



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Proposed Premium Contribution Rates for 2018

Board of Trustees Meeting

July 24, 2017

A Division of the Department of State Treasurer

Board Action: 2018 Premium Rates

Approve 2018 Premium Rates as outlined below and shown in the Appendix.

Employer/Retirement System Contributions

1. Approve 4% increases in employer/Retirement System contributions for permanent employees and retirees, as authorized in the State Budget and shown on page 3 of the presentation

Self-Funded Plans (80/20 and 70/30 plans)

2. Approve the 2018 premium rates for the 80/20 and 70/30 plans, as shown on page 4 of the presentation

Medicare Advantage (MA) Plans (base and enhanced MA plans)

3. Approve the 2018 Medicare Advantage rates shown on page 5 of the presentation
4. Authorize the Treasurer and Executive Administrator to reduce member-paid premiums for MA if the Health Insurance Providers Fee (HIF) is suspended or eliminated for 2018

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

5. Approve premium rate policies for “other member groups,” as described on page 6 of the presentation

Unusual Circumstances (Medicare primary active employees; split contracts)

6. Approve the continuation of premium rate policies covering members with unusual circumstances, as described on page 7 of the presentation

High Deductible Health Plan

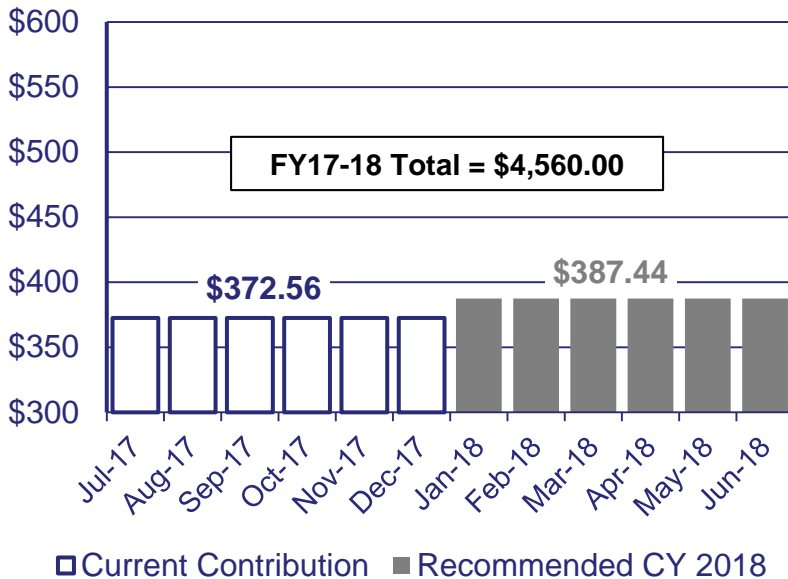
7. Approve a 4% increase in the total monthly premium rate for HDHP, with increases for employees and employers as shown on page 8 of the presentation

