682.37	742.37	652.37	712.37	\$0.00
Subscriber + Child(ren)	\$988.37	\$1,048.37	\$883.97	\$943.97	\$0.00
Subscriber + Spouse	\$1,462.37	\$1,522.37	\$1,330.37	\$1,390.37	\$0.00
Subscriber + Family	\$1,486.37	\$1,546.37	\$1,339.97	\$1,399.97	\$0.00

\*Tobacco Attestation:

**YES** = Subscriber is not a tobacco user or has agreed to participate in a cessation program.

**NO** = Subscriber is a tobacco user and has not agreed to participate in a cessation program.



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## 2019 Plan Design with Tobacco Cessation

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# 2019 Benefit Strategy

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- In the fall of 2017, the State Health Plan recommended the following 2019 benefit changes for the 80/20 Plan:
  - Eliminate the Designated Provider Program
  - Simplify the Out-of-Pocket (OOP)
    - Eliminate separate Medical & Pharmacy OOPs
    - Add one combined Medical/Pharmacy OOP
- Based on feedback from the Board and some of the constituency groups, Plan staff revised their recommendation in February and only recommended a change to simplify OOP. The Board approved that change.

# Approved 2019 Benefit Change: 80/20 Out of Pocket

Individual In-Network Benefit Design	70/30 Plan: 2018 & 2019 Grandfathered Permanent Non-Medicare and Medicare Members	80/20 Plan: 2018 Non-Grandfathered Permanent Non-Medicare Members	80/20 Plan: 2019 Non-Grandfathered Permanent Non-Medicare Members
Deductible	\$1,080	\$1,250	\$1,250
Coinsurance Percentage	30%	20%	20%
Preventive Coverage	Cost-Sharing Applies	100%	100%
*Medical OOP Max	NA	\$4,350	NA
*Pharmacy OOP Max	\$3,360	\$2,500	N/A
*Medical Coinsurance Max	\$4,388	N/A	N/A
*Overall OOP Max	N/A	\$6,850	<b>\$4890</b>
PCP Copay	\$40	\$10 (selected PCP)/\$25 (non)	\$10 (selected PCP)/\$25 (non)
Chiro/Therapies	\$72	\$52	\$52
Specialist Copay	\$94	\$45 Designated/\$85 (non)	\$45 Designated/\$85 (non)
ER/Inpatient Hospital	\$337, then Ded/Coins.	\$300, then Ded/Coins.	\$300, then Ded/Coins.
Outpatient Hospital	Ded/Coins.	Ded/Coins.	Ded/Coins.
Urgent Care	\$100	\$70	\$70
<u>Drugs</u>			
Tier 1	\$16	\$5	\$5
Tier 2	\$47	\$30	\$30
Tier 3	\$74	Ded/Coins.	Ded/Coins.
Tier 4	10% up to \$100	\$100	\$100
Tier 5	25% up to \$103	\$250	\$250
Tier 6	25% up to \$133	Ded/Coins.	Ded/Coins.

# Three-Year Strategy: Move towards Medicare Based Reimbursement Rates

*In February, Plan staff also presented a three-year benefit strategy outlined below:*

2019

- **Minimize Changes**
  - **80/20** - Simplify 80/20 OOP & Refine the Designated Provider Program
  - **70/30** – No changes
  - **HDHP** – Continues to be available to non-permanent employees only

2020

- **Move to two distinct plan design options**
  - **80/20** – No change
  - **70/30** - Consider phasing out the 70/30 Plan
  - **HDHP** – Open to all members – consider offering Health Savings Account (HSA)

2021

- **Add custom network based on Medicare reimbursement rates**
  - **80/20** – No changes other than network
  - **HDHP** – No changes other than network

# 2019 Benefits Strategy: Timing

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- Since the February Board meeting the Plan has continued to have discussions about a custom network.
- Timing of New Provider Reimbursement/Network\*
  - While we originally targeted 2021 for a new provider reimbursement model, we now believe we will be able to roll it out sooner.
- Timing of Designated Provider Program
  - The Designated Provider Program runs on an annual basis. If we leave it in place for 2019, it may cause us to have to delay rolling out the new reimbursement model in 2019, as the two may be in conflict.
- *For example:*
  - If a Designated Provider does not agree to the new reimbursement methodology, we would not want to incent that provider by offering a reduced member cost-share.
  - On the flip side, if all providers agree to the reductions, then there is nothing to incent because they should all be in the program.

