



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Benefit Planning for 2018 and Beyond

Board of Trustees Meeting

April 27, 2016

A Division of the Department of State Treasurer

Presentation Overview

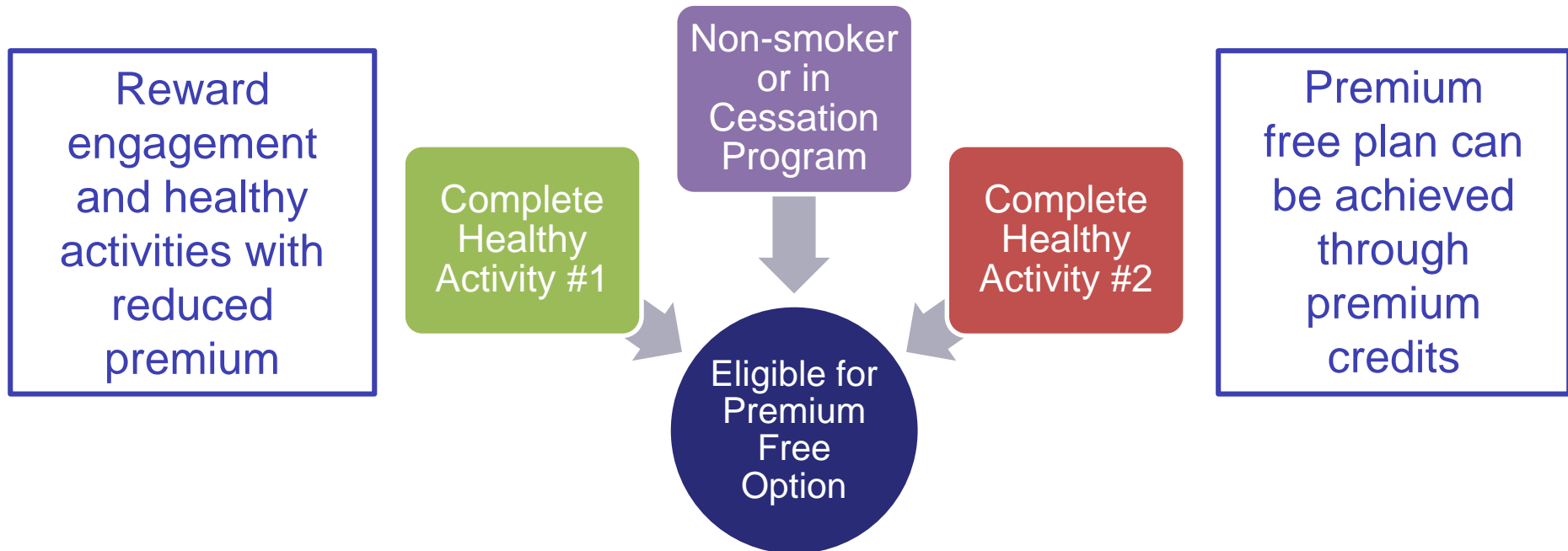
Benefit Progression Strategy

- Healthy Activities and Wellness Premium Credits
- Engagement Incentives
- Value-based Benefits Enhancements
- Base Premium Strategy
- Provider Network Strategy

Incenting Healthy Behaviors

Wellness premiums were established in 2014 to encourage engagement in wellness programs and healthy activities

- Subscriber premium credits earned for completing healthy activities



Healthy activities originally intended to evolve/increase from year to year to create a process of population health improvement

Healthy Activities and Wellness Premium Credits

Recent Experience

- Administrative challenges
- Enrollment work flow has varied from year to year – “clunky”
 - Has been different for eEnroll vs. BEACON agencies
 - Single sign-on/web interface capability
- Member education and communications challenges
- Post Open Enrollment exceptions
- Healthy activities have not progressed as expected
- Member “engagement” is questionable

Healthy Activities and Wellness Premium Credits

- In an effort to improve and simplify members' enrollment experience and build in more opportunities for year round engagement/incentives consider moving away from three premium credits in CY 2018
- Maintain tobacco attestation as a premium credit
 - Tobacco utilizers are demonstratively more expensive and a significant number of states and large employers have premium differentials for tobacco users
 - Tobacco attestation should apply to all three plans and would continued to be completed at the time of enrollment to earn the premium credit/reduction