EMPLOYER/Retirement System Contributions

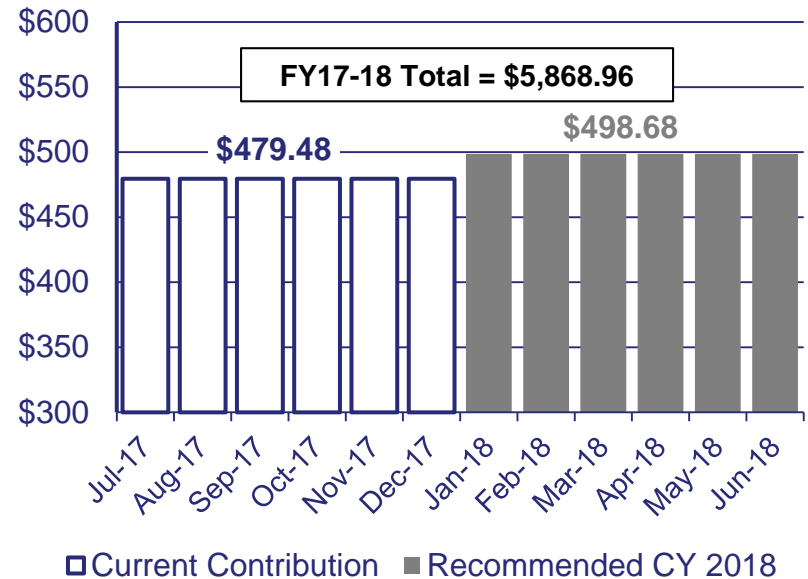
2018 Recommendation

- The State Budget specifies maximum employer/Retirement System contributions for Medicare primary subscribers and for non-Medicare primary subscribers (active employees and pre-65/non-Medicare retirees) for the 2017-18 Fiscal Year (\$4,560 for Medicare; \$5,869 for non-Medicare)
- 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 System contributions, beginning January 2018. For 2018, staff recommends increases to:
 - **\$387.44**/month for the Medicare primary population
 - **\$498.68**/month for the non-Medicare primary population

Medicare Retirees



Active Employees and Pre-65 Retirees



Self-Insured Plans: 80/20 and 70/30 Plans

2018 Recommendation

• Base Premiums:

- Active employees will be charged employee-only premiums of \$50/month for the 80/20 Plan or \$25/month for the 70/30 Plan
- Non-Medicare retirees and disabled members will also be charged a base premium of \$50/month for the 80/20 Plan
- Medicare and non-Medicare retirees as well as disabled members will not be charged a subscriber premium for the 70/30 Plan

• Dependent Tiers:

- Premiums in the subscriber+family and subscriber+children tiers are frozen at 2017 levels
- Premiums in the subscriber+spouse tiers increase by 2% to 5% but remain below the subscriber+family rates
- Premiums have been rounded down to the nearest dollar (or a couple dollars less than the nearest dollar)

- **Tobacco Attestation:** The tobacco attestation is applied to all subscribers except subscribers in the Retirement System who enroll in the 70/30

- **Subscribers who use tobacco and who do not participate in a tobacco cessation program will pay an additional \$60 per month for coverage**

Monthly Premium Rates	2017 Rates*	2018 Rates**
80/20 (Employees and Retirees)		
Subscriber Only	\$15.04	\$50.00
Subscriber + Child(ren)	\$305.18	\$305.00
Subscriber + Spouse	\$683.52	\$700.00
Subscriber + Family	\$723.76	\$720.00
70/30 Employees		
Subscriber Only	\$0.00	\$25.00
Subscriber + Child(ren)	\$218.14	\$218.00
Subscriber + Spouse	\$562.10	\$590.00
Subscriber + Family	\$598.70	\$598.00
70/30 Retirees/Non-Medicare Dependents		
Subscriber Only	\$0.00	\$0.00
Subscriber + Child(ren)	\$218.14	\$218.00
Subscriber + Spouse	\$562.10	\$590.00
Subscriber + Family	\$598.70	\$598.00
70/30 Retirees/Medicare Dependents		
Subscriber Only	\$0.00	\$0.00
Subscriber + Child(ren)	\$155.20	\$155.00
Subscriber + Spouse	\$408.08	\$425.00
Subscriber + Family	\$444.66	\$444.00

*Assumes successful completion of all wellness activities

**Assumes successful completion of tobacco attestation, where applicable

Medicare Advantage (MA) Plans

2018 Recommendation

- Maintain the \$0 subscriber premium for the Base MA plan
- Increase buy-up cost for Enhanced MA plan (\$66/month instead of \$64/month), as negotiated with UnitedHealthcare
- Align MA dependent premiums with the 2018 renewal rates
- Decrease the per member per month administrative fee for dependent coverage from \$4.15 to \$4.00

Health Insurance Providers Fee

- The federal Consolidated Appropriation Act of 2016 suspends collection of the health insurance providers fee (HIF) for 2017, a factor that helped the Plan negotiate lower 2017 MA rates
- The 2018 MA rates were negotiated with the assumption that the HIF will be back in effect next year, increasing costs for UnitedHealthcare by more than \$30 per member per month
- Despite the added pressure from the HIF, the Plan was able to negotiate favorable 2018 MA rates
- A moratorium on the HIF for 2018 could reduce member premiums by approximately \$31/month

