



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



## 2014 Final Plan Design Details

*Board of Trustees Meeting*

May 24, 2013

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*A Division of the Department of State Treasurer*

# Plan Design Details – 2014 Benefits

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- Medicare Advantage Plan Design Details
- Consumer Directed Health Plan (CDHP) with Health Reimbursement Account (HRA) Plan Features
- Tiered Network Incentive Rewards

# Medicare Advantage & Prescription Drug Plans (MA-PDP)

# Medicare Advantage Plan Design Options

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- There will be four Medicare Advantage Plan Design Options
  - Two Identical Base Plan Designs – One from each carrier
  - Both plans will have the same copays, deductibles and coinsurances
  - Each plan will offer slightly different Rx formularies
  - Wrap-around services will vary by carrier
- Two Enhanced Plan Designs – One from each carrier
  - Some copays and deductibles are the same
  - Medicare Primary members will have to review the plan design features to determine which plan offers the best value to meet their individual needs

Both Base Plans offer the same office visit copays and overall out-of-pockets. Each Enhanced Plan offers a reduced copay – the amount of the reduction varies by carrier.

North Carolina State Health Plan Proposed Medicare Advantage & Prescription Drug Plans				
	Proposed MA-PDP Base Plans		Proposed MA-PDP Enhanced Plans	
	Humana Base Plan	UHC Base Plan	Humana Enhanced Plan	UHC Enhanced Plan
<b>*Proposed Monthly Carrier Rate</b>	\$112.00	\$112.00	\$145 (\$33 differential)	\$145 (\$33 differential)
<b>Medical Coverage</b>				
Covered Services				
Deductibles	\$0	\$0	\$0	\$0
OOP Maximum (co-pays, ded/coins included)	\$4,000	\$4,000	\$2,600	\$2,600
<b>Physician Services</b>				
Primary Care Physician	\$20 co-pay	\$20 co-pay	\$10 co-pay	\$10 co-pay
Specialist Office	\$40 co-pay	\$40 co-pay	\$30 co-pay	\$35 co-pay
Diagnostic Procedures & Testing (Doctor's office visit applies)	\$0 (dr. office visit co-pay applies)	\$0 (dr. office visit co-pay applies)	\$0 (dr. office visit co-pay applies)	\$0 (dr. office visit co-pay applies)
Preventive Care (Annual Wellness Exam)	\$0 co-pay	\$0 co-pay	\$0 co-pay	\$0 co-pay

\* Premium rate charged to the Plan by the carrier. Actual contribution rates paid by the Retirement System and Members will be slightly higher to account for the Plan's administrative cost.

While the hospital service copays are similar for each Enhanced Plan, there are some variations.

North Carolina State Health Plan Proposed Medicare Advantage & Prescription Drug Plans				
	Proposed MA-PDP Base Plans		Proposed MA-PDP Enhanced Plans	
	Humana Base Plan	UHC Base Plan	Humana Enhanced Plan	UHC Enhanced Plan
Hospital Services				
Inpatient Hospital Services	\$160/day (Days 1-10) \$0/day thereafter	\$160/day (Days 1-10) \$0/day thereafter	\$150/day (Days 1-10) \$0/day thereafter	\$150/day (Days 1-8) \$0/day thereafter
Outpatient Hospital Services (Includes observation & medical care)	\$125 co-pay	\$125 co-pay	\$75 co-pay	\$50 co-pay
Outpatient Surgery	\$250 co-pay	\$250 co-pay	\$150 co-pay	\$100 co-pay
Outpatient Lab & X-Ray	\$40 co-pay	\$40 co-pay	\$25 co-pay	\$20 co-pay (Lab) \$25 co-pay (X-Ray)
Complex Diagnostic Procedures & Testing (MRI, CT, MRA and PET Scans)	\$100 co-pay	\$100 co-pay	\$100 co-pay	\$50 co-pay
Emergency Room Co-pay (Waived if admitted)	\$65 co-pay	\$65 co-pay	\$50 co-pay	\$50 co-pay
Behavioral Health				
Inpatient Hospital Services	\$140/day (Days 1-10) \$0/day thereafter	\$140/day (Days 1-10) \$0/day thereafter	\$140/day (Days 1-10) \$0/day thereafter	\$140/day (Days 1-10) \$0/day thereafter
Outpatient Visits	\$20 co-pay	\$20 co-pay	\$10 co-pay	\$10 co-pay

