



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



## 2017 Benefit Design Changes

*Board of Trustees Meeting*

May 13, 2016

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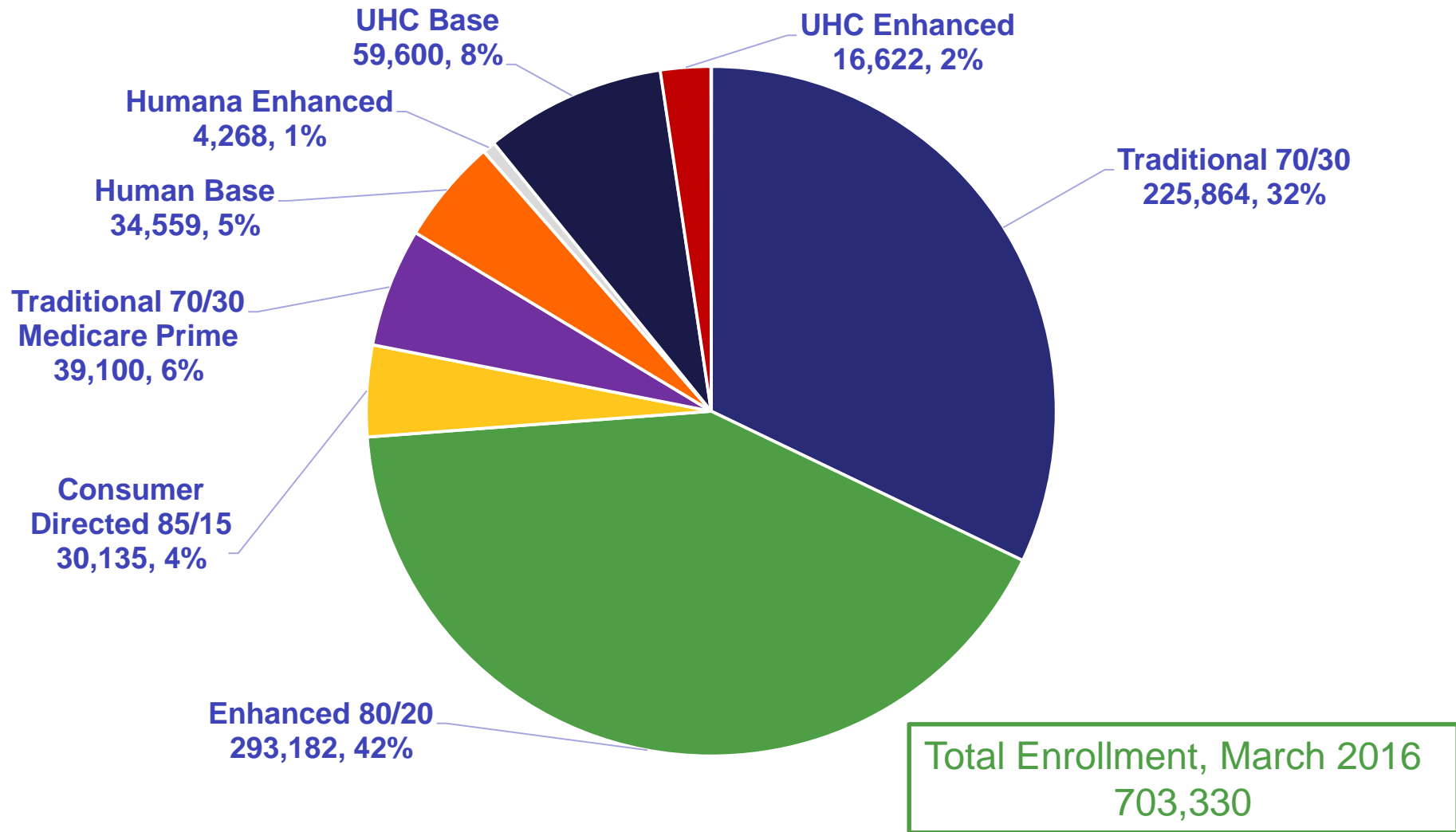
*A Division of the Department of State Treasurer*

# Presentation Overview

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# Membership by Plan Option



# Recommended Benefit Design Changes for 2017

# Recommended Benefit Design – CDHP 85/15 (*no change*)

	Current CY 2016 Non-Grandfathered	Recommended CY 2017 Non-Grandfathered
Base Premium	N/A	N/A
Deductible HRA	\$1,500 \$600	\$1,500 \$600
Coinsurance Percentage	15%	15%
ACA Preventive Services	Covered at 100%	Covered at 100%
Medical Coinsurance Max Pharmacy Max	N/A N/A	N/A N/A
Out of Pocket Max <i>(Includes Deductible)</i>	\$3,500	\$3,500
Selected PCP Non-selected PCP	Ded/Coins. +\$25 HRA credit Ded/Coins.	Ded/Coins. + \$25 HRA credit Ded/Coins.
B.O.D. Specialist. Non-B.O.D. Specialist	Ded/Coins. + \$20 HRA credit Ded/Coins.	Ded/Coins. + \$20 HRA credit Ded/Coins.
Inpatient Hospital B.O.D Non-B.O.D.	Ded/Coins. + \$200 HRA Credit Ded/Coins.	Ded/Coins. + \$200 HRA Credit Ded/Coins.
Outpatient Hospital	Deductible/Coinsurance	Deductible/Coinsurance
Urgent Care	Deductible/Coinsurance	Deductible/Coinsurance
ER Copay	Deductible/Coinsurance	Deductible/Coinsurance
Drugs	Ded/Coins. CDHP Maintenance Medications are deductible exempt	Ded/Coins. CDHP Maintenance Medications are deductible exempt

# Recommended Benefit Design – Enhanced 80/20 Plan

	Current CY 2016 Grandfathered	Recommended CY 2017 Alternate Value Based Design Non-Grandfathered
Base Premium	\$24.20	\$24.20
Deductible	\$700	<b>\$1,250</b>
Coinsurance Percentage	20%	20%
ACA Preventive Coverage	Covered at 100%	Covered at 100%
Medical Coinsurance Max Pharmacy Max	\$3,210 \$2,500	N/A
Combined Out-of-Pocket Max Medical Out-of-Pocket Max Pharmacy Out-of-Pocket Max	N/A <i>(Includes Deductible)</i>	N/A <b>\$4,350</b> \$2,500
Selected PCP Non-selected PCP	\$15 \$30	<b>\$10</b> <b>\$25</b>
B.O.D. Specialist. Non-B.O.D. Specialist	\$60 \$70	<b>\$45</b> <b>\$85</b>
Inpatient Hospital B.O.D. Non-B.O.D.	\$0, then Ded/Coins. \$233, then Ded/Coins.	\$0, then Ded/Coins. <b>\$450, then Ded/Coins.</b>
Outpatient Hospital	Deductible/Coinsurance	Deductible/Coinsurance
Urgent Care	\$87	<b>\$70</b>
ER <i>(Copay waived w/ admission or observation stay)</i>	\$233, then Ded/Coins.	<b>\$300, then Ded/Coins.</b>
Drugs Tier 1 (Generic) Tier 2 (Preferred Brand & High-cost Generic) Tier 3 (Non-preferred Brand) Tier 4 (Low-cost/Generic Specialty) Tier 5 (Preferred Specialty) Tier 6 (Non-preferred Specialty)	\$12 \$40 \$64 N/A 25% up to \$100 25% up to \$132	<b>\$5</b> <b>\$30</b> <b>Deductible/Coinsurance</b> <b>\$100</b> <b>\$250</b> <b>Deductible/Coinsurance</b>

# Recommended Benefit Design – Traditional 70/30 Plan

	Current CY 2016 Grandfathered	Recommended CY 2017 Grandfathered
Base Premium	N/A	N/A
Deductible	\$1,054	<b>\$1,080</b>
Coinsurance Percentage	30%	30%
ACA Preventive Services	Cost-Sharing Applies	Cost-Sharing Applies
Medical Coinsurance Max	\$4,282	<b>\$4,388</b>
Pharmacy Max	\$3,294	<b>\$3,360</b>
Out of Pocket Max	N/A	N/A
PCP Copay	\$39	<b>\$40</b>
Specialist Copay	\$92	<b>\$94</b>
Inpatient Hospital	\$329, then Ded/Coins.	<b>\$337, then Ded/Coins.</b>
Outpatient Hospital	Deductible/Coinsurance	Deductible/Coinsurance
Urgent Care	\$98	<b>\$100</b>
ER <i>(Copay waived w/ admission or observation stay)</i>	\$329, then Ded/Coins.	<b>\$337, then Ded/Coins.</b>
Drugs		<i>Approved 2-5-16</i>
Tier 1 (Generic)	\$15	<b>\$16</b>
Tier 2 (Preferred Brand & High-cost Generic)	\$46	<b>\$47</b>
Tier 3 (Non-preferred Brand)	\$72	<b>\$74</b>
Tier 4 (Low-cost/Generic Specialty)	N/A	<b>10% up to \$100</b>
Tier 5 (Preferred Specialty)	25% up to \$100	<b>25% up to \$103</b>
Tier 6 (Non-preferred Specialty)	25% up to \$132	<b>25% up to \$133</b>

# Impact on Actuarial Forecast



# Baseline Forecast

	Baseline Forecast (assumes no additional changes)		New PBM Contract * Open Formulary (current arrangement)		New PBM Contract * Closed Formulary	
	ER	EE	ER	EE	ER	EE
CY 2017 Projected Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Max Amount Short of 20% Reserve (1<sup>st</sup> Month short)</b>	<b>\$115.6 M (March 2017)</b>		<b>\$83.1 M (April 2017)</b>		<b>\$72.0 M (May 2017)</b>	
CY 2018 Projected Increase	15.21%	15.21%	12.71%	12.71%	11.91%	11.91%
CY 2019 Projected Increase	15.21%	15.21%	12.71%	12.71%	11.91%	11.91%
CY 2020 Projected Increase	4.82%	4.82%	6.02%	6.02%	6.45%	6.45%
CY 2021 Projected Increase	4.82%	4.82%	6.02%	6.02%	6.45%	6.45%

*ER = employer contribution, EE = employee premium*

\*Assumes 100% of the projected savings for discount guarantees and 50% of the projected savings for pharmacy rebates; savings begin to accrue one month after 1/1/2017 start of contract

# Forecast Scenarios: Open Formulary & Benefit Changes

	New PBM Contract * Open Formulary (current arrangement)		With Recommended Benefit Changes		With Recommended Benefit Changes & Increased Contributions	
	ER	EE	ER	EE	ER	EE
CY 2017 Projected Increase	0.00%	0.00%	0.0%	0.00%	3.43%	3.43%
<b>Max Amount Short of 20% Reserve (1<sup>st</sup> Month short)</b>	<b>\$83.1 M (April 2017)</b>		<b>\$52.7 M (May 2017)</b>		<b>\$8.3 M (May 2017) <i>End FY above threshold</i></b>	
CY 2018 Projected Increase	12.71%	12.71%	9.97%	9.97%	6.48%	6.48%
CY 2019 Projected Increase	12.71%	12.71%	9.97%	9.97%	6.48%	6.48%
CY 2020 Projected Increase	6.02%	6.02%	7.70%	7.70%	9.90%	9.90%
CY 2021 Projected Increase	6.02%	6.02%	7.70%	7.70%	9.90%	9.90%

*ER = employer contribution, EE = employee premium*

\*Assumes 100% of the projected savings for discount guarantees and 50% of the projected savings for pharmacy rebates; savings begin to accrue one month after 1/1/2017 start of contract

# Reserve for Future Benefits Needs with Open Formulary

	New PBM Contract * Open Formulary (current arrangement)		Without Release of Reserve Funds		With Release of Reserve Funds	
	ER	EE	ER	EE	ER	EE
CY 2017 Projected Increase	0.00%	0.00%	<b>(3.35%)</b>	0.00%	3.43%	3.43%
<b>Max Amount Short of 20% Reserve (1<sup>st</sup> Month short)</b>	<b>\$83.1 M (April 2017)</b>		<b>\$127.1 M (March 2017)</b>		<b>\$35.6 M (May 2017)</b>	
CY 2018 Projected Increase	12.71%	12.71%	15.74%	15.74%	9.19%	9.19%
CY 2019 Projected Increase	12.71%	12.71%	15.74%	15.74%	9.19%	9.19%
CY 2020 Projected Increase	6.02%	6.02%	4.33%	4.33%	8.12%	8.12%
CY 2021 Projected Increase	6.02%	6.02%	4.33%	4.33%	8.12%	8.12%