Proposed 2018 Monthly Medicare Advantage Rates*

	Base Plan		Enhanced Plan	
	2017	2018	2017	2018
Subscriber Only	\$0	\$0	\$64.00	\$66.00
Subscriber + Child(ren)	\$124.80	\$124.00	\$252.80	\$256.00
Subscriber + Spouse	\$124.80	\$124.00	\$252.80	\$256.00
Subscriber + Family	\$249.60	\$248.00	\$441.60	\$446.00

*2018 Rates include the Health Insurer Provider Fee

Premium Rates for Other Member Groups

2018 Recommendation

- **100% contributory subscribers pay:** the rates shown in the charts on pages 4 and 5 plus \$498.68 for non-Medicare primary subscribers or \$387.44 for Medicare primary subscribers (the proposed 2018 employer/Retirement System contributions)
- **50% contributory subscribers pay:** the rates shown in the charts on pages 4 and 5 plus \$249.34 for non-Medicare primary subscribers or \$193.72 for Medicare primary subscribers (50% of the 2018 employer/Retirement System contributions)
- **COBRA subscribers pay:** the 100% contributory rates
Exceptions: COBRA, 100% contributory, and 50% contributory members in an MA plan may not pay more than the premiums associated with the MA plans plus the additional Plan administrative fee
- **National Guard, firefighters, and emergency medical personnel pay:**
 - The employee premium rates
 - \$25 for the 70/30 Plan and \$50 for the 80/20 Plan
 - Employee dependent rates as shown on page 4
 - + \$498.68 (the 2018 employer contribution for active employees)
 - + an 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

Premium Rate Policies for Unusual Circumstances

2018 Recommendation: *Maintain Current Policies*

Medicare Primary Active Employees

- In general, the Plan is always the primary payer for active employees and their dependents, even if these members are eligible for Medicare. However, Medicare becomes the primary payer for an active employee:
 1. After the employee or a dependent has end stage renal disease (ESRD) beyond the time frame set by Medicare (normally 30 months)
 - **Current premium rate policy:** Members remain in their chosen plans but contributions for the member with ESRD will be based on the Medicare primary rates for the 70/30 Plan
 2. In the final month before retirement for an employee who is eligible for Medicare or who has a Medicare-eligible dependent
 - **Current premium rate policy:** Members remain in their chosen plans for the month prior to retirement, and employee contributions *do not* change. As applicable to each situation, employer contributions and/or dependent premiums will be based on the Medicare rates for the 70/30 Plan

Split Contracts (more than one plan option needed to accommodate a family)

- Most subscribers will only be allowed to enroll in a single plan option to cover the subscriber and all dependents. However, split contracts are used:
 1. When a subscriber in the Retirement System is Medicare primary and none of the subscriber's dependents are eligible for Medicare or When a subscriber in the Retirement System is not Medicare primary but one or more of the subscriber's dependents are Medicare primary. The subscriber will choose one plan for the Medicare family members and one for the non-Medicare family members
 - **Current premium rate policy:** The Subscriber Only rate is used for the subscriber's option and is added to the dependent rate for second option (See bottom portions of slides 11-16 in Appendix)
 2. If an MA option is selected for a subscriber and his/her dependent and one of them is not eligible for MA, the ineligible member will instead be placed in the 70/30 Plan
 - **Current premium rate policy:** Mix the MA rate with the appropriate (subscriber or dependent) Medicare rate for the 70/30 Plan

High Deductible Health Plan

2018 Recommendation

- Increase *total premiums* for the HDHP by 4%
- To stay within the ACA affordability safe harbor, the employee share of the employee only premium may not exceed \$96.00 per month (9.56% of the federal poverty level), a 0.1% increase over the 2017 employee premium of \$95.92
- This requires an increase to the employer contribution from \$127.44 to \$136.30 (a 6.9% increase)
- The recommendation allows the Plan to:
 - Align the HDHP increase with the 4% increase in the State Budget for the permanent employees and retirees
 - Maintain the existing coverage tiers and rate structure
 - Meet the statutory objective to limit the employer contribution for non-permanent employees
- HDHP COBRA rates: COBRA participants would pay the full monthly premium (the employer and employee shares)