\* *More details about the network strategy will be shared at the Fall Board meeting.*

# 2019 Benefits: Remove Designated Provider Program and Reduce Copays

## 80/20 Plan Only

Individual In-Network	CY 2018	CY 2019: Option 2
Deductible	\$1,250	\$1,250
Coinsurance Percent	20%	20%
Preventive Coverage	100%	100%
Medical OOP Max	\$4,350	N/A
Pharmacy OOP Max	\$2,500	N/A
Overall OOP Max	N/A	<b>\$4,890</b>
PCP Copay	\$10 or \$25	\$10/\$25
Chiro/Therapies	\$52	\$52
Specialist Copay	\$45 or \$85	<b>\$80</b>
Inpatient Hospital	\$0 or \$450, then Ded/Coins.	<b>\$300</b> , then Ded/Coins.
Outpatient Hospital	Ded/Coins.	Ded/Coins.
Urgent Care	\$70	\$70
ER Copay	\$300, then Ded/Coins.	\$300, then Ded/Coins.
<u>Drugs</u>		
Tier 1	\$5	\$5
Tier 2	\$30	\$30
Tier 3	Ded/Coins.	Ded/Coins.
Tier 4	\$100	\$100
Tier 5	\$250	\$250
Tier 6	Ded/Coins.	Ded/Coins.

Board Approved Feb 2018

New Options for Board Consideration

If we remove the Designated Provider Program, we should also consider:

- Reducing the Specialist & Hospital Copays
- Making the change cost neutral

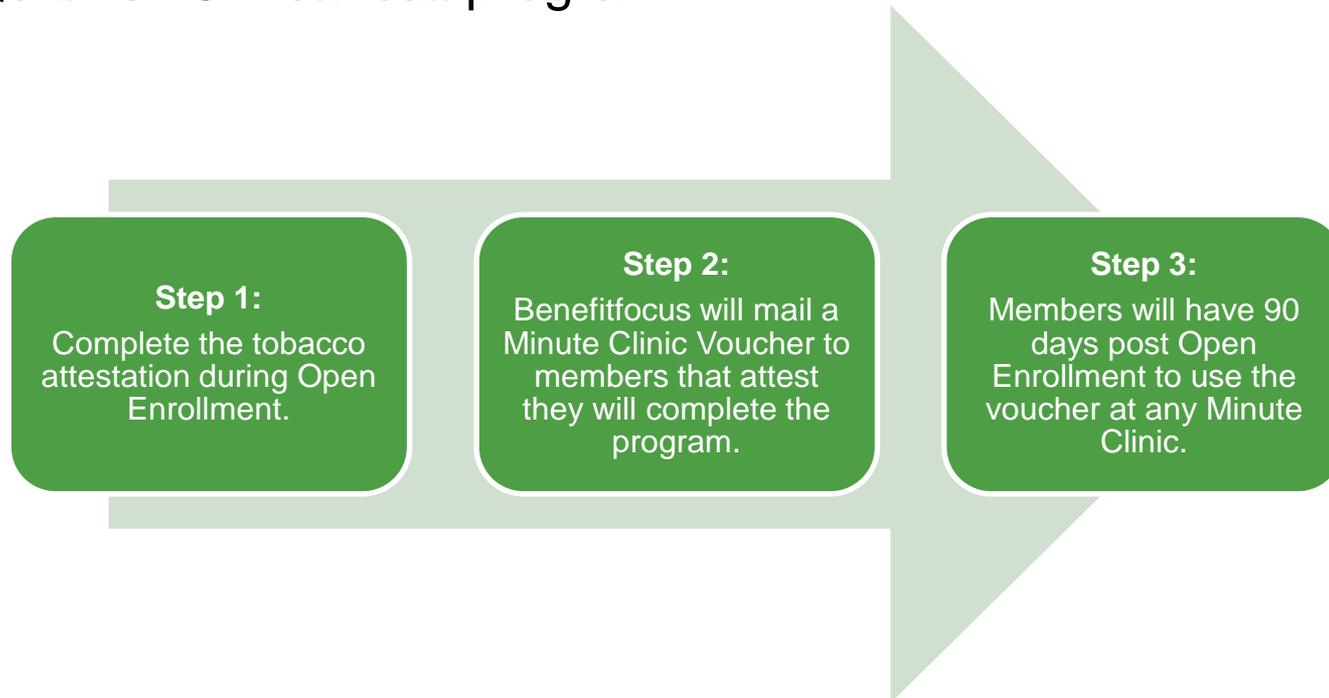
# 2019 Proposed Benefit Strategy – Requires Board Vote

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- **Proposed 2019 Benefit Changes for the 80/20 Plan:**
  - Remove the Designated Provider Program
  - Reduce the Copays impacted by the removal of the program:
    - \$80 Specialist Copay
    - \$300 Hospital Copay

# 2019 Program Change: Tobacco Cessation

- In an effort to reduce complexity, the Plan is rolling out a new tobacco cessation program through the CVS Minute Clinic.
- This program is ACA compliant and would offer the Plan better reporting for validation, generate savings and improve the members experience via a face-to-face tobacco cessation coaching session. This will replace the QuitlineNC multi-call program.