Healthy Activities and Wellness Premium Credits

2014 & 2015

Healthy Activity	CDHP 85/15	Enhanced 80/20	Traditional 70/30
Non-Smoker Attestation	\$20	\$20	N/A
PCP Selection	\$10	\$15	N/A
Health Assessment	\$10	\$15	N/A
Total Credits Available	\$40	\$50	\$0

2016 & 2017

Healthy Activity	CDHP 85/15	Enhanced 80/20	2016	2017
			Traditional 70/30	Traditional 70/30
Non-Tobacco User or QuitlineNC Enrollment	\$40	\$40	N/A	\$40
PCP Selection	\$20	\$25	N/A	N/A
Health Assessment	\$20	\$25	N/A	N/A
Total Credits Available	\$80	\$90	\$0	\$40

Suggested
2018 & 2019

Healthy Activity	CDHP 85/15	Enhanced 80/20	Traditional 70/30
Non-Tobacco User or QuitlineNC Enrollment	TBD	TBD	TBD
Total Credits Available	\$0	\$0	\$0

- *The premium credit for the tobacco attestation would increase to at least \$60 in 2018, and consideration may be given to a higher amount.*

Engagement Incentives

Recent Experience

- Wellness premiums and credits for completing healthy activities
- Copay reductions or Health Reimbursement Account (HRA) contributions for use of selected PCP and Blue Options Designated providers for members enrolled in Enhanced 80/20 and CDHP 85/15
- New Health Engagement Program for members enrolled in CDHP 85/15
 - Healthy Lifestyles – HRA contributions for tracking activity and/or calories
 - Positive Pursuits – HRA contributions for managing chronic conditions
- Opportunities to expand incentives are somewhat limited under copay based plan design of Enhanced 80/20
- Members prefer rewards to penalties

Options for Increasing/Rewarding Engagement

- Expand HRA contribution rewards for CDHP 85/15
- Establish an HRA for Enhanced 80/20 to allow members to earn contributions/rewards throughout the year to help offset deductible and coinsurance amounts
- Members could earn HRA contributions by:
 - Participating in the Health Engagement Program
 - Currently only offered to CDHP 85/15 members
 - Healthy Lifestyles
 - Positive Pursuits
 - Participating in Case and Disease Management, if identified
 - Completing age/gender appropriate screenings
 - Visits are general preventive with no out-of-pocket costs
 - Members would earn HRA dollars to offset future costs

HRA Incentives under Enhanced 80/20

- One of the primary purposes of the Positive Pursuits program is to help members offset deductible costs that might serve as a barrier to managing their chronic conditions
 - Not as big an issue in the Enhanced 80/20 plan as such services are typically subject to low to moderate copays that also include lab services
 - Lab services are a large driver of cost in the CDHP 85/15
- HRA incentives will likely be smaller in the Enhanced 80/20 plan; however, contributions will need to be sufficient to incent members to change their behavior and help to offset their other costs
 - Such as medications, deductible, coinsurance

Value-based Benefit Design Enhancements

Health Engagement Program 2.0

- Consider expanding the Positive Pursuits program in CY 2018 to address additional chronic conditions:
 - Depression
 - Obesity
- Consider including outcomes based incentives
 - In year three of the program rewarding members who are maintaining/improving their health, effectively managing their conditions and demonstrating clinical outcomes represents a value-based progression
 - Would apply to both Healthy Lifestyles and Positive Pursuits