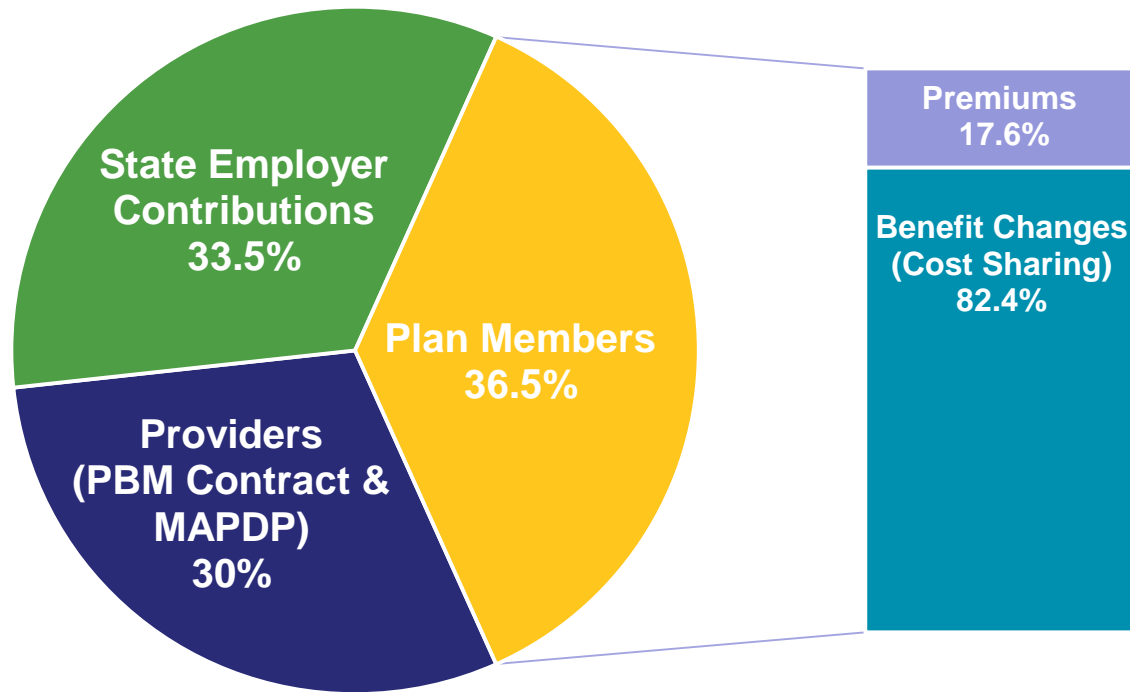
*ER = employer contribution, EE = employee premium*

\*Assumes 100% of the projected savings for discount guarantees and 50% of the projected savings for pharmacy rebates; savings begin to accrue one month after 1/1/2017 start of contract

# Contributions to Reduction in Projected Premium Increase



Allocation of 8.73% Point Reduction for CYs 2018 and 2019



# Actuarial Values

# Plan Share of Total Costs/Actuarial Values

Active Employee and Non-Medicare Retiree Plan Options	CY 2014 Actual Plan Share	CY 2015 Actual Plan Share	CY 2016 Actuarial Values	CY 2017 Actuarial Values Staff Recommendation
CDHP 85/15	91%	89%	Engaged 86.3% Non 85.5%	Engaged 86.3% Non 85.5%
Enhanced 80/20	83%	84%	Engaged 82.5% Non 81.4%	Engaged 82.2% Non 78.7%
Traditional 70/30	77%	79%*	75.0%	74.7%

*\*Reflects a revision from the cost-sharing reported at the April 27<sup>th</sup> Board meeting.*

ACA Public Exchange Metal Category	Average Plan Cost Share
Bronze	60%
Silver	70%
Gold	80%
Platinum	90%

# Member Cost Sharing Scenarios: Active Employees

# Member Scenarios – Meet Holly

A State Health Plan member with two children covered on her plan trying to decide which plan is right for her and her family.

- As an active employee, she has three plan options:
  - Consumer-Directed Health Plan
  - Enhanced 80/20 Plan
  - Traditional 70/30 Plan
- A typical year of medical and pharmacy services for Holly and her children might include the following:
  - 3 Preventive Care Visits with PCP
  - 2 Additional Primary Care Visits
  - 1 Specialist Visit
  - 2 Urgent Care Visits
  - 1 Monthly Maintenance Prescription (Tier 1, ACA Preventive Medication)
  - 1 Tier 1 Prescription

“To help me decide on a plan, I need to know how much I will have to pay under each plan option?”





# Holly's Projected Health Care Costs for 2017

Annual Member Costs	Traditional 70/30 Plan	Enhanced 80/20 Plan	CDHP 85/15
<b>If Holly's "Engaged"*</b>			
Premium Payments	\$2,618	\$3,662	\$2,356
Out-of-Pocket Costs	\$702	\$210	\$0**
<b>Engaged Member Total</b>	<b>\$3,320</b>	<b>\$3,872</b>	<b>\$2,356</b>
<b>If Holly's "Non-Engaged"*</b>			
Premium Payments	\$3,098	\$4,742	\$3,316
Out-of-Pocket Costs	\$702	\$280	\$0**
<b>Non-Engaged Member Total</b>	<b>\$3,800</b>	<b>\$5,022</b>	<b>\$3,316</b>

Holly's  
lowest-cost  
option



- The CDHP has lower dependent premiums, and Holly's projected 2017 out-of-pocket costs are less than the initial CDHP starting balance of \$1,800. The CDHP is Holly's best option.
- A willingness to engage in healthy activities and to use selected PCPs and Blue Options Designated providers reduces member out-of-pocket costs in the CDHP and Enhanced 80/20.

\*An "engaged member" has completed all wellness activities to receive premium credits and uses their selected PCP and Blue Options Designated providers. A "non-engaged member" has earned no premium credits and does not use a selected PCP or Blue Options Designated providers.

\*\*Holly's HRA will cover all of her out-of-pocket expenses, and Holly could have an estimated \$1,200 in her HRA to use in 2018 if she is engaged or approximately \$930 if she is not.

# Member Scenario Cost Detail – Active Employee Holly

	#	Traditional 70/30				Enhanced 80/20				Consumer-Directed Health Plan 85/15			
		Non-Engaged		Engaged		Non-Engaged		Engaged		Non-Engaged		Engaged	
		Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total
<b>Medical Services</b>													
Preventive Visits with PCP	3	\$40	\$120	\$40	\$120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visits	2	\$40	\$80	\$40	\$80	\$25	\$50	\$10	\$20	\$150	\$300	\$150	\$300
Specialist Visit	1	\$94	\$94	\$94	\$94	\$85	\$85	\$45	\$45	\$210	\$210	\$210	\$210
Urgent Care Visit	2	\$100	\$200	\$100	\$200	\$70	\$140	\$70	\$140	\$160	\$320	\$160	\$320
<b>Drugs</b>													
ACA Preventive Drugs (Tier 1)	12	\$16	\$192	\$16	\$192	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tier 1 Prescription	1	\$16	\$16	\$16	\$16	\$5	\$5	\$5	\$5	\$40	\$40	\$40	\$40
<b>Total (before considering HRA)</b>			<b>\$702</b>		<b>\$702</b>		<b>\$280</b>		<b>\$210</b>		<b>\$870</b>		<b>\$870</b>
<b>HRA Funds Provided by SHP</b>													
Starting Balance											\$1,800		\$1,800
HRA Incentive Dollars													
Identified PCP											\$0		\$125
Blue Options Designated Specialist											\$0		\$20
Blue Options Designated Hospital											\$0		\$0
Healthy Lifestyles Program											\$0		\$125
<b>Total HRA Dollars to Use</b>											<b>\$1,800</b>		<b>\$2,070</b>
Member Cost-sharing with HRA			\$702		\$702		\$280		\$210		\$0		\$0
HRA Balance for Use in 2018			--		--		--		--		\$930		\$1,200
Annual Premium			\$3,098		\$2,618		\$4,742		\$3,662		\$3,316		\$2,356
<b>Total Member Cost</b>			<b>\$3,800</b>		<b>\$3,320</b>		<b>\$5,022</b>		<b>\$3,872</b>		<b>\$3,316</b>		<b>\$2,356</b>

Red numbers in the Unit Copay/Cost column indicate a copayment amount.

Green numbers in the Unit Copay/Cost column indicate estimated actual allowed cost for a service that could be subject to copay (in 70/30 and 80/20), deductible, and/or coinsurance.

# Member Scenarios – Meet Pete

A State Health Plan member with employee-only coverage who visits doctors regularly and is trying to decide which plan is right for him.

- As an active employee, he has three plan options:
  - Consumer-Directed Health Plan
  - Enhanced 80/20 Plan
  - Traditional 70/30 Plan
- A year of medical and pharmacy services for Pete might include:
  - 1 Preventive Care Visit with PCP
  - 3 Additional Primary Care Visits
  - 2 Specialist Visits
  - 2 Chiropractor Visits
  - 1 Urgent Care Visit
  - 4 Tier 1 Prescriptions
  - 2 Tier 2 Prescriptions

“I don’t have any major conditions, but I do get sick and visit the doctor more often than I used to. I’m trying to determine how much I will have to pay under each plan option.”



# Pete's Projected Health Care Costs for 2017

Annual Member Costs	Traditional 70/30 Plan	Enhanced 80/20 Plan	CDHP 85/15
<b>If Pete is "Engaged"*</b>			
Premium Payments	\$0	\$180	\$0
Out-of-Pocket Costs	\$750	\$374	\$638
<b>Engaged Member Total</b>	<b>\$750</b>	<b>\$554</b>	<b>\$638</b>
<b>If Pete is "Non-Engaged"*</b>			
Premium Payments	\$480	\$1,260	\$960
Out-of-Pocket Costs	\$750	\$499	\$903
<b>Non-Engaged Member Total</b>	<b>\$1,230</b>	<b>\$1,759</b>	<b>\$1,863</b>

Pete's  
lowest-cost  
option

- Because he uses a relatively large number of services that are subject to copays in the 70/30 and 80/20 plans, Pete does best in the Enhanced 80/20 Plan if he is engaged, or the Traditional 70/30 if he is non-engaged.
- The year of services described for Pete would bring him to the \$1,500 deductible in the CDHP, so one major health event would likely make the CDHP a lower-cost option for him due to the lower coinsurance and the combined medical and pharmacy out-of-pocket maximum.

\*An "engaged member" has completed all wellness activities to receive premium credits and uses their selected PCP and Blue Options Designated providers. A "non-engaged member" has earned no premium credits and does not use a selected PCP or Blue Options Designated providers.

# Member Scenario Cost Detail – Active Employee Pete

	#	Traditional 70/30				Enhanced 80/20				Consumer-Directed Health Plan 85/15*			
		Non-Engaged		Engaged		Non-Engaged		Engaged		Non-Engaged		Engaged	
		Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total
<b>Medical Services</b>													
Preventive Visits with PCP	1	\$40	\$40	\$40	\$40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visits	3	\$40	\$120	\$40	\$120	\$25	\$75	\$10	\$30	\$150	\$450	\$150	\$450
Specialist Visits	2	\$94	\$188	\$94	\$188	\$85	\$170	\$45	\$90	\$210	\$420	\$210	\$420
Mid-Level Office Visits	2	\$72	\$144	\$72	\$144	\$52	\$104	\$52	\$104	\$85	\$170	\$85	\$170
Urgent Care Visit	1	\$100	\$100	\$100	\$100	\$70	\$70	\$70	\$70	\$160	\$143	\$160	\$143
<b>Drugs</b>													
Tier 1 Prescriptions	4	\$16	\$64	\$16	\$64	\$5	\$20	\$5	\$20	\$40	\$160	\$40	\$160
Tier 2 Prescriptions	2	\$47	\$94	\$47	\$94	\$30	\$60	\$30	\$60	\$80	\$160	\$80	\$160
<b>Total (before considering HRA)</b>			<b>\$750</b>		<b>\$750</b>		<b>\$499</b>		<b>\$374</b>		<b>\$1,503</b>		<b>\$1,503</b>
<b>HRA Funds Provided by SHP</b>													
Starting Balance											\$600		\$600
HRA Incentive Dollars													
Identified PCP											\$0		\$100
Blue Options Designated Specialist											\$0		\$40
Blue Designated Options Hospital											\$0		\$0
Healthy Lifestyles Program											\$0		\$125
<b>Total HRA Dollars to Use</b>											<b>\$600</b>		<b>\$865</b>
Member Cost-sharing with HRA			\$750		\$750		\$499		\$374		\$903		\$638
HRA Balance for Use in 2018			--		--		--		--		\$0		\$0
Annual Premium			\$480		\$0		\$1,260		\$180		\$960		\$0
<b>Total Member Cost</b>			<b>\$1,230</b>		<b>\$750</b>		<b>\$1,759</b>		<b>\$554</b>		<b>\$1,863</b>		<b>\$638</b>

Red numbers in the Unit Copay/Cost column indicate a copayment amount. Green numbers in the Unit Copay/Cost column indicate estimated actual allowed cost for a service that could be subject to copay (in 70/30 and 80/20), deductible, and/or coinsurance.

\*CDHP costs by service depend on the timing of services. The numbers in the chart assume Pete's urgent care visit is the final service of the year, and is therefore subject in part to the 15% CDHP coinsurance.