# Appendix



# Potential 2019 Plan Comparison

Individual In-Network Benefit Design	70/30 Plan Grandfathered Permanent Non-Medicare and Medicare Members	80/20 Plan Non-Grandfathered Permanent Non-Medicare Members
Deductible	\$1,080	\$1,250
Coinsurance Percentage	30%	20%
Preventive Coverage	Cost-Sharing Applies	100%
Pharmacy OOP Max	\$3,360	N/A
Medical Coinsurance Max	\$4,388	N/A
Overall OOP Max	N/A	\$4,890
PCP Copay	\$40	\$10 (selected PCP)/\$25 (non)
Chiro/Therapies	\$72	\$52
Specialist Copay	\$94	<b>\$80</b>
ER/Inpatient Hospital	\$337, then Ded/Coins.	<b>\$300</b> , then Ded/Coins.
Outpatient Hospital	Ded/Coins.	Ded/Coins.
Urgent Care	\$100	\$70
<u>Drugs</u>		
Tier 1	\$16	\$5
Tier 2	\$47	\$30
Tier 3	\$74	Ded/Coins.
Tier 4	10% up to \$100	\$100
Tier 5	25% up to \$103	\$250
Tier 6	25% up to \$133	Ded/Coins.

# 80/20 Analysis: 2017 Use of Designated Providers

Hospital Admissions	Copay	Admits*	% of Admits	Total Copays	Avg Copay	Members	
Designated/Critical Access	\$0	3,647	29.5%	\$0		2,835	30%
Non-Designated	\$450	8,729	<b>70.5%</b>	\$3,928,050		6,585	70%
<b>Total</b>		<b>12,376</b>		<b>\$3,928,050</b>	<b>\$317</b>	<b>9,420</b>	
Proposed 2019 Copay					\$300		

Specialist Visits	Copay	Visits*	% of Visits	Total Copays	Avg Copay	Members	
Designated	\$45	88,166	9.2%	\$3,967,470		46,661	22%
Non-Designated	\$85	870,531	<b>90.8%</b>	\$73,995,135		167,377	78%
<b>Total</b>		<b>958,697</b>		<b>\$77,962,605</b>	<b>\$81</b>	<b>214,038</b>	
Proposed 2019 Copay					\$75 <u>or</u> \$80		

**Conclusion:** Proposed 2019 copays for inpatient hospitalizations and specialist visits would be lower than the average 2017 copays. The additional cost to the Plan of the lower member copays could be recovered by adjusting the Out-of-Pocket (OOP) maximum. A higher specialist copay would allow for a lower OOP max; a lower specialist copay would require a higher OOP max.

# How the CVS Minute Clinic Tobacco Cessation Program Works

1. During enrollment on the tobacco attestation screen, employee selects “I **AM** a tobacco user, **BUT** I agree to visit a CVS Minute Clinic for at least one tobacco cessation counseling session within 90 days after the last day of Open Enrollment or from your initial hire date.”
2. Employee will then receive a letter which will include a CVS Minute Clinic Tobacco Attestation Voucher that will cover an initial visit (a \$45 savings) + one follow-up (a \$35 savings) visit for face-to-face tobacco cessation counseling.
3. Employee will need to bring the voucher to each session and present their State Health Plan ID card in order for the visit to be covered at 100% by the Plan (no charge to the member).
4. The initial visit is the only requirement to keep the premium credit.

This will replace the QuitlineNC multi-call program enrollment requirement for the 2019 Plan benefit year.

# CVS Minute Clinic Tobacco Attestation Voucher



**MinuteClinic®**

## NC STATE HEALTH PLAN TOBACCO CESSATION VOUCHER



This tobacco cessation program voucher is redeemable for the initial and one follow-up tobacco cessation visit at any MinuteClinic® location.

Tobacco cessation services are available every day, no appointment necessary. For the location of the MinuteClinic nearest you, please visit [minuteclinic.com](http://minuteclinic.com) or call 1.866.389.ASAP (2727). Voucher must be presented to receive tobacco cessation service at no charge. Photo identification and State Health Plan membership ID card is required.