Proposed 2018 HDHP Rates

Employee Contributions	2017	2018
Subscriber Only	\$95.92	\$96.00
Subscriber + Child(ren)	\$276.46	\$284.00
Subscriber + Spouse	\$496.42	\$513.00
Subscriber + Family	\$596.38	\$617.00

	2017	2018
HDHP Employer Contribution	\$127.44	\$136.30

Appendix: Detailed Rate Sheets

Active Employees and COBRA

Recommended 2018 Premium Rates

Active Employee Group	80/20 Plan		70/30 Plan		Employer Contribution
	Tobacco Attestation Complete?*		Tobacco Attestation Complete?*		
	Yes	No	Yes	No	
Active Employees (Non-contributory)					
Subscriber Only	\$50.00	\$110.00	\$25.00	\$85.00	\$498.68
Subscriber + Child(ren)	\$305.00	\$365.00	\$218.00	\$278.00	\$498.68
Subscriber + Spouse	\$700.00	\$760.00	\$590.00	\$650.00	\$498.68
Subscriber + Family	\$720.00	\$780.00	\$598.00	\$658.00	\$498.68
Active Employees (50% Contributory)					
Subscriber Only	\$299.34	\$359.34	\$274.34	\$334.34	\$249.34
Subscriber + Child(ren)	\$554.34	\$614.34	\$467.34	\$527.34	\$249.34
Subscriber + Spouse	\$949.34	\$1,009.34	\$839.34	\$899.34	\$249.34
Subscriber + Family	\$969.34	\$1,029.34	\$847.34	\$907.34	\$249.34
Active Employees (COBRA and 100% Contributory)					
Subscriber Only	\$548.68	\$608.68	\$523.68	\$583.68	\$0.00
Subscriber + Child(ren)	\$803.68	\$863.68	\$716.68	\$776.68	\$0.00
Subscriber + Spouse	\$1,198.68	\$1,258.68	\$1,088.68	\$1,148.68	\$0.00
Subscriber + Family	\$1,218.68	\$1,278.68	\$1,096.68	\$1,156.68	\$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 2018 Premium Rates

	80/20 Plan		70/30 Plan	Retirement System Contribution
	Tobacco Attestation Complete?*			
Non-Contributory Non-Medicare Members	Yes	No		
Subscriber and All Dependents are Non-Medicare				
Subscriber Only	\$50.00	\$110.00	\$0.00	\$498.68
Subscriber + Child(ren)	\$305.00	\$365.00	\$218.00	\$498.68
Subscriber + Spouse	\$700.00	\$760.00	\$590.00	\$498.68
Subscriber + Family	\$720.00	\$780.00	\$598.00	\$498.68
Medicare Primary for One or More Dependent(s)				
<i>Medicare Primary Dependents on MA Base Plan</i>				
Subscriber + Child(ren)	\$174.00	\$234.00	\$124.00	\$498.68
Subscriber + Spouse	\$174.00	\$234.00	\$124.00	\$498.68
Subscriber + Family	\$298.00	\$358.00	\$248.00	\$498.68
<i>Medicare Primary Dependents on MA Enhanced Plan</i>				
Subscriber + Child(ren)	\$240.00	\$300.00	\$190.00	\$498.68
Subscriber + Spouse	\$240.00	\$300.00	\$190.00	\$498.68
Subscriber + Family	\$430.00	\$490.00	\$380.00	\$498.68
<i>Medicare Primary Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$205.00	\$265.00	\$155.00	\$498.68
Subscriber + Spouse	\$475.00	\$535.00	\$425.00	\$498.68
Subscriber + Family	\$494.00	\$554.00	\$444.00	\$498.68

*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.