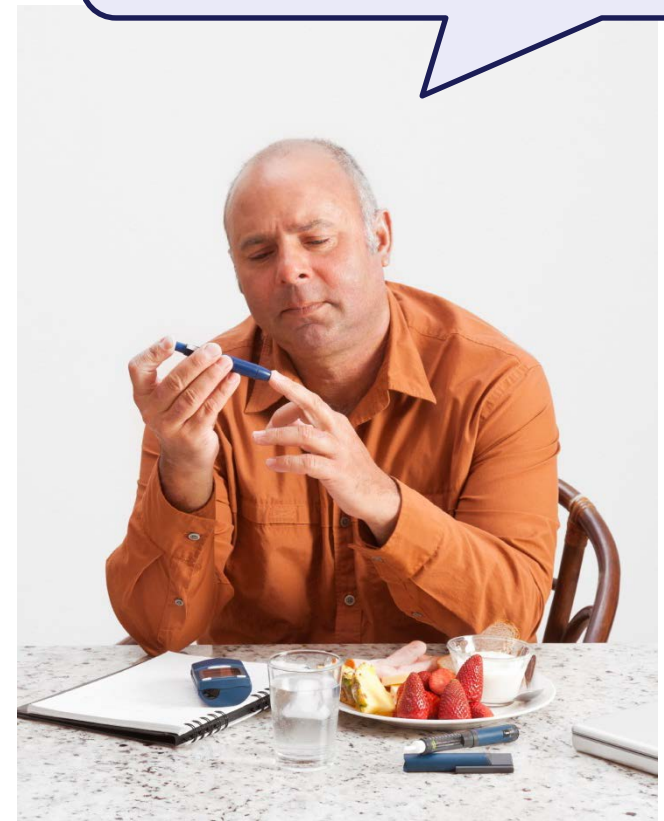


# Member Scenarios – Meet Bentley

A State Health Plan member with employee-only coverage who has been diagnosed with diabetes and is trying to decide which plan is right for his chronic condition.

- As an active employee, he has three plan options:
  - Consumer-Directed Health Plan
  - Enhanced 80/20 Plan
  - Traditional 70/30 Plan
- A year of medical and pharmacy services for Bentley might include:
  - 1 Preventive Care Visit with PCP
  - 4 Additional Primary Care Visits
  - 3 Specialist Visits
  - 1 Inpatient Hospitalization
  - 2 Monthly Maintenance Prescriptions (Tier 1)\*
  - 1 Monthly Maintenance Prescription (Tier 2)\*
  - 1 Tier 1 Prescription

“I was recently diagnosed with diabetes, so I’m trying to determine how much I will have to pay under each plan option.”



\* Maintenance Prescriptions assumed to be on CDHP Preventive Medications List

# Bentley's Projected Health Care Costs for 2017

Annual Member Costs	Traditional 70/30 Plan	Enhanced 80/20 Plan	CDHP 85/15
<b>If Bentley is "Engaged"</b> **			
Premium Payments	\$0	\$180	\$0
Out-of-Pocket Costs	\$6,038	\$4,060	\$2,170
<b>Engaged Member Total</b>	<b>\$6,038</b>	<b>\$4,240</b>	<b>\$2,170</b>
<b>If Bentley is "Non-Engaged"</b> **			
Premium Payments	\$480	\$1,260	\$960
Out-of-Pocket Costs	\$7,153	\$4,835	\$2,900
<b>Non-Engaged Member Total</b>	<b>\$7,633</b>	<b>\$6,095</b>	<b>\$3,860</b>

Bentley's  
lowest-cost  
option



- Because he is a high utilizer, Bentley is likely to reach the CDHP out-of-pocket maximum of \$3,500.
- Engaging with a health coach to manage his condition and using Blue Options Designated providers and his selected PCP could earn more than \$700 in additional HRA incentive funds, reducing Bentley's true out-of-pocket costs. (Using Blue Options Designated providers reduces member out-of-pocket costs in all the plan options.)
- Although there are fewer healthy activities to complete when enrolling in the Traditional 70/30 Plan, it would be a poor option for Bentley because of the high out-of-pocket costs.

\*An "engaged member" has completed all wellness activities to receive premium credits and uses their selected PCP and Blue Options Designated providers. A "non-engaged member" has earned no premium credits and does not use a selected PCP or Blue Options Designated providers.

# Member Scenario Cost Detail – Active Employee Bentley

	#	Traditional 70/30				Enhanced 80/20*				Consumer-Directed Health Plan 85/15*			
		Non-Engaged		Engaged		Non-Engaged		Engaged		Non-Engaged		Engaged	
		Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total
<b>Medical Services</b>													
Preventive Visits with PCP	1	\$40	\$40	\$40	\$40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visits	4	\$40	\$160	\$40	\$160	\$25	\$100	\$10	\$40	\$150	\$300	\$150	\$323
Specialist Visit	3	\$94	\$282	\$94	\$282	\$85	\$255	\$45	\$135	\$210	\$210	\$210	\$273
Inpatient Hospital Admission	1	\$20,000	\$5,707	\$12,000	\$4,592	\$20,000	\$3,995	\$12,000	\$3,400	\$20,000	\$2,854	\$12,000	\$2,608
<b>Drugs</b>													
Maintenance Drugs (Tier 1)	24	\$16	\$384	\$16	\$384	\$5	\$120	\$5	\$120	\$40	\$48	\$40	\$132
Tier 1 Prescription	1	\$16	\$16	\$16	\$16	\$5	\$5	\$5	\$5	\$40	\$40	\$40	\$40
Maintenance Drugs (Tier 2)	12	\$47	\$564	\$47	\$564	\$30	\$360	\$30	\$360	\$80	\$48	\$80	\$125
<b>Total (before considering HRA)</b>			<b>\$7,153</b>		<b>\$6,038</b>		<b>\$4,835</b>		<b>\$4,060</b>		<b>\$3,500</b>		<b>\$3,500</b>
<b>HRA Funds Provided by SHP</b>													
Starting Balance											\$600		\$600
HRA Incentive Dollars													
Identified PCP											\$0		\$125
Blue Options Specialist											\$0		\$60
Blue Options Hospital											\$0		\$200
Health Engagement Programs											\$0		\$345
<b>Total HRA Dollars to Use</b>											<b>\$600</b>		<b>\$1,330</b>
Member Cost-sharing with HRA			\$7,153		\$6,038		\$4,835		\$4,060		\$2,900		\$2,170
HRA Balance for Use in 2018			--		--		--		--		\$0		\$0
Annual Premium			\$480		\$0		\$1,260		\$180		\$960		\$0
<b>Total Member Cost</b>			<b>\$7,633</b>		<b>\$6,038</b>		<b>\$6,095</b>		<b>\$4,240</b>		<b>\$3,860</b>		<b>\$2,170</b>

Red numbers in the Unit Copay/Cost column indicate a copayment amount. Green numbers in the Unit Copay/Cost column indicate estimated actual allowed cost for a service that could be subject to copay (in 70/30 and 80/20), deductible, and/or coinsurance.

\*Enhanced 80/20 and CDHP costs by service depend on the timing of services. The numbers in the chart assume a specific ordering of services until the deductible and out-of-pocket maximums are reached.



# Member Scenarios – Meet Maxine

A State Health Plan member with employee-only coverage who is on an expensive monthly specialty medication and is trying to decide which plan is right for her.

- As an active employee, she has three plan options:
  - Consumer-Directed Health Plan
  - Enhanced 80/20 Plan
  - Traditional 70/30 Plan
- A year of medical and pharmacy services for Maxine might include:
  - 1 Preventive Care Visit with PCP
  - 3 Additional Primary Care Visits
  - 6 Diagnostic Laboratory Tests as part of her PCP visits
  - 1 Monthly Tier 1 Prescription
  - 1 Monthly Tier 5 (Specialty) Prescription

“I take a specialty medication, which can be expensive, so given that, I’m not sure what would be the best plan for me.”



# Maxine's Projected Health Care Costs for 2017

Annual Member Costs	Traditional 70/30 Plan	Enhanced 80/20 Plan	CDHP 85/15
<b>If Maxine is “Engaged”*</b>			
Premium Payments	\$0	\$180	\$0
Out-of-Pocket Costs	\$1,588	\$2,530	\$2,675
<b>Engaged Member Total</b>	<b>\$1,588</b>	<b>\$2,710</b>	<b>\$2,675</b>
<b>If Maxine is “Non-Engaged”*</b>			
Premium Payments	\$480	\$1,260	\$960
Out-of-Pocket Costs	\$1,588	\$2,575	\$2,900
<b>Non-Engaged Member Total</b>	<b>\$2,068</b>	<b>\$3,835</b>	<b>\$3,860</b>

Maxine's  
lowest-cost  
option

- Because she takes an expensive specialty medication that has a lower copay in the Traditional 70/30 Plan, Maxine does best in that plan.
- On the Enhanced 80/20 Plan, Maxine hits her pharmacy out-of-pocket maximum of \$2,500, but she still has higher cost-sharing in that plan than in the Traditional 70/30 Plan.
- On the CDHP, Maxine would quickly reach her deductible and would hit her out-of-pocket maximum before finishing the year because of the high cost of the specialty drug she takes.

\*An “engaged member” has completed all wellness activities to receive premium credits and uses their selected PCP and Blue Options Designated providers. A “non-engaged member” has earned no premium credits and does not use a selected PCP or Blue Options Designated providers.

# Member Scenario Cost Detail – Active Employee Maxine

	#	Traditional 70/30				Enhanced 80/20*				Consumer-Directed Health Plan 85/15*			
		Non-Engaged		Engaged		Non-Engaged		Engaged		Non-Engaged		Engaged	
		Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total
<b>Medical Services</b>													
Preventive Visits with PCP	1	\$40	\$40	\$40	\$40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visits	3	\$40	\$120	\$40	\$120	\$25	\$75	\$10	\$30	\$150	\$173	\$150	\$173
Diagnostic Labs	6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$58	\$25	\$58
<b>Drugs</b>													
Tier 1 Prescriptions	12	\$16	\$192	\$16	\$192	\$5	\$50	\$5	\$50	\$40	\$64	\$40	\$64
Tier 5 Prescriptions	12	\$103	\$1,236	\$103	\$1,236	\$250	\$2,450	\$250	\$2,450	\$2,700	\$3,205	\$2,700	\$3,205
<b>Total (before considering HRA)</b>			<b>\$1,588</b>		<b>\$1,588</b>		<b>\$2,575</b>		<b>\$2,530</b>		<b>\$3,500</b>		<b>\$3,500</b>
<b>HRA Funds Provided by SHP</b>													
Starting Balance											\$600		\$600
HRA Incentive Dollars													
Identified PCP											\$0		\$100
Blue Options Designated Specialist											\$0		\$0
Blue Designated Options Hospital											\$0		\$0
Healthy Lifestyles Program											\$0		\$125
<b>Total HRA Dollars to Use</b>											<b>\$600</b>		<b>\$825</b>
Member Cost-sharing with HRA			\$1,588		\$1,588		\$2,575		\$2,530		\$2,900		\$2,675
HRA Balance for Use in 2018			--		--		--		--		\$0		\$0
Annual Premium			\$480		\$0		\$1,260		\$180		\$960		\$0
<b>Total Member Cost</b>			<b>\$2,068</b>		<b>\$1,588</b>		<b>\$3,835</b>		<b>\$2,710</b>		<b>\$3,860</b>		<b>\$2,675</b>

Red numbers in the Unit Copay/Cost column indicate a copayment amount. Green numbers in the Unit Copay/Cost column indicate estimated actual allowed cost for a service that could be subject to copay (in 70/30 and 80/20), deductible, and/or coinsurance.

\*Enhanced 80/20 and CDHP costs by service depend on the timing of services. The numbers in the chart assume a specific ordering of services until the deductible and out-of-pocket maximums are reached.