### INITIAL VISIT:

MEMBER NAME

SIGNATURE

MEMBER ID NUMBER

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### FOLLOW-UP VISIT:

MEMBER NAME

SIGNATURE

MEMBER ID NUMBER

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**PROVIDER:** See processing instructions below.

*By signing this voucher, I certify that I am the original and intended recipient.*



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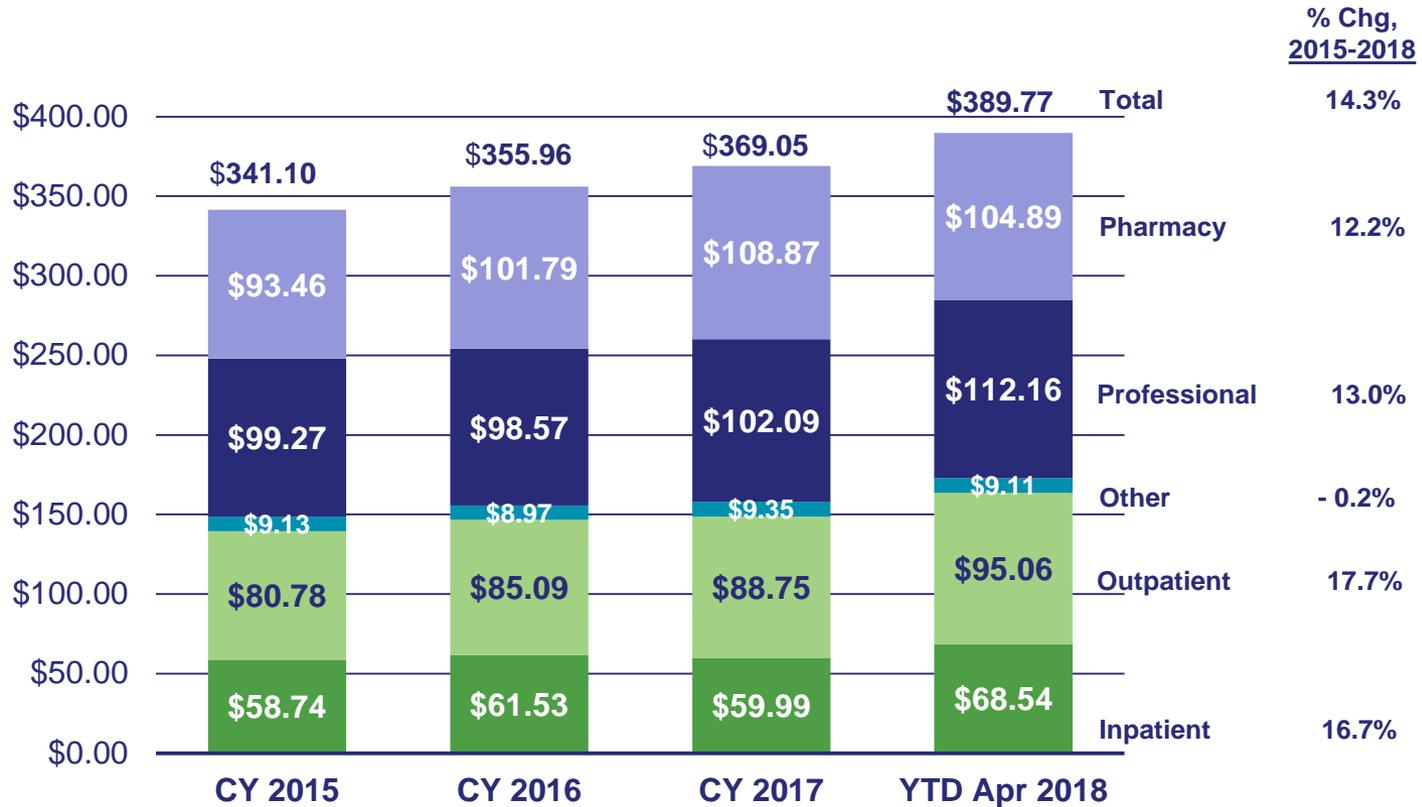
*Dale R. Folwell, CPA*  
STATE TREASURER OF NORTH CAROLINA  
DALE R. FOLWELL, CPA



## Operations Updates

# Allocation of Claims Expenditures (PMPM)

## Medical, Blue Card and Pharmacy Payments



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

Source: BCBSNC Summary of Billed Charges

# Charter Schools

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- How many charter schools are in the State Health Plan?
- As of May 31, 2018, there are 89 Charter Schools approved for State Health Plan coverage.
- They comprise 7,504 members (employees + dependents).