50% Contributory Non-Medicare Retirees

Recommended 2018 Premium Rates

50% Contributory Non-Medicare Retirees	80/20 Plan		70/30 Plan	Retirement System Contribution
	Tobacco Attestation Complete?*			
	Yes	No		
Retiree and All Dependents are Non-Medicare				
Subscriber Only	\$299.34	\$359.34	\$249.34	\$249.34
Subscriber + Child(ren)	\$554.34	\$614.34	\$467.34	\$249.34
Subscriber + Spouse	\$949.34	\$1,009.34	\$839.34	\$249.34
Subscriber + Family	\$969.34	\$1,029.34	\$847.34	\$249.34
Medicare Primary for One or More Dependent(s)				
<i>Medicare Primary Dependents on MA Base Plan</i>				
Subscriber + Child(ren)	\$423.34	\$483.34	\$373.34	\$249.34
Subscriber + Spouse	\$423.34	\$483.34	\$373.34	\$249.34
Subscriber + Family	\$547.34	\$607.34	\$497.34	\$249.34
<i>Medicare Primary Dependents on MA Enhanced Plan</i>				
Subscriber + Child(ren)	\$489.34	\$549.34	\$439.34	\$249.34
Subscriber + Spouse	\$489.34	\$549.34	\$439.34	\$249.34
Subscriber + Family	\$679.34	\$739.34	\$629.34	\$249.34
<i>Medicare Primary Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$454.34	\$514.34	\$404.34	\$249.34
Subscriber + Spouse	\$724.34	\$784.34	\$674.34	\$249.34
Subscriber + Family	\$743.34	\$803.34	\$693.34	\$249.34

*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.

COBRA and 100% Contributory Non-Medicare Members

Recommended 2018 Premium Rates

COBRA and 100% Contributory Non-Medicare Members	80/20 Plan		70/30 Plan	Retirement System Contribution
	Tobacco Attestation Complete?*			
	Yes	No		
Retiree and All Dependents are Non-Medicare				
Subscriber Only	\$548.68	\$608.68	\$498.68	\$0.00
Subscriber + Child(ren)	\$803.68	\$863.68	\$716.68	\$0.00
Subscriber + Spouse	\$1,198.68	\$1,258.68	\$1,088.68	\$0.00
Subscriber + Family	\$1,218.68	\$1,278.68	\$1,096.68	\$0.00
Medicare Primary for One or More Dependent(s)				
<i>Medicare Primary Dependents on MA Base Plan</i>				
Subscriber + Child(ren)	\$672.68	\$732.68	\$622.68	\$0.00
Subscriber + Spouse	\$672.68	\$732.68	\$622.68	\$0.00
Subscriber + Family	\$796.68	\$856.68	\$746.68	\$0.00
<i>Medicare Primary Dependents on MA Enhanced Plan</i>				
Subscriber + Child(ren)	\$738.68	\$798.68	\$688.68	\$0.00
Subscriber + Spouse	\$738.68	\$798.68	\$688.68	\$0.00
Subscriber + Family	\$928.68	\$988.68	\$878.68	\$0.00
<i>Medicare Primary Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$703.68	\$763.68	\$653.68	\$0.00
Subscriber + Spouse	\$973.68	\$1,033.68	\$923.68	\$0.00
Subscriber + Family	\$992.68	\$1,052.68	\$942.68	\$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.

Medicare Primary Subscribers

Recommended 2018 Premium Rates

Non-Contributory Medicare Retirees and Disabled Members	Medicare Advantage		Medicare 70/30 Plan	Retirement System Contribution
	Base Plan	Enhanced Plan		
Medicare Primary for Retiree and One or More Dependents				
Subscriber Only	\$0.00	\$66.00	\$0.00	\$387.44
Subscriber + Child(ren)	\$124.00	\$256.00	\$155.00	\$387.44
Subscriber + Spouse	\$124.00	\$256.00	\$425.00	\$387.44
Subscriber + Family	\$248.00	\$446.00	\$444.00	\$387.44
Non-Medicare Primary for Dependent(s)				
<i>Dependents on 80/20 Plan</i>				
Subscriber + Child(ren)	\$255.00	\$321.00	\$255.00	\$387.44
Subscriber + Spouse	\$650.00	\$716.00	\$650.00	\$387.44
Subscriber + Family	\$670.00	\$736.00	\$670.00	\$387.44
<i>Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$218.00	\$284.00	\$218.00	\$387.44
Subscriber + Spouse	\$590.00	\$656.00	\$590.00	\$387.44
Subscriber + Family	\$598.00	\$664.00	\$598.00	\$387.44