# Lowest Cost Plan/Optimized Enrollment Analysis

# Analysis of Lowest Cost Plan Option

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- Conducted by The Segal Company to determine which plan design would have resulted in the lowest cost for each member in Calendar Year 2014 (i.e. optimal enrollment)
- Analyzed CY 2014 incurred claims paid through January 2016
  - Active Employees, Non-Medicare Retirees, and COBRA Members
  - Members continuously enrolled during CY 2014
  - Total of 334,220 subscribers in the analysis, including subscribers from all coverage tiers (employee/retiree only, employee/retiree and family, etc.)
- Results determined two ways:
  1. **With** member contributions/premiums
  2. **Without** member contributions/premiums

# Analysis of Lowest Cost Plan Option

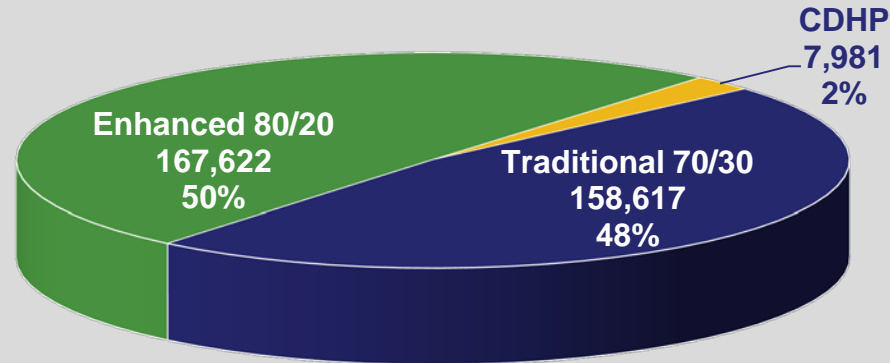
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## Initial Summary Points

- Absent employee premiums (looking solely at member cost sharing for services received/delivered), the CDHP (61%) and Enhanced 80/20 (39%) were the better plan options for members
  - No member would have fared better in the Traditional 70/30
  - Not surprising given benefit designs
  - Consistent with the comparative analysis Segal conducted looking at the relative and actuarial values of the plan offerings
- With premiums factored in (looking at the full cost of coverage for members), the CDHP was the best option for the highest proportion of members (71%) with the Traditional 70/30 being the second best choice (20%)
  - Only 9% of members were better off in the Enhanced 80/20

# High Level Results of Analysis

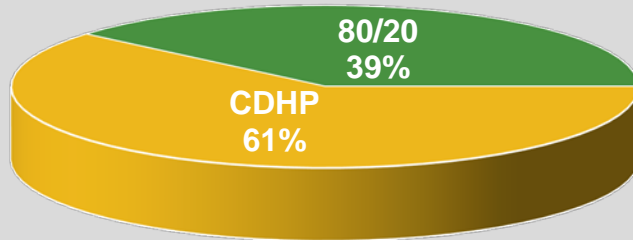
## Actual CY 2014 Continuous 12-Month Subscribers



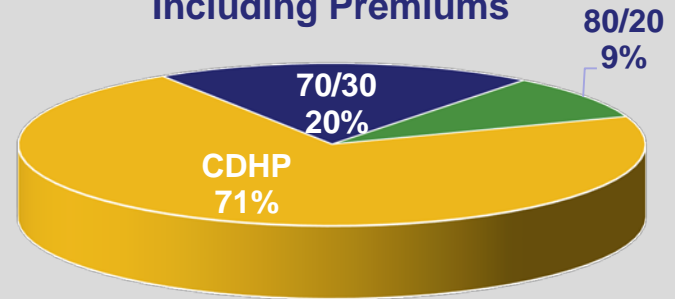
Active & Non-Medicare Members

## Optimal Enrollment\* Based on Actual CY 2014 Claims

Excluding Premiums



Including Premiums

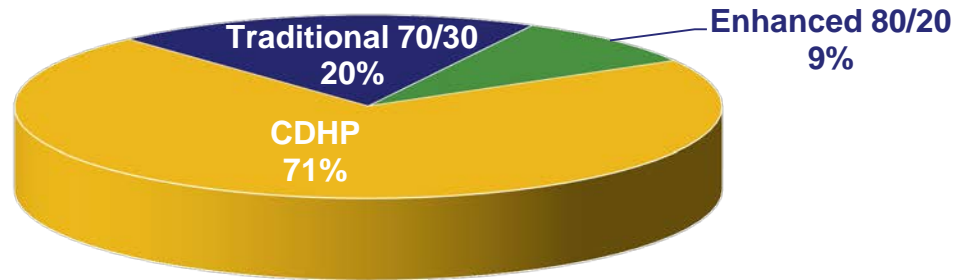


\* Resulting in lowest cost



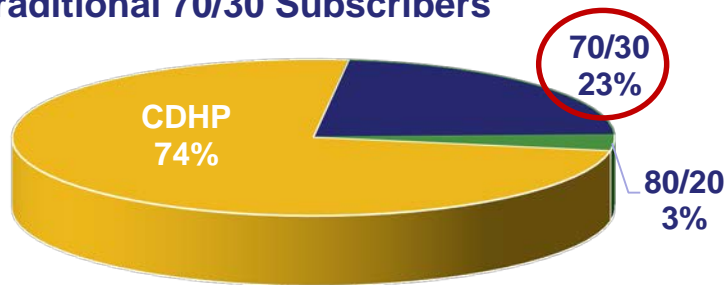
# Lowest Cost Option by Selected Plan

**Optimal Enrollment Resulting in Lowest Cost to Members including Premiums**



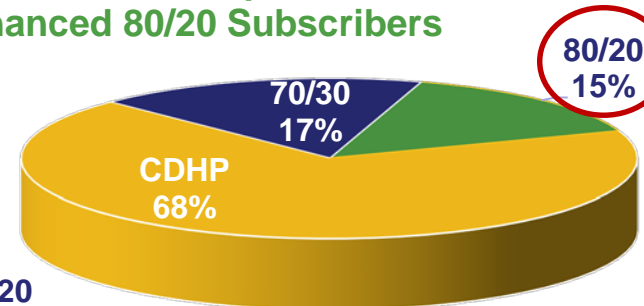
(n = 334,220)

**Lowest Cost Option for Traditional 70/30 Subscribers**



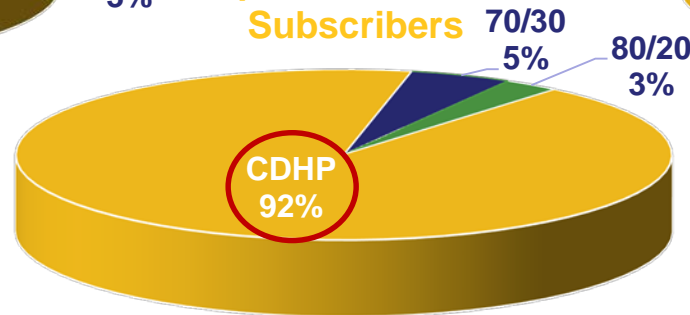
(n = 158,617)

**Lowest Cost Option for Enhanced 80/20 Subscribers**



(n = 167,622)

**Lowest Cost Option for CDHP Subscribers**

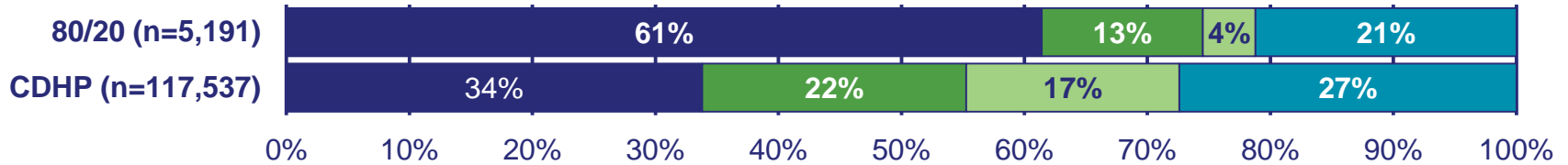


(n = 7,981)

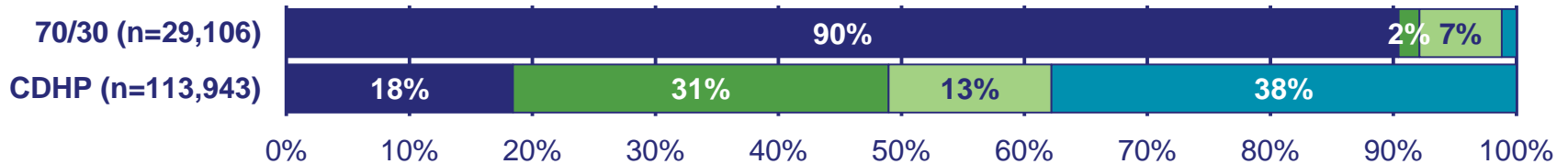


# Potential Savings in Lowest Cost Option

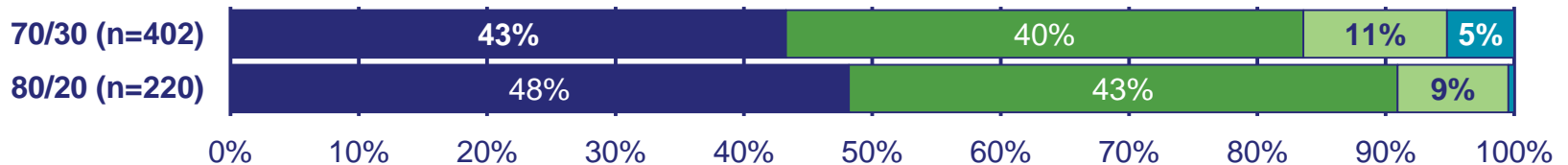
**Members in Traditional 70/30 Plan  
Potential Savings in Other Plans**



**Members in Enhanced 80/20 Plan  
Potential Savings in Other Plans**



**Members in Consumer-Directed Health Plan  
Potential Savings in Other Plans**



# Key Takeaways from Analysis

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- Members enrolled in the CDHP did the best job of anticipating their health care needs/expenses and selecting a plan
  - Members were least successful at appropriately valuing the Enhanced 80/20 Plan; just 15% of Enhanced 80/20 Plan members were in the lowest-cost option
- 74% of members in the Traditional 70/30 Plan and 68% of members in the Enhanced 80/20 Plan would have spent less had they been in the CDHP
  - Of those who could have saved money in the CDHP, 27% of members in the 70/30 Plan and 38% of members in the 80/20 Plan could have saved more than \$1,000
- The CDHP was the lowest-cost option for 89% of the subscribers who carried dependents on the Plan
- Low cost members (under \$1,000 in paid claims) and high cost members (over \$10,000 in paid claims) fare the best in the CDHP
  - Due to variations in service mix, the advantages of a particular plan option are less clear in the middle ranges of paid claims (more than \$1,000 but less than \$10,000) but the CDHP sometimes results in higher member cost share in this range
- The pharmacy benefit, which was the same in CY 2014 for the Traditional 70/30 and Enhanced 80/20 plans, is driving a significant portion of the value and results between these two plans
  - The two plans have since been further differentiated (effective January 1, 2016)

# Appendix

1. State Budget Special Provisions
2. February 5, 2016 Board Actions
3. Comprehensive Plan Comparison
4. Blue Options Designated Providers
5. Summary of Options Considered:  
Enhanced 80/20 Plan

# State Budget Special Provisions

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## 2015 Appropriations Act, House Bill 97, SL 2015-241

**SECTION 30.26.(a)** It is the intent of the General Assembly to make funds in the Reserve for Future Benefits Needs available for increasing employer contributions to the State Health Plan for Teachers and State Employees during the 2016-2017 fiscal year only if the General Assembly determines that the State Treasurer and the Board of Trustees established under G.S. 135-48.20 **have adopted sufficient measures to limit projected employer contribution** increases during the 2017-2019 fiscal biennium, in accordance with their powers and duties enumerated in Article 3B of Chapter 135 of the General Statutes.

**SECTION 30.26.(b)** During the 2015-2017 fiscal biennium, the State Health Plan for Teachers and State Employees shall **maintain a cash reserve of at least twenty percent (20%) of its annual costs**. For purposes of this section, the term "cash reserve" means the total balance in the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund established in G.S. 135-48.5 plus the Plan's administrative account, and the term "annual costs" means the total of all medical claims, pharmacy claims, administrative costs, fees, and premium payments for coverage outside of the Plan.

**SECTION 30.26.(c)** On and after January 1, 2016, if the State Health Plan for Teachers and State Employees projects a cash reserve of less than the minimum cash reserve required by this section at any time during the remainder of the 2015-2017 fiscal biennium, or the Fiscal Research Division of the General Assembly notifies the Plan that it projects such a deficiency, the Department of State Treasurer shall report to the Joint Legislative Commission on Governmental Operations within 60 days of that projection or notification on actions the Department plans to take in order to maintain that required minimum cash reserve.

