



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



2017 Out-of-Pocket Cost Sharing Changes Enhanced 80/20 and Traditional 70/30 Plans

Board of Trustees

August 5, 2016

A Division of the Department of State Treasurer

Presentation Overview

- Recommended Changes to Enhanced 80/20 Plan to Facilitate Claims Processing
- Technical Correction to Traditional 70/30 Plan
- Appendix

Enhanced 80/20 Out-Of-Pockets

- At the May 13th Board meeting, the Board approved plan design changes for the Enhanced 80/20 Plan that included:
 - Combined Medical and Pharmacy Individual and Family Deductibles
 - Separate Medical Individual and Family Out-Of-Pockets (OOP)
 - Separate Individual Pharmacy OOP maximum
 - To comply with ACA requirements, there was also a Total OOP maximum that combined the Medical and Pharmacy OOPs
- Now that we are in the implementation phase, it has been determined that the Plan's vendors are unable to track the Total Medical and Pharmacy OOP maximum as approved by the Board.*
- To facilitate benefit coding in the BCBSNC and CVS systems and accurate administration, changes to the OOP amounts are required.
- We need to establish a family OOP maximum for Pharmacy and reduce the family OOP maximum for Medical.

**Having a combined Medical and Pharmacy Deductible and Separate Medical and Pharmacy OOPs is a non-standard benefit.*

2017 Enhanced 80/20 Plan Design

As approved by the Board, May 2016

	Current CY 2016 In-Network Grandfathered	Current CY 2016 Out-of-Network Grandfathered	Approved Value Based Design CY 2017 In-Network Non-Grandfather	Approved Value Based Design CY 2017 Out-of-Network Non-Grandfather
Annual Deductible	\$700 Individual \$2,100 Family	\$1,400 Individual \$4,200 Family	\$1,250 Individual \$3,750 Family	\$2,500 Individual \$7,500 Family
Coinsurance	20% eligible expenses after deductible	40% of eligible expenses after deductible and the difference between the allowed amount and the charge	20% eligible expenses after deductible	40% of eligible expenses after deductible and the difference between the allowed amount and the charge
Medical Coinsurance Max	\$3,210 Individual/ \$9,630 Family	\$6,420 Individual/ \$19,260 Family	N/A	N/A
Medical Out-of-Pocket Max	N/A	N/A	\$4,350 Individual \$13,050 Family	\$8,700 Individual \$26,100 Family
Pharmacy Out-of-Pocket Max	\$2,500	\$2,500	\$2,500 Individual	\$2,500
Total Out-of-Pocket Max <i>(Includes Deductible)</i>	N/A	N/A	\$6,850 Individual \$14,300 Family	N/A

2017 Enhanced 80/20 Plan Design

Staff Recommended Changes, August 2016

	Current CY 2016 In-Network Grandfathered	Current CY 2016 Out-of-Network Grandfathered	Recommended Value Based Design CY 2017 In-Network Non-Grandfather	Recommended Value Based Design CY 2017 Out-of-Network Non-Grandfather
Annual Deductible	\$700 Individual \$2,100 Family	\$1,400 Individual \$4,200 Family	\$1,250 Individual \$3,750 Family	\$2,500 Individual \$7,500 Family
Coinsurance	20% eligible expenses after deductible	40% of eligible expenses after deductible and the difference between the allowed amount and the charge	20% eligible expenses after deductible	40% of eligible expenses after deductible and the difference between the allowed amount and the charge
Medical Coinsurance Max	\$3,210 Individual/ \$9,630 Family	\$6,420 Individual \$19,260 Family	N/A	N/A
Medical Out-of-Pocket Max	N/A	N/A	\$4,350 Individual \$10,300 Family	\$8,700 Individual \$26,100 Family
Pharmacy Out-of-Pocket Max	\$2,500	\$2,500	\$2,500 Individual \$4,000 Family	\$2,500 Individual \$4,000 Family
Total Out-of-Pocket Max <i>(Includes Deductible)</i>	N/A	N/A	\$6,850 Individual \$14,300 Family	\$11,200 Individual \$30,100 Family

2017 Traditional 70/30 Plan – Technical Correction

- A mistake was made on the non-network family deductible for the Traditional 70/30 Plan that was voted on at the May Board meeting.
- The non-network family deductible should be two times the in-network family deductible.