50% Contributory Medicare Primary Subscribers

Recommended 2018 Premium Rates

50% Contributory Medicare Retirees	Medicare Advantage		70/30 Plan	Retirement System Contribution
	Base Plan	Enhanced Plan		
Medicare Primary for Retiree and One or More Dependents				
Subscriber Only	\$124.00	\$190.00	\$193.72	\$193.72
Subscriber + Child(ren)	\$248.00	\$380.00	\$348.72	\$193.72
Subscriber + Spouse	\$248.00	\$380.00	\$618.72	\$193.72
Subscriber + Family	\$372.00	\$570.00	\$637.72	\$193.72
Non-Medicare Primary for Dependent(s)				
<i>Dependents on 80/20 Plan</i>				
Subscriber + Child(ren)	\$379.00	\$445.00	\$448.72	\$193.72
Subscriber + Spouse	\$774.00	\$840.00	\$843.72	\$193.72
Subscriber + Family	\$794.00	\$860.00	\$863.72	\$193.72
<i>Dependents on 70/30 Plan</i>				
Subscriber + Child(ren)	\$342.00	\$408.00	\$411.72	\$193.72
Subscriber + Spouse	\$714.00	\$780.00	\$783.72	\$193.72
Subscriber + Family	\$722.00	\$788.00	\$791.72	\$193.72

COBRA and 100% Contributory Medicare Primary Subscribers

Recommended 2018 Premium Rates

COBRA and 100% Contributory Medicare Primary Subscribers	Medicare Advantage			70/30 Plan	Retirement System Contribution
	Base Plan	Enhanced Plan			
Medicare Primary for Retiree and One or More Dependents					
Subscriber Only	\$124.00	\$190.00		\$387.44	\$0.00
Subscriber + Child(ren)	\$248.00	\$380.00		\$542.44	\$0.00
Subscriber + Spouse	\$248.00	\$380.00		\$812.44	\$0.00
Subscriber + Family	\$372.00	\$570.00		\$831.44	\$0.00
Non-Medicare Primary for Dependent(s)					
<i>Dependents on 80/20 Plan</i>					
Subscriber + Child(ren)	\$379.00	\$445.00		\$642.44	\$0.00
Subscriber + Spouse	\$774.00	\$840.00		\$1,037.44	\$0.00
Subscriber + Family	\$794.00	\$860.00		\$1,057.44	\$0.00
<i>Dependents on 70/30 Plan</i>					
Subscriber + Child(ren)	\$342.00	\$408.00		\$605.44	\$0.00
Subscriber + Spouse	\$714.00	\$780.00		\$977.44	\$0.00
Subscriber + Family	\$722.00	\$788.00		\$985.44	\$0.00

Firefighters, Rescue Squad Workers, and National Guard

Recommended 2018 Premium Rates

Firefighters, Rescue Squad Workers, and National Guard	80/20 Plan		70/30 Plan		Employer Contribution
	Tobacco Attestation Complete?*		Tobacco Attestation Complete?*		
	Yes	No	Yes	No	
Subscriber Only	\$658.42	\$718.42	\$628.42	\$688.42	\$0.00
Subscriber + Child(ren)	\$964.42	\$1,024.42	\$860.02	\$920.02	\$0.00
Subscriber + Spouse	\$1,438.42	\$1,498.42	\$1,306.42	\$1,366.42	\$0.00
Subscriber + Family	\$1,462.42	\$1,522.42	\$1,316.02	\$1,376.02	\$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.