# February 5, 2016 Board Actions

# Summary February 5<sup>th</sup> Board Actions – CY 2017

## Approved Items

1. Maintain same healthy activities to earn premium credits as previous year
  - Apply tobacco attestation credit to Subscribers only
  - PCP selection instead of PCMH
  - Complete HA which includes biometric questions instead of seeking provider reported biometrics
2. Add low-cost generic specialty medications tier
  - Reflects some increases in cost sharing on pharmacy tiers in Traditional 70/30 and Enhanced 80/20

## Delayed Items (until May 1<sup>st</sup>)

1. Increases in cost sharing on Traditional 70/30 and Enhanced 80/20 options
2. Modify base premium strategy
  - Increase base premium for Enhanced 80/20 to \$35 (currently \$24.20)
  - **Establish base premium on other options:**
    - **\$10 CDHP**
    - **\$15 Traditional 70/30**

*Items in red can no longer be implemented for CY 2017*

# CY 2017 Healthy Activities & Premium Credits

Healthy Activity	CDHP 85/15	Enhanced 80/20	Traditional 70/30
<b>Non-Tobacco User or QuitlineNC Enrollment</b> <i>(applies to subscriber only, attestation regarding spousal tobacco use not required)</i>	\$40	\$40	\$40
<b>Primary Care Provider Selection</b> <i>(applies to subscriber and enrolled dependents)</i>	\$20	\$25	N/A
<b>Health Assessment Completion</b> <i>(applies to subscriber only)</i>	\$20	\$25	N/A
<b>Total Credits Available</b>	<b>\$80</b>	<b>\$90</b>	<b>\$40</b>

**Board Approved Feb 5, 2016**

# Changes to Pharmacy Tiers

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- In CY 2017 and beyond, generic/lower cost versions of specialty medications will be entering the market
  - There will be two to three drugs entering in CY 2016
- Beginning in CY 2017, Plan staff recommends incenting members to utilize these lower cost medications by adding a new Tier Four which would incorporate these lower cost drugs
  - The current Tier Four would shift to Tier Five
  - The current Tier Five would shift to Tier Six

***Board Approved Feb 5, 2016***



# Changes to Pharmacy Tiers

## Traditional 70/30 Plan

CY 2016		CY 2017	
Tiers	Member Cost Share	Tiers	Member Cost Share
Tier 1	\$15	Tier 1	<b>\$16</b>
Tier 2	\$46	Tier 2	<b>\$47</b>
Tier 3	\$72	Tier 3	<b>\$74</b>
Tier 4 (Preferred Specialty)	25% up to \$100	<b>Tier 4 (Low-cost/Generic Specialty)</b>	<b>10% up to \$100</b>
Tier 5 (Non-preferred Specialty)	25% up to \$132	<b>Tier 5 (Preferred Specialty)</b>	<b>25% up to \$103</b>
Tier 6	N/A	<b>Tier 6 (Non-preferred Specialty)</b>	<b>25% up to \$133</b>

## Enhanced 80/20 Plan

CY 2016		CY 2017	
Tiers	Member Cost Share	Tiers	Member Cost Share
Tier 1	\$12	Tier 1	<b>\$14</b>
Tier 2	\$40	Tier 2	<b>\$45</b>
Tier 3	\$64	Tier 3	<b>\$70</b>
Tier 4 (Preferred Specialty)	25% up to \$100	<b>Tier 4 (Low-cost/Generic Specialty)</b>	<b>10% up to \$100</b>
Tier 5 (Non-preferred Specialty)	25% up to \$132	<b>Tier 5 (Preferred Specialty)</b>	<b>25% up to \$103</b>
Tier 6	N/A	<b>Tier 6 (Non-preferred Specialty)</b>	<b>25% up to \$133</b>

**Board Approved Feb 5, 2016**

# Comprehensive Plan Comparison: Recommended Benefit Options for 2017

# Determining Deductibles

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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  $\$1,400$  ( $\$700 \times 2$ ) and for family it is  $\$4,200$  ( $\$2,100 \times 2$ ).

# Out-of-Pocket Maximums – Grandfathered Plans

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## Grandfathered Plans

Traditionally, the grandfathered plans have had a coinsurance maximum, meaning 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

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## 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 \$20,5500 (\$6,850 x 3).

# Recommended Benefit Design – CDHP 85/15 (no change)

	Current CY 2016 In-Network Non-Grandfathered	Current CY 2016 Out-of-Network Non-Grandfathered	Recommended CY 2017 In-Network Non-Grandfathered	Recommended CY 2017 Out-of-Network Non-Grandfathered
HRA Starting Balance	\$600 Employee \$1,200 Employee + 1 \$1,800 Employee + 2 or more	\$600 Employee \$1,200 Employee + 1 \$1,800 Employee + 2 or more	\$600 Employee \$1,200 Employee + 1 \$1,800 Employee + 2 or more	\$600 Employee \$1,200 Employee + 1 \$1,800 Employee + 2 or more
Annual Deductible	\$1,500 Individual \$4,500 Family	\$3,000 Individual \$9,000 Family	\$1,500 Individual \$4,500 Family	\$3,000 Individual \$9,000 Family
Coinsurance	15% of eligible expenses after deductible	35% of eligible expenses after deductible and the difference between the allowed amount and the charge	15% of eligible expenses after deductible	35% of eligible expenses after deductible and the difference between the allowed amount and the charge
Coinsurance Maximum	N/A	N/A	N/A	N/A
Out-of-Pocket Maximum (Combined Medical and Pharmacy) <i>Includes Deductible</i>	\$3,500 Individual \$10,500 Family	\$7,000 Individual \$21,000 Family	\$3,500 Individual \$10,500 Family	\$7,000 Individual \$21,000 Family
ACA Preventive Services	Covered at 100%	65% after deductible	Covered at 100%	65% after deductible
<u>Office Visits</u>				
Selected PCP	15% after deductible+\$25 HRA credit	35% after deductible	15% after deductible+\$25 HRA credit	35% after deductible
Non-selected PCP	15% after deductible+\$20 HRA credit if a B.O.D provider		15% after deductible+\$20 HRA credit if a B.O.D provider	

# Recommended Benefit Design – CDHP 85/15 (*no change*)

	Current CY 2016 In-Network Non-Grandfathered	Current CY 2016 Out-of-Network Non-Grandfathered	Recommended CY 2017 In-Network Non-Grandfathered	Recommended CY 2017 Out-of-Network Non-Grandfathered
<u>Office Visits</u> B.O.D. Specialist.	15% after deductible+\$20 HRA credit (for B.O.D.specialists.	35% after deductible	15% after deductible+\$20 HRA credit (for B.O.D.specialists.	35% after deductible
Non-B.O.D. Specialist	15% after deductible		15% after deductible	
Urgent Care	15% after deductible	15% after deductible	15% after deductible	15% after deductible
Emergency Room	15% after deductible	15% after deductible	15% after deductible	15% after deductible
Outpatient Hospital	15% after deductible	35% after deductible	15% after deductible	35% after deductible
<u>Inpatient Hospital</u> B.O.D	15% after deductible. + \$200 HRA Credit for B.O.D. Hospitals	35% after deductible	15% after deductible. + \$200 HRA Credit for B.O.D. Hospitals	35% after deductible
Non-B.O.D.	15% after deductible		15% after deductible	
Therapy Services (Chiro/PT/OT)	15% after deductible	35% after deductible	15% after deductible	35% after deductible
Drugs	15% after deductible CDHP Maintenance Medications are deductible exempt	35% after deductible CDHP Maintenance Medications are deductible exempt	15% after deductible CDHP Maintenance Medications are deductible exempt	35% after deductible CDHP Maintenance Medications are deductible exempt

***B.O.D = Blue Options Designated Provider***

# Recommended Benefit Design – Enhanced 80/20 Plan

	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	<b>\$1,250 Individual</b> <b>\$3,750 Family</b>	<b>\$2,500 Individual</b> <b>\$7,500 Family</b>
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	<b>\$4,350 Individual</b> <b>\$13,050 Family</b>	<b>\$8,700 Individual</b> <b>\$26,100 Family</b>
Pharmacy Out-of-Pocket Max	\$2,500	\$2,500	\$2,500	\$2,500
Total Out-of-Pocket Max <i>(Includes Deductible)</i>	N/A	N/A	<b>\$6,850 Individual</b> <b>\$14,300 Family</b>	N/A
ACA Preventive Services	Covered at 100%	Dependent on Service	Covered at 100%	Dependent on Service
<u>Office Visits</u> Selected PCP Non-selected PCP	\$15 \$30	40% after deductible	<b>\$10</b> <b>\$25</b>	40% after deductible
<u>Office Visits</u> B.O.D. Specialist. Non-B.O.D. Specialist	\$60 \$70	40% after deductible	<b>\$45</b> <b>\$85</b>	40% after deductible



# Recommended Benefit Design – Enhanced 80/20 Plan

	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
Urgent Care	\$87	\$87	<b>\$70</b>	<b>\$70</b>
Emergency Room <i>(Copay waived w/ admission or observation stay)</i>	\$233, then 20% after deductible	\$233, then 20% after deductible	<b>\$300, then 20% after deductible</b>	<b>\$300, then 20% after deductible</b>
Outpatient Hospital	20% after deductible	40% after deductible	20% after deductible	40% after deductible
<u>Inpatient Hospital</u> B.O.D.  Non-B.O.D.	\$0, then 20% after deductible \$233, then 20% after deductible	\$233, then 40% after deductible	\$0, then 20% after deductible <b>\$450, then 20% after deductible</b>	<b>\$450, then 40% after deductible</b>
Therapy Services (Chiro/PT/OT)	\$52	40% after deductible	\$52	40% after deductible
<b>Drugs</b> Tier 1 (Generic) Tier 2 (Preferred Brand & High-cost Generic) Tier 3 (Non-preferred Brand) Tier 4 (Low-cost/Generic Specialty) Tier 5 (Preferred Specialty) Tier 6 (Non-preferred Specialty)	\$12 \$40 \$64 N/A 25% up to \$100 25% up to \$132	\$12 \$40 \$64 N/A 25% up to \$100 25% up to \$132	<b>\$5</b> <b>\$30 (Updated on 6/14/16)</b> <b>Deductible/Coinsurance</b> <b>\$100</b> <b>\$250</b> <b>Deductible/Coinsurance</b>	<b>\$5</b> <b>\$30 (Updated on 6/14/16)</b> <b>Deductible/Coinsurance</b> <b>\$100</b> <b>\$250</b> <b>Deductible/Coinsurance</b>

# Recommended Benefit Design – Traditional 70/30 Plan

	Current CY 2016 In-Network Grandfathered	Current CY 2016 Out-of-Network Grandfathered	Recommended 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	<b>\$1,080 Individual</b> <b>\$3,240 Family</b>	<b>\$2,160 Individual</b> <b>\$4,320 Family</b>
Coinsurance	30% of eligible expenses after deductible	50% of eligible expenses after deductible and the difference between the allowed amount and the charge	30% of eligible expenses after deductible	50% of eligible expenses after deductible and the difference between the allowed amount and the charge
Medical Coinsurance Max	\$4,282 Individual/\$12,845 Family	\$8,564 Individual/ \$25,692 Family	<b>\$4,388 Individual/ \$13,164 Family</b>	<b>\$8,776 Individual/ \$26,328 Family</b>
Pharmacy Max	\$3,294	\$3,294	<b>\$3,360 Individual/ \$10,080 Family</b>	<b>\$3,360 Individual/ \$10,080 Family</b>
Out-of-Pocket Max <i>(Includes Deductible)</i>	N/A	N/A	N/A	N/A
ACA Preventive Services	Cost-Sharing Applies (\$39 for Primary Care/\$92 for Specialists)	Only certain services are covered	Cost-Sharing Applies <b>(\$40 for Primary Care \$94 for Specialists)</b>	Only certain services are covered
<u>Office Visits</u> PCP Copay	\$39	50% after deductible	<b>\$40</b>	50% after deductible
<u>Office Visits</u> Specialist Copay	\$92	50% after deductible	<b>\$94</b>	50% after deductible

# Recommended Benefit Design – Traditional 70/30 Plan

	Current CY 2016 In- Network Grandfathered	Current CY 2016 Out-of- Network Grandfathered	Recommended CY 2017 In-Network Grandfathered	Recommended CY 2017 Out-of-Network Grandfathered
Urgent Care	\$98	\$98	<b>\$100</b>	<b>\$100</b>
ER ( <i>Copay waived w/ admission or observation stay</i> )	\$329, then 30% deductible	\$329, then 30% deductible	<b>\$337, then 30% deductible</b>	<b>\$337, then 30% deductible</b>
Outpatient Hospital	30% after deductible	50% after deductible	30% after deductible	50% after deductible
Inpatient Hospital	\$329, then 30% deductible	\$329, then 50% deductible	<b>\$337, then deductible/30% coinsurance</b>	<b>\$337, then deductible/50% coinsurance</b>
Therapy Services (Chiro/PT/OT)	\$72 Copay	deductible/ coinsurance	\$72 Copay	50% after deductible
Drugs			<b>Approved 2-5-16</b>	
Tier 1 (Generic)	\$15	\$15	<b>\$16</b>	<b>\$16</b>
Tier 2 (Preferred Brand & High-cost Generic)	\$46	\$46	<b>\$47</b>	<b>\$47</b>
Tier 3 (Non-preferred Brand)	\$72	\$72	<b>\$74</b>	<b>\$74</b>
Tier 4 (Low-cost/Generic Specialty)	N/A	N/A	<b>10% up to \$100</b>	<b>10% up to \$100</b>
Tier 5 (Preferred Specialty)	25% up to \$100	25% up to \$100	<b>25% up to \$103</b>	<b>25% up to \$103</b>
Tier 6 (Non-preferred Specialty)	25% up to \$132	25% up to \$132	<b>25% up to \$133</b>	<b>25% up to \$133</b>