Alternatives to Increasing Member Cost-Sharing

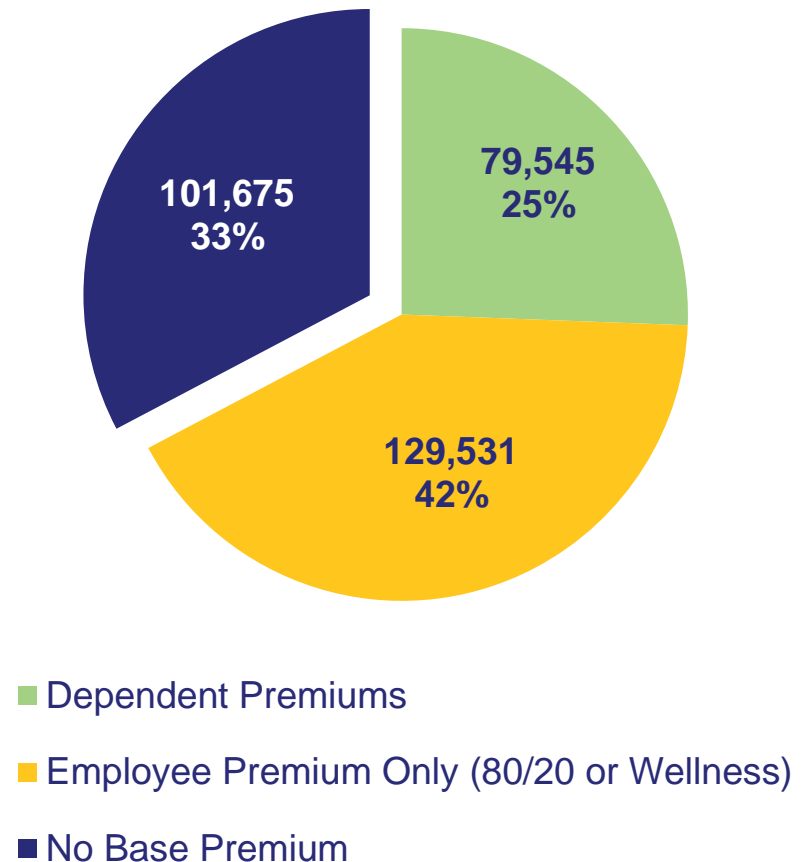
- Given increases in member cost-sharing in CY 2016 and the proposed increases for CY 2017, need to consider alternatives for CY 2018 and beyond
- Increasing member-cost share:
 - Results in lower value benefit offerings
 - Creates/increases financial barriers to care
 - Does not improve the long-term health of members, and may in fact adversely impact member health

Strategic Initiatives	Improve Members' Health	Improve Members' Experience	Ensure Financial Stability
Strengths of Increasing member out-of-pocket costs	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Easier to understand than more nuanced approaches 	<ul style="list-style-type: none"> • Can provide significant, growing long-term savings • Savings: contingent upon level of increase in cost sharing
Challenges of Increasing member out-of-pocket costs	<ul style="list-style-type: none"> • Members may buy down or utilize less service • Limited unless strong steerage is implemented 	<ul style="list-style-type: none"> • Communications • Optics 	<ul style="list-style-type: none"> • Does not bend cost curve driven by health status

Current Employee Premium Structure

- Currently almost one-third of active employees pay no premium for their coverage
- Another 42% pay only employee premiums for the Enhanced 80/20 Plan and/or Wellness Premiums
- Just over one-quarter of active employees pay dependent premiums
 - *These employees are impacted the most by large across-the-board increases to existing premiums*

Number of Active Employees
Paying Premiums
December 2015



Rationale for Adding Base Premiums for Employees

- Employee premiums spread the impact of required savings over the entire population of active employees
- Other savings options include increased member cost-sharing or increases to the existing member-paid premiums, but those do not impact members equally
 - Increasing cost-sharing disproportionately impacts members who need/use more services
 - Increasing the existing member-paid premiums disproportionately impacts members who carry dependents on the plans
- A balanced approach should be used to spread a portion of future costs over the entire population of employees
 - The addition of employee premiums for all plans will minimize the negative impact on dependent premiums and the Plan's less healthy members
- States that provide higher subsidies for dependent coverage have significantly higher employee premiums

Provider Network Strategy

- Opportunities to expand steerage to better value providers
 - Increase differentials and/or incentives to use Blue Options Designated providers
 - If possible identify additional classes of providers to include
 - Develop strategy for outpatient facilities
 - Consider procedure based incentives
- Identify opportunities and impacts of narrowing networks
- Member steerage through copay differentials and HRA contributions in CY 2017 helps set the stage for tiered or narrow networks where available
 - Determine the provider savings available by reducing network size
 - Determine impacts to member access

Discussion