2017 Traditional 70/30 Plan – Deductible Correction

As approved by the Board, May 2016

	Current CY 2016 In-Network Grandfathered	Current CY 2016 Out-of-Network Grandfathered	Approved CY 2017 In-Network Grandfathered	Approved CY 2017 Out-of-Network Grandfathered
Annual Deductible	\$1,054 Individual \$3,162 Family	\$2,108 Individual \$6,324 Family	\$1,080 Individual \$3,240 Family	\$2,160 Individual \$4,320 Family

Staff Recommended Technical Correction, August 2016

	Current CY 2016 In-Network Grandfathered	Current CY 2016 Out-of-Network Grandfathered	Approved CY 2017 In-Network Grandfathered	Recommended CY 2017 Out-of-Network Grandfathered
Annual Deductible	\$1,054 Individual \$3,162 Family	\$2,108 Individual \$6,324 Family	\$1,080 Individual \$3,240 Family	\$2,160 Individual \$6,480 Family (2x \$3,240)

Board Action: 2017 Benefit Updates

Plan staff recommends Board approval of changes to the Enhanced 80/20 Plan as outlined on slide 5 of this presentation as well as the technical correction for the Traditional 70/30 Plan as outlined on slide 7 of this presentation.

1. Enhanced 80/20 Plan Changes:

- Establish in-network family Out-of-Pocket (OOP) maximum for Pharmacy of \$4,000.
- Reduce the in-network family OOP maximum for Medical from \$13,050 to \$10,300.
- Make corresponding changes to the out-of-network OOP maximums.

2. Traditional 70/30 Plan correction:

- Correct the out-of-network family deductible to equal two times the in-network family deductible ($\$3,240 \times 2 = \$6,480$).



Appendix

Determining Deductibles

There are four coverage tiers:

- Employee Only
- Employee and Child
- Employee and Spouse
- Employee and Family

In-Network

- Traditionally, the annual deductible for family has been three times the individual deductible (e.g., $\$700 \times 3 = \$2,100$). For the subscriber plus one (employee spouse or employee child) the deductibles accumulate individually for each and once met for that individual, Plan cost sharing begins.

Out-of-Network (OON)

- The annual OON deductible is two times the amount for in-network. For example, if the in-network individual deductible is \$700, the OON deductible is \$1,400 ($\700×2) and for family it is \$4,200 ($\$2,100 \times 2$).

Out-of-Pocket Maximums – Grandfathered Plans

Grandfathered Plans

- Traditionally, the grandfathered plans have had a coinsurance maximum, meaning the under the Enhanced 80/20 PPO option, the Plan pays 20% of eligible expenses after the deductible is met up to a maximum amount, at which point the Plan pays 100% of eligible expenses. However, the deductible did not apply toward the coinsurance maximum and even if the coinsurance maximum was met, a member was still responsible for any copays under the Plan.

In-Network

- The copay based plans have had a medical coinsurance maximum and a pharmacy out-of-pocket maximum. The annual in-network coinsurance maximum for family has been three times the amount of the individual coinsurance maximum; (e.g., $\$3,210 \times 3 = \$9,630$). The pharmacy out-of-pocket maximum was the same regardless of whether in network or OON.

Out-of-Network (OON)

- The annual OON coinsurance amount is two times the amount for in network. For example, if the in-network medical coinsurance amount is \$3,210 for an individual, the OON coinsurance amount is \$6,420 and for family it is \$19,260 ($\$9,630 \times 2$).

Out-of-Pocket Maximums – Non-Grandfathered Plans

Non-Grandfathered Plans

- Under the Affordable Care Act (ACA), non-grandfathered plans have a true out-of-pocket (OOP) maximum meaning that the deductible, as well as any copays, apply toward meeting the out-of-pocket maximum. In addition, there is a cap on the in-network out-of-pocket maximum. For 2017, the OOP maximum for an individual is \$7,150 and for family it is \$14,300.
- There is no cap on OOP maximums for out-of-network services.
- If the Plan applies its traditional method for determining the out-of-pocket maximums to the Enhanced 80/20 Plan and it loses grandfather status, it would exceed the cap. The new approach would be to apply the traditional method up to any applicable cap.
 - For example, if the Enhanced 80/20 Plan loses grandfather status, the 2017 OOP max for a family will be \$14,300, not \$20,550 (\$6,850 x 3).