# Blue Options Designated Providers

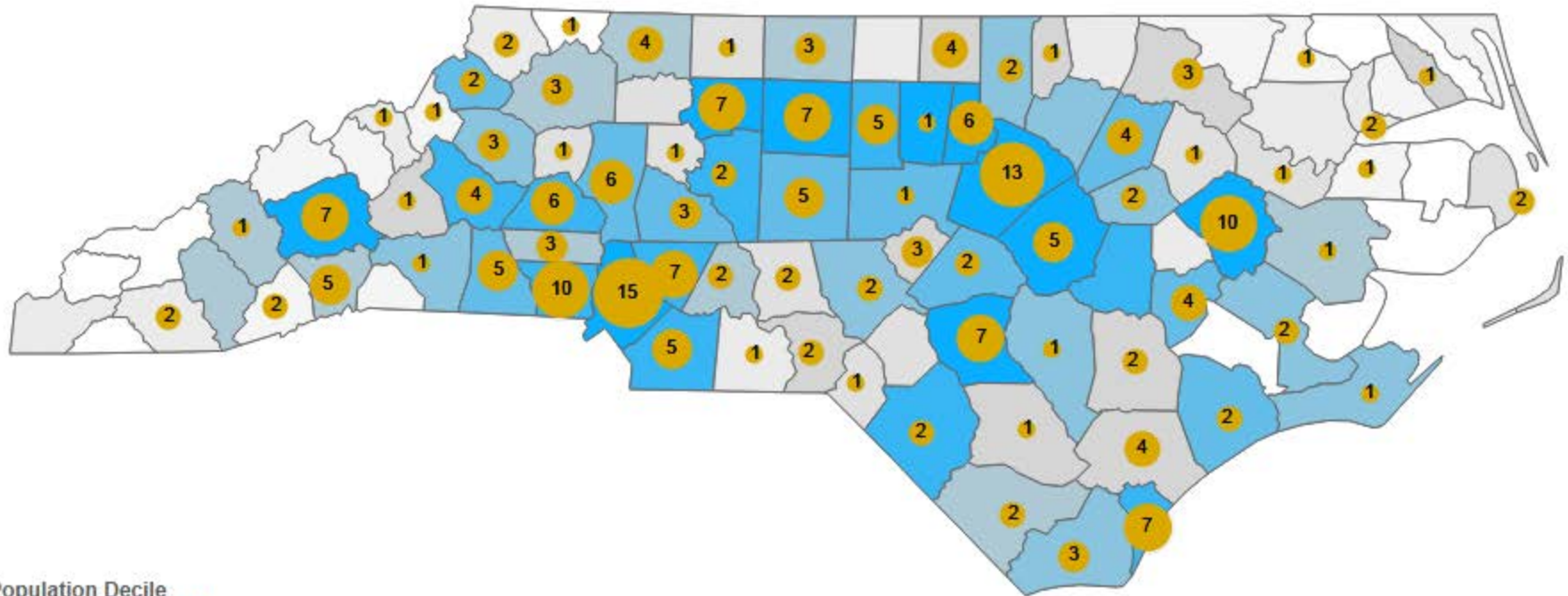
# What Is a Blue Options Designated Provider?

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- Blue Options Designated providers meet BCBSNC criteria for:
  - Delivering quality health outcomes
  - Cost effectiveness
  - Accessibility by members
- The Blue Options Designated provider network includes hospitals and certain types of specialists:
  - General Surgery
  - Ob-Gyn
  - Gastroenterology
  - Orthopedics
  - Cardiology
  - Neurology
  - Endocrinology

# Designated Providers: General Surgery

## General Surgery

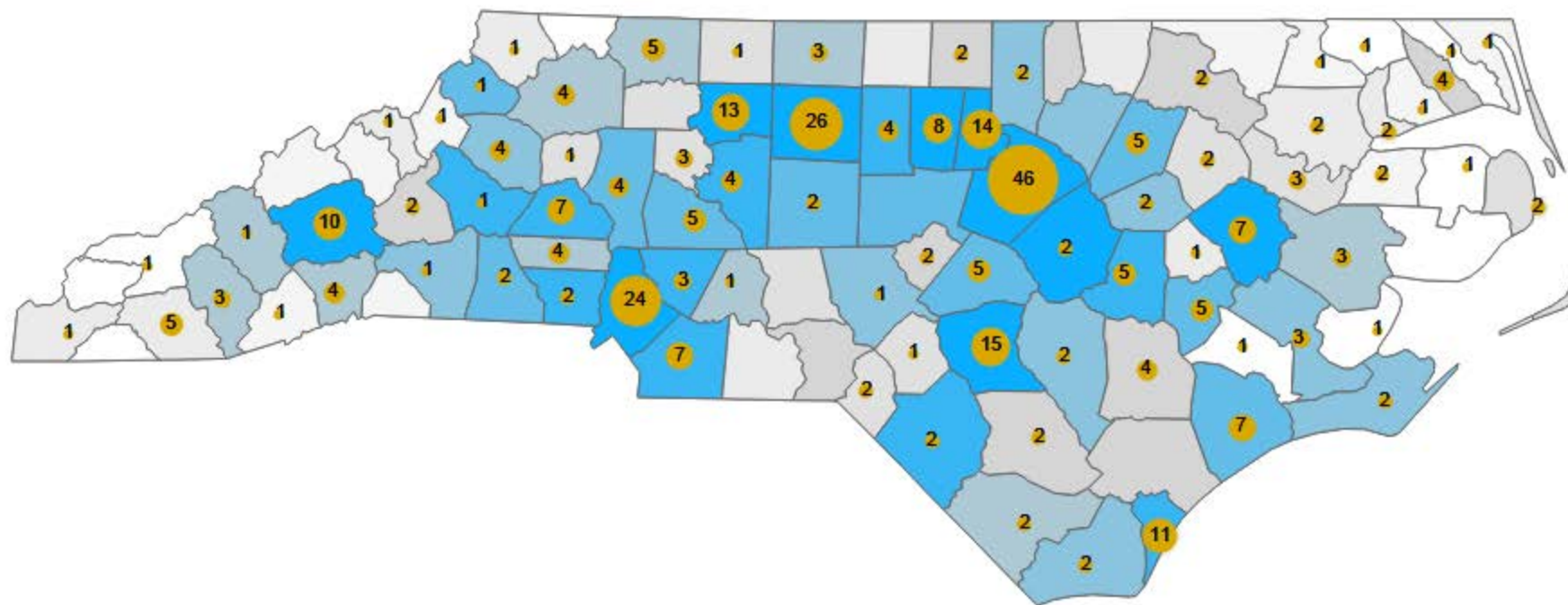


Population Decile  
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# Designated Providers: Gynecology/OBGYN