# Actuarial Value of Medicare Plans

- What is the actuarial value of the health plans available to retirees?

Plan	Actuarial Value
Group Medicare Advantage UHC Base Plan	88.95%
Group Medicare Advantage UHC Enhanced Plan	90.56%
70/30 Plan (Blue Cross NC)	90.06%



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## May Financial Results

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# Financial Results: Actual vs. Budgeted

## Calendar Year to Date May 2018

Calendar Year 2018	Actual thru May 2018	Authorized Budget (per Segal 5-30-18)	Variance Fav/(Unfav) Budget
<b>Beginning Cash Balance</b>	<b>\$1.010 b</b>	<b>\$1.010 b</b>	<b>-</b>
<b>Plan Revenue</b>	<b>\$1.492 b</b>	<b>\$1.478 b</b>	<b>\$0.014 b</b>
Net Claims Payments	\$1.292 b	\$1.280 b	(\$0.012 b)
Medicare Advantage Premiums	\$0.094 b	\$0.094 b	\$0.000 b
Net Administrative Expenses	\$0.051 b	\$0.081 b	\$0.030 b
<b>Total Plan Expenses</b>	<b>\$1.436 b</b>	<b>\$1.454 b</b>	<b>\$0.018 b</b>
<b>Net Income/(Loss)</b>	<b>\$55.5 m</b>	<b>\$23.5m</b>	<b>\$32.0 m</b>
<b>Ending Cash Balance</b>	<b>\$1.065 b</b>	<b>\$1.033 b</b>	<b>\$32.0 m</b>



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## 2018 Legislative Short Session Update

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# Legislative Changes Highlights\*

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- **Board of Trustees**
  - ✓ Modifies member expertise categories
- **State Health Plan Administration**
  - ✓ Eliminates the statutory requirement for the State Health Plan to have a Deputy Executive Administrator
- **Health Information Exchange Advisory Board**
  - ✓ Adds the State Health Plan's Executive Administrator to the Board as a voting member
- **Charter School Participation**
  - ✓ Permits a limited “rolling” election period to participate in the State Health Plan
- **Conflicts of Law**
  - ✓ Reinforces that federal law trumps State Health Plan statutory authority to the extent of a conflict
- **State Health Plan Legislative Reporting**
  - ✓ Changes State Health Plan reporting from quarterly to annually

\*This is only a summary of some of the legislative changes during the 2018 Legislative Short Session. This summary is not intended to be construed as legal advice. Please refer to the appropriate Session Law for more information.

# Legislative Changes Highlights\*

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- **Recovery Tools**

- ✓ Allows employee payroll offset
- ✓ Allows real property liens and super priority in lien rights over non-governmental lienholders
- ✓ Allows for credit card intercepts

- **Settlement Agreements**

- ✓ Requires State Health Plan authorization of employee settlement agreements affecting health benefit coverage
- ✓ Precludes retroactive reinstatement of health benefit coverage in settlements beyond 1 year

- **Establishment of Solvency Fund**

- ✓ Creates the Unfunded Liability Solvency Reserve
- ✓ The funds in the Solvency Reserve are intended to reduce the unfunded liabilities of the Retiree Health Benefit Fund and the Teachers' and State Employees' Retirement System of North Carolina

- **State Health Plan Funding**

- ✓ No changes to current funding levels

\*This is only a summary of some of the legislative changes during the 2018 Legislative Short Session. This summary is not intended to be construed as legal advice. Please refer to the appropriate Session Law for more information.

# Legislative Highlights – *What Did Not Pass*

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- **Criminal Background Checks**

- ✓ Would have expressly authorized the Department of State Treasurer to obtain criminal record checks

- **Reinforcement of Irrevocability**

- ✓ Would have reinforced authority that local government unit's election to participate in the Plan is irrevocable

- **Dependent Child Eligibility**

- ✓ Would have conformed State law to federal Affordable Care Act requirements
- ✓ Intended to clarify continuation of disabled dependent child coverage with the State Health Plan's administrative practices

\*This is only a summary of some of the legislative changes during the 2018 Legislative Short Session. This summary is not intended to be construed as legal advice. Please refer to the appropriate Session Law for more information.

# Next Board Meeting

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- The next in-person Board of Trustees meeting will be held Thursday, August 30, 2018 – 10:00 a.m. to 2:00 p.m.