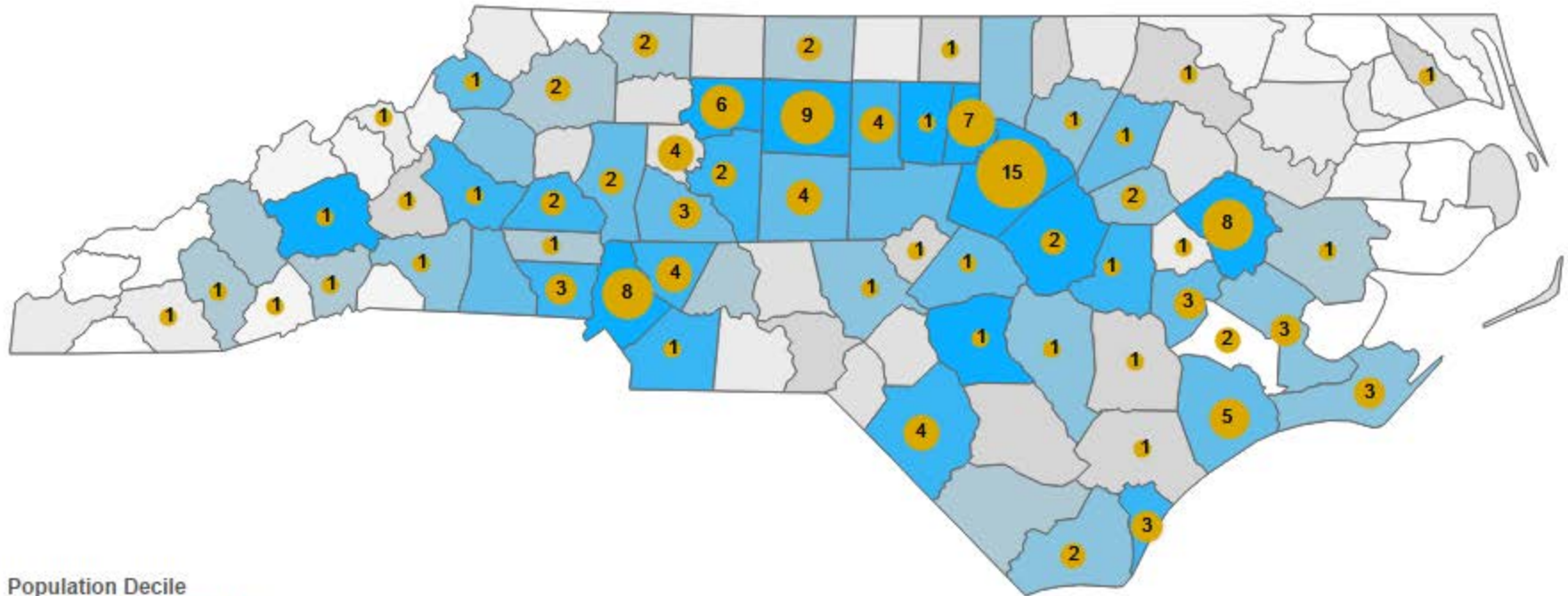
## Gynecology / OBGYN





# Designated Providers: Gastroenterology

## Gastroenterology

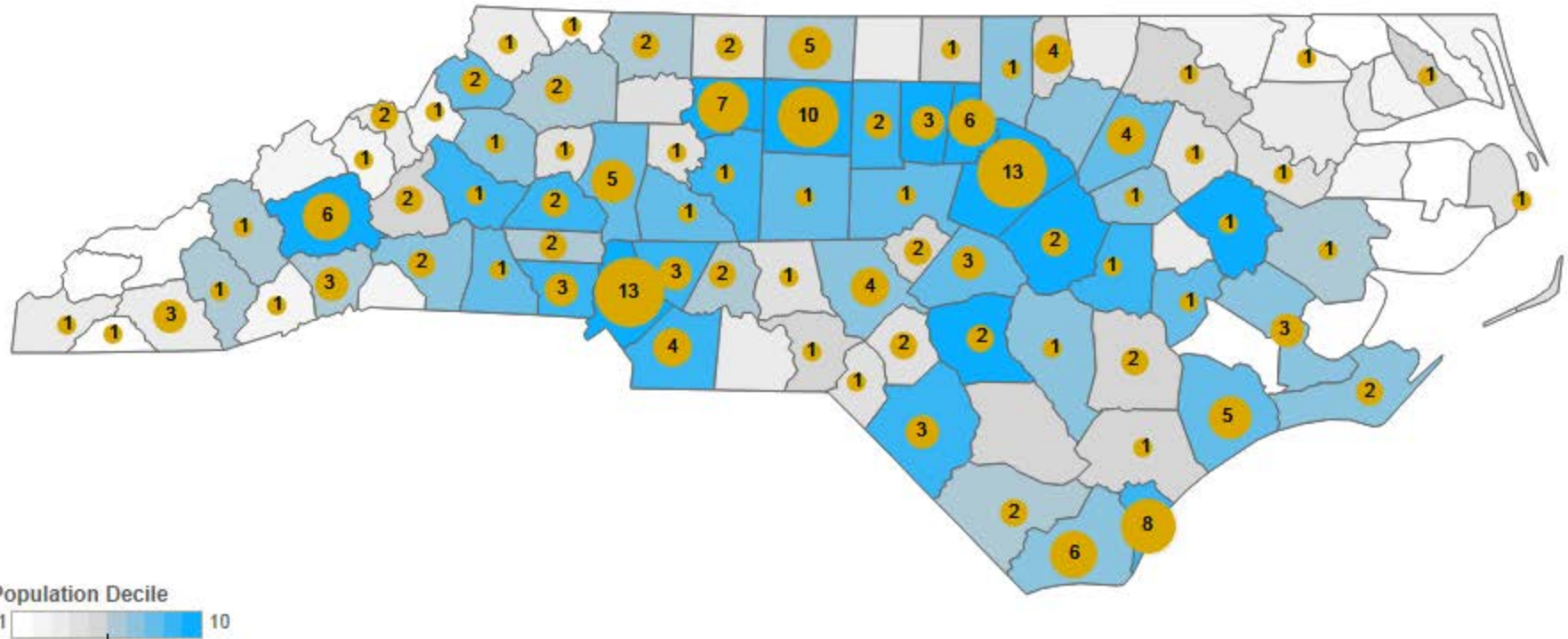


Population Decile  
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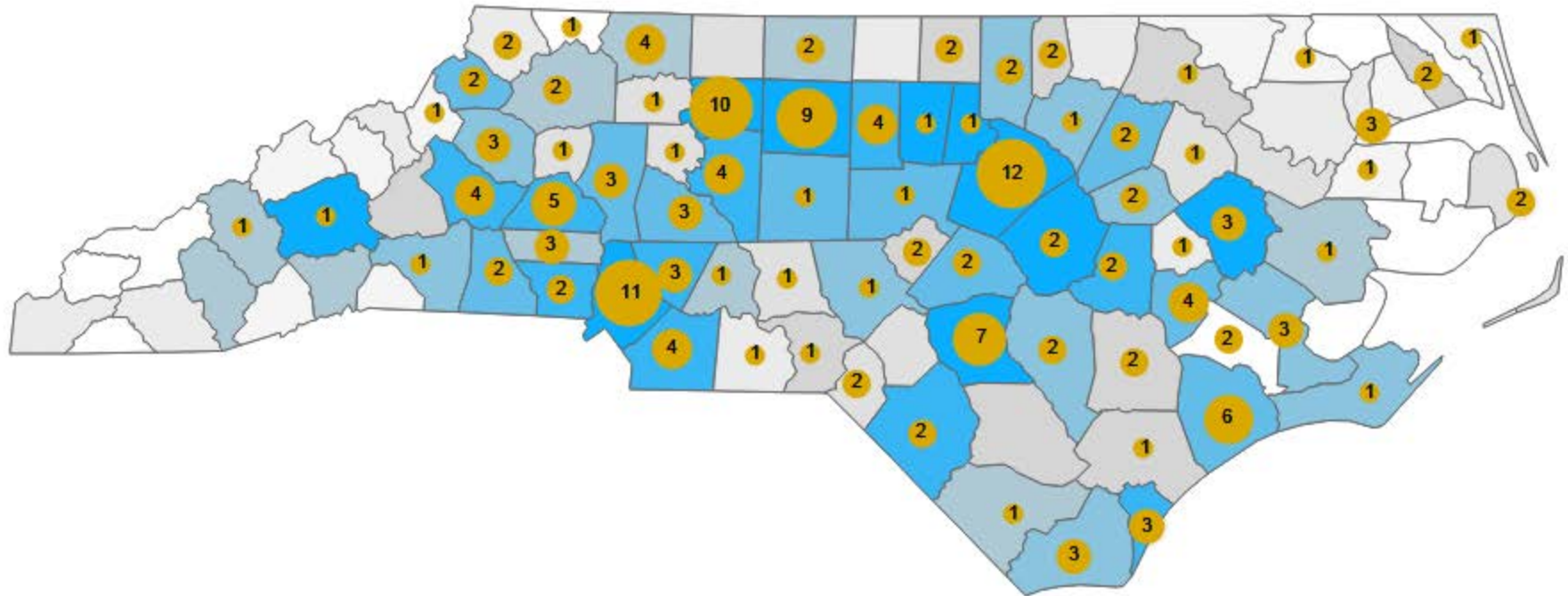
# Designated Providers: Orthopedic Surgery

Orthopedic Surgery



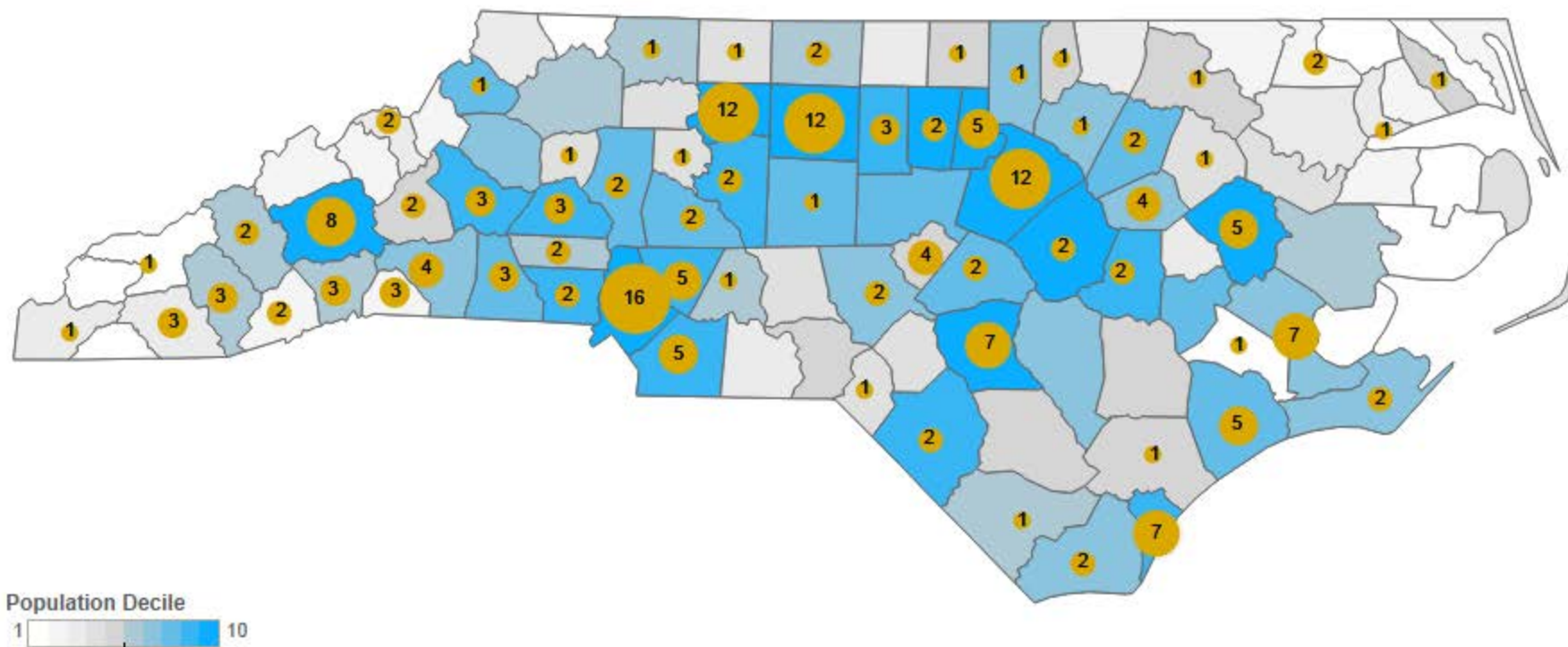
# Designated Providers: Cardiovascular

## Cardiovascular



# Designated Providers: Neurology

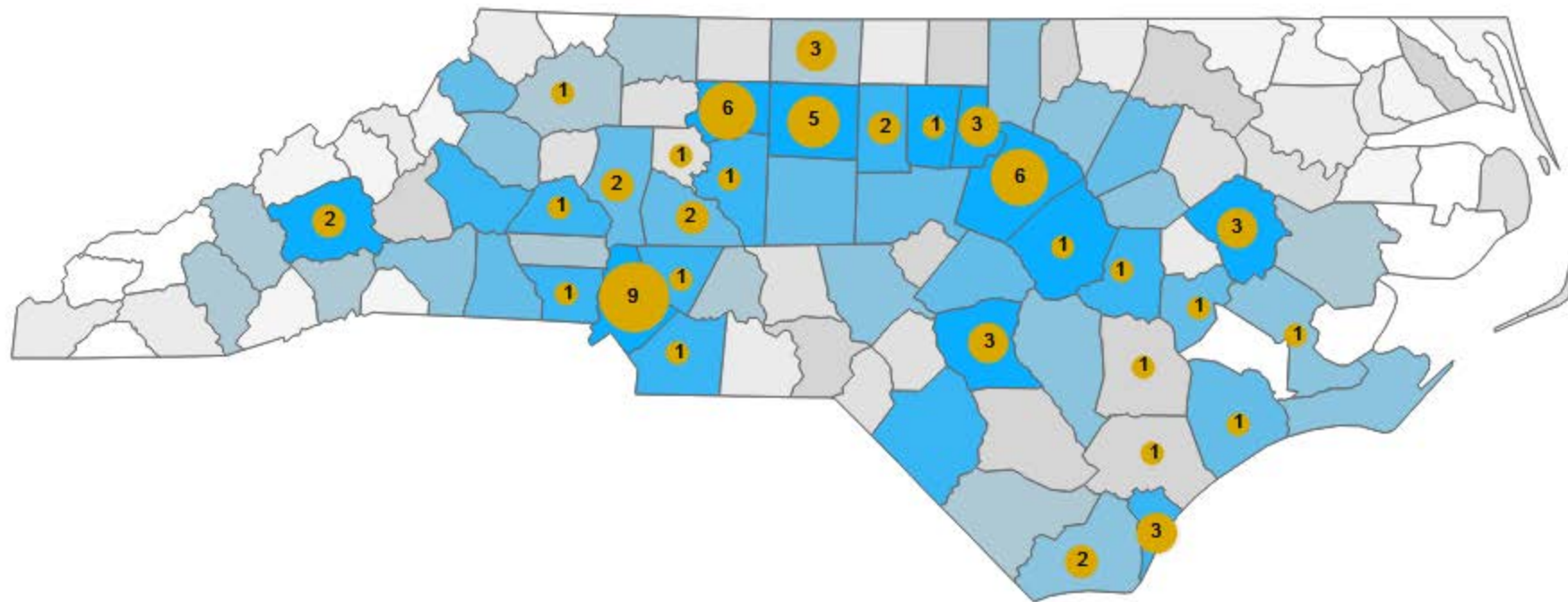
## Neurology



# Designated Providers: Endocrinology

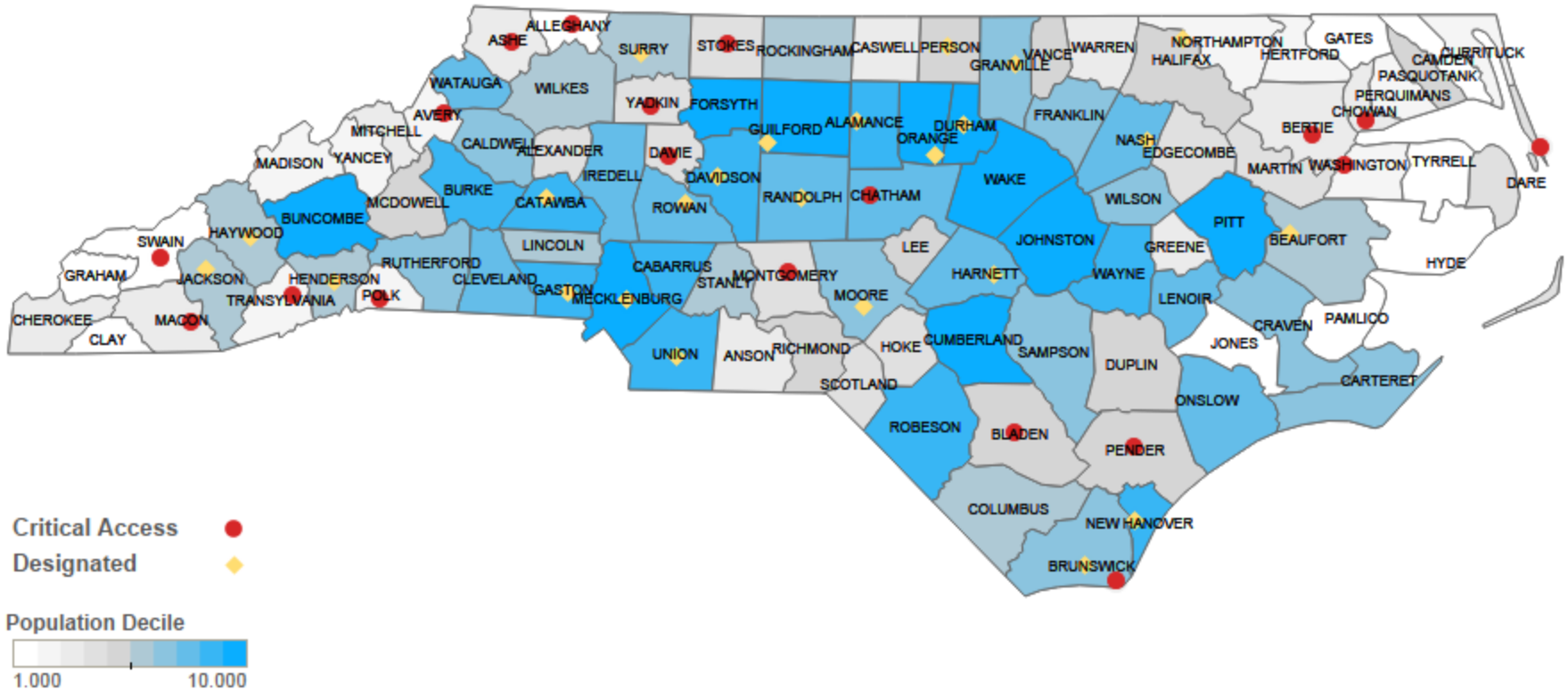


## Endocrinology





# 2016 Designated Hospitals



### Designated for Cost & Quality

ALAMANCE REGIONAL MEDICAL CENTER  
BETSY JOHNSON REGIONAL HOSPITAL  
CAROLINAS MEDICAL CENTER  
CAROLINAS MEDICAL CENTER-MERCY  
CAROLINAS MEDICAL CENTER-UNIVERSITY  
CROMWELL REGIONAL MEDICAL CENTER  
CATAWBA VALLEY MEDICAL CENTER  
CENTRAL HARNETT HOSPITAL  
CMC UNION  
D.L.P. PERSON MEMORIAL HOSPITAL, LLC  
FIRSTHEALTH MOORE REGIONAL  
GRANVILLE MEDICAL CENTER  
HALIFAX REGIONAL MEDICAL CENTER  
HARRIS REGIONAL HOSPITAL  
HAYWOOD REGIONAL MEDICAL HOSPITAL  
HIGH POINT REGIONAL HOSPITAL  
HUGH CHATHAM MEMORIAL HOSPITAL  
LEXINGTON MEMORIAL HOSPITAL  
MARG R. PARDEE MEMORIAL HOSPITAL  
NASH GENERAL HOSPITAL  
NEW HANOVER REGIONAL MEDICAL CENTER  
NORTH CAROLINA SPECIALTY HOSPITAL  
NORTHERN HOSPITAL OF SURRY COUNTY  
NOVANT HEALTH BRUNSWICK MEDICAL CENTER  
NOVANT HEALTH ROWAN MEDICAL CENTER  
RANDOLPH HOSPITAL  
UNC HOSPITALS  
VIDANT BEAUFORT HOSPITAL

### Designated for Critical Access

ALLEGHANY COUNTY MEMORIAL HOSPITAL  
ANGEL MEDICAL CENTER  
ASHE MEMORIAL HOSPITAL  
BLADEN COUNTY HOSPITAL  
BLUE RIDGE REGIONAL HOSPITAL  
CHARLES A. CANNON, JR. MEMORIAL HOSPITAL  
CHATHAM HOSPITAL  
DOSHER MEMORIAL HOSPITAL  
FIRSTHEALTH MONTGOMERY MEM HOSP  
HIGHLANDS CASHIERS HOSPITAL  
MURPHY MEDICAL CENTER, INC.  
PENDER MEMORIAL HOSPITAL  
PIONEER COMMUNITY HOSPITAL OF STOKE  
ST LUKES HOSPITAL  
SWAIN COUNTY HOSPITAL  
THE OUTER BANKS HOSPITAL, INC.  
TRANSYLVANIA COMMUNITY HOSPITAL  
VIDANT BERTIE HOSPITAL  
VIDANT CHOWAN HOSPITAL  
WASHINGTON COUNTY HOSPITAL

If you select one of these hospitals and are enrolled in the following plans you will receive:

- The Enhanced 80/20 Plan: Your Inpatient Admission Co- Pay will not be applied

- The Consumer-Directed Health Plan: You will receive \$200 added to your HRA

These are **NOT** the only in-network hospitals. To find a complete list of in-network hospitals, visit [www.shpnc.org](http://www.shpnc.org) and select - Find a Doctor.

# Summary of Options Considered for Enhanced 80/20 Plan

# 2017 Benefit Design Options Considered – Enhanced 80/20 Plan

<i>B.O.D = Blue Options Designated Provider</i>	No Additional Action Grandfathered	Alternate Across the Board Increases in Cost Sharing Grandfathered	April 27, 2016 Proposed Value Based Design Non-Grandfathered	Alternate Value Based Design Non-Grandfathered
Base Premium	\$24.20	\$24.20	\$24.20	\$24.20
Deductible	\$700	<b>\$810</b>	<b>\$1,250</b>	<b>\$1,250</b>
Coinsurance Percentage	20%	20%	20%	20%
ACA Preventive Coverage	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
Medical Coinsurance Max Pharmacy Max	\$3,210 \$2,500	<b>\$3,713</b> <b>\$3,360</b>	N/A	N/A
Combined Out-of-Pocket Max Medical Out-of-Pocket Max Pharmacy Out-of-Pocket Max	<i>(Includes Deductible)</i> N/A	N/A	<b>\$6,400</b>	<b>\$4,350</b> \$2,500
Selected PCP Non-selected PCP	\$15 \$30	\$15 <b>\$33</b>	<b>\$10</b> <b>\$25</b>	<b>\$10</b> <b>\$25</b>
B.O.D. Specialist. Non-B.O.D. Specialist	\$60 \$70	\$60 <b>\$81</b>	<b>\$45</b> <b>\$85</b>	<b>\$45</b> <b>\$85</b>
Inpatient Hospital B.O.D Non-B.O.D.	\$0, then Ded/Coins. \$233, then Ded/Coins.	\$0, then Ded/Coins. <b>\$270, then Ded/Coins.</b>	\$0, then Ded/Coins. <b>\$450, then Ded/Coins.</b>	\$0, then Ded/Coins. <b>\$450, then Ded/Coins.</b>
Outpatient Hospital	Ded/Coins.	Ded/Coins.	Ded/Coins.	Ded/Coins.
Urgent Care	\$87	<b>\$100</b>	<b>\$70</b>	<b>\$70</b>
ER <i>(Copay waived w/ admission or observation stay)</i>	\$233, then Ded/Coins.	<b>\$270, then Ded/Coins.</b>	<b>\$300, then Ded/Coins.</b>	<b>\$300, then Ded/Coins.</b>
Drugs	<i>Approved 2-5-16</i>			
Tier 1 (Generic)	\$14	<b>\$16</b>	<b>\$5</b>	<b>\$5</b>
Tier 2 (Preferred Brand & High-cost Generic)	\$45	<b>\$47</b>	<b>\$25</b>	<b>\$30</b>
Tier 3 (Non-preferred Brand)	\$70	<b>\$74</b>	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>
Tier 4 (Low-cost/Generic Specialty)	10% up to \$100	10% up to \$100	<b>\$100</b>	<b>\$100</b>
Tier 5 (Preferred Specialty)	25% up to \$103	25% up to \$103	<b>\$250</b>	<b>\$250</b>
Tier 6 (Non-preferred Specialty)	25% up to \$133	25% up to \$133	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>



# Alternate Value Based Design with Modifications – Enhanced 80/20 Plan

<i>B.O.D = Blue Options Designated Provider</i>	Alternate Value Based Design Non-Grandfathered	Modified Option #1 Alternate Value Based Design Non-Grandfathered	Modified Option #2 Alternate Value Based Design Non-Grandfathered
Base Premium (increase)	\$24.20	<b>\$25.96 (\$1.76)</b>	<b>\$28.76 (\$4.56)</b>
Deductible	<b>\$1,250</b>	<b>\$1,250</b>	<b>\$1,250</b>
Coinsurance Percentage	20%	20%	20%
ACA Preventive Coverage	Covered at 100%	Covered at 100%	Covered at 100%
Combined Out-of-Pocket Max	N/A	N/A	N/A
Medical Out-of-Pocket Max	<b>\$4,350</b>	<b>\$4,028</b>	<b>\$3,639</b>
Pharmacy Out-of-Pocket Max	\$2,500	\$2,500	\$2,500
Selected PCP	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>
Non-selected PCP	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>
B.O.D. Specialist.	<b>\$45</b>	<b>\$45</b>	<b>\$45</b>
Non-B.O.D. Specialist	<b>\$85</b>	<b>\$85</b>	<b>\$85</b>
Inpatient Hospital B.O.D	\$0, then Ded/Coins.	\$0, then Ded/Coins.	\$0, then Ded/Coins.
Non-B.O.D.	<b>\$450, then Ded/Coins.</b>	<b>\$450, then Ded/Coins.</b>	<b>\$450, then Ded/Coins.</b>
Outpatient Hospital	Ded/Coins.	Ded/Coins.	Ded/Coins.
Urgent Care	<b>\$70</b>	<b>\$70</b>	<b>\$70</b>
ER <i>(Copay waived w/ admission or observation stay)</i>	<b>\$300, then Ded/Coins.</b>	<b>\$300, then Ded/Coins.</b>	<b>\$300, then Ded/Coins.</b>
Drugs			
Tier 1 (Generic)	<b>\$5</b>	<b>\$5</b>	<b>\$5</b>
Tier 2 (Preferred Brand & High-cost Generic)	<b>\$30</b>	<b>\$25</b>	<b>\$25</b>
Tier 3 (Non-preferred Brand)	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>
Tier 4 (Low-cost/Generic Specialty)	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>
Tier 5 (Preferred Specialty)	<b>\$250</b>	<b>\$250</b>	<b>\$250</b>
Tier 6 (Non-preferred Specialty)	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>

*(Includes Deductible)*

# April 27, 2016 Proposal with Modifications – Enhanced 80/20

<i>B.O.D = Blue Options Designated Provider</i>	April 27, 2016 Proposed Value Based Design Non-Grandfathered	Modified Option #1 April 27, 2016 Proposed Value Based Design Non-Grandfathered	Modified Option #2 April 27, 2016 Proposed Value Based Design Non-Grandfathered
Base Premium (increase)	\$24.20	<b>\$25.96 (\$1.76)</b>	<b>\$28.76 (\$4.56)</b>
Deductible	<b>\$1,250</b>	<b>\$1,250</b>	<b>\$1,250</b>
Coinsurance Percentage	20%	20%	20%
ACA Preventive Coverage	Covered at 100%	Covered at 100%	Covered at 100%
Medical Coinsurance Max	N/A	N/A	N/A
Pharmacy Max	N/A	N/A	N/A
Out-of-Pocket Max <i>(Includes Deductible)</i>	<b>\$6,400</b>	<b>\$6,000</b>	<b>\$5,500</b>
Selected PCP	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>
Non-selected PCP	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>
B.O.D. Specialist.	<b>\$45</b>	<b>\$45</b>	<b>\$45</b>
Non-B.O.D. Specialist	<b>\$85</b>	<b>\$85</b>	<b>\$85</b>
Inpatient Hospital B.O.D	\$0, then Ded/Coins.	\$0, then Ded/Coins.	\$0, then Ded/Coins.
Non-B.O.D.	<b>\$450, then Ded/Coins.</b>	<b>\$450, then Ded/Coins.</b>	<b>\$450, then Ded/Coins.</b>
Outpatient Hospital	Ded/Coins.	Ded/Coins.	Ded/Coins.
Urgent Care	<b>\$70</b>	<b>\$70</b>	<b>\$70</b>
ER <i>(Copay waived w/ admission or observation stay)</i>	<b>\$300, then Ded/Coins.</b>	<b>\$300, then Ded/Coins.</b>	<b>\$300, then Ded/Coins.</b>
Drugs			
Tier 1 (Generic)	<b>\$5</b>	<b>\$5</b>	<b>\$5</b>
Tier 2 (Preferred Brand & High-cost Generic)	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>
Tier 3 (Non-preferred Brand)	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>
Tier 4 (Low-cost/Generic Specialty)			
Tier 5 (Preferred Specialty)	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>
Tier 6 (Non-preferred Specialty)	<b>\$250</b>	<b>\$250</b>	<b>\$250</b>
	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>	<b>Deductible/Coinsurance</b>

# Caveat Regarding Base Premium Modifications

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- The increases in the Enhanced 80/20 Plan base premium referenced on the previous pages are relative to the current base premium rate in effect for CY 2016.
- If the General Assembly allocates funds for FY 2016-17 to increase the employer contribution by 3.43% then Plan staff will likely recommend a 3.43% across the board premium increase that would further impact the Enhanced 80/20 base premium as well as all of the dependent tiers.

# Forecast Scenarios: Open Formulary\* & Design Options

	No Additional Action Grandfathered		Alternate Across the Board Increases in Cost Sharing Grandfathered		April 27, 2016 Proposed Value Based Design Non-Grandfathered		Alternate Value Based Design Non-Grandfathered	
	ER	EE	ER	EE	ER	EE	ER	EE
CY 2017 Projected Increase	0.00%	0.00%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%
<b>Max Amount Short of 20% Reserve (1<sup>st</sup> Month short)</b>	<b>\$83.1 M (April 2017)</b>		<b>\$52.5 M (May 2017)</b>		<b>\$49.9 M (May 2017)</b>		<b>\$52.7 M (May 2017)</b>	
CY 2018 Projected Increase	12.71%	12.71%	10.22%	10.22%	9.63%	9.63%	9.97%	9.97%
CY 2019 Projected Increase	12.71%	12.71%	10.22%	10.22%	9.63%	9.63%	9.97%	9.97%
CY 2020 Projected Increase	6.02%	6.02%	7.53%	7.53%	7.91%	7.91%	7.70%	7.70%
CY 2021 Projected Increase	6.02%	6.02%	7.53%	7.53%	7.91%	7.91%	7.70%	7.70%

*ER = employer contribution, EE = employee premium*

\* Assumes 100% of the projected savings for discount guarantees and 50% of the projected savings for pharmacy rebates; savings begin to accrue one month after 1/1/2017 start of contract