# There is more copay variance by carrier on the Enhanced Plans for therapies and other services.

North Carolina State Health Plan Proposed Medicare Advantage & Prescription Drug Plans				
	Proposed MA-PDP Base Plans		Proposed MA-PDP Enhanced Plans	
	Humana Base Plan	UHC Base Plan	Humana Enhanced Plan	UHC Enhanced Plan
Other Coverage				
Skilled Nursing Facility	\$0/day (Days 1-20) \$50/day (Days 21-100)	\$0/day (Days 1-20) \$50/day (Days 21-100)	\$0/day (Days 1-20) \$50/day (Days 21-100)	\$0/day (Days 1-20) \$50/day (Days 21-100)
Hospice	\$0 co-pay	\$0 co-pay	\$0 co-pay	\$0 co-pay
Home Health Care Services	\$0 co-pay	\$0 co-pay	\$0 co-pay	\$0 co-pay
Outpatient Acute Short-Term Rehab				
Physical Therapy	\$20 co-pay	\$20 co-pay	\$20 co-pay	\$10 co-pay
Speech Therapy	\$20 co-pay	\$20 co-pay	\$20 co-pay	\$10 co-pay
Occupational Therapy	\$20 co-pay	\$20 co-pay	\$20 co-pay	\$10 co-pay
Cardiac Therapy	\$20 co-pay	\$20 co-pay	\$20 co-pay	\$10 co-pay
Pulmonary Therapy	\$20 co-pay	\$20 co-pay	\$20 co-pay	\$10 co-pay
Chiropractic Visit	\$20 co-pay	\$20 co-pay	\$20 co-pay	\$10 co-pay
Kidney Dialysis	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Blood	\$0	\$0	\$0	\$0
DME	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Orthotics & Prosthetics	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Medical Supplies	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Diabetes Monitoring Supplies	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Fitness	Silver Sneakers	Silver Sneakers	Silver Sneakers	Silver Sneakers
Podiatry Visit (Medicare-covered)	\$40 co-pay	\$40 co-pay	\$30 co-pay	\$35 co-pay
Eye Exam (Medicare-covered)	\$40 co-pay	\$40 co-pay	\$30 co-pay	\$35 co-pay
Hearing Exam (Medicare-covered)	\$40 co-pay	\$40 co-pay	\$30 co-pay	\$35 co-pay
Dental Services (Medicare-covered)	\$40 co-pay	\$40 co-pay	\$30 co-pay	\$35 co-pay
Urgent Care	\$50 co-pay	\$50 co-pay	\$40 co-pay	\$35 co-pay
Ambulance Services	\$75 co-pay	\$75 co-pay	\$75 co-pay	\$40 co-pay

## The Enhanced Plans offer significant copay reductions and variation by carrier for retail Pharmacy copays.

North Carolina State Health Plan Proposed Medicare Advantage & Prescription Drug Plans				
	Proposed MA-PDP Base Plans		Proposed MA-PDP Enhanced Plans	
	Humana Base Plan	UHC Base Plan	Humana Enhanced Plan	UHC Enhanced Plan
Part B Drugs				
Immunosuppressive, Oral Chemotherapy, Anti-nausea, Inhalation Solutions, Hemophilia Clotting Factors, Antigens, OP Injectable Medications Administered in a Physician's Office	\$50 co-pay	\$50 co-pay	\$50 co-pay	\$50 co-pay
<b>Prescription Drug Coverage</b>				
Part D Gap Coverage	Full Coverage	Full Coverage	Full Coverage	Full Coverage
Formulary Name	Custom	Custom	Custom	Custom
Part D Retail (up to a 31 day supply)				
Tier 1	\$10 co-pay	\$10 co-pay	\$7 co-pay	\$5 co-pay
Tier 2	\$40 co-pay	\$40 co-pay	\$35 co-pay	\$30 co-pay
Tier 3	\$64 co-pay	\$64 co-pay	\$50 co-pay	\$40 co-pay
Tier 4	25% co-insurance (\$100 Max)	25% co-insurance (\$100 Max)	25% co-insurance (\$95 Max)	25% co-insurance (\$95 Max)
Maintenance Drugs (up to a 90 day supply)				
Tier 1	\$24 co-pay	\$24 co-pay	\$14 co-pay	\$10 co-pay
Tier 2	\$80 co-pay	\$80 co-pay	\$70 co-pay	\$60 co-pay
Tier 3	\$128 co-pay	\$128 co-pay	\$100 co-pay	\$80 co-pay
Tier 4	25% co-insurance (\$300 Max)	25% co-insurance (\$300 Max)	25% co-insurance (\$190 Max)	25% co-insurance (\$200 Max)
Prescription Drug Annual OOP Max	\$2,500	\$2,500	\$2,500	\$2,500
Diabetic Testing Supplies (Part B Cove	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance



The best way to compare the MA-PDP to the Traditional Plan Design is to compare the Pharmacy copays.

Medicare Care Primary High Level Plan Design Comparison						
		Traditional 70/30 PPO	Proposed MA-PDP Base Plans		Proposed MA-PDP Enhanced Plans	
		BCBSNC/ESI	Humana Base Plan	UHC Base Plan	Humana Enhanced Plan	UHC Enhanced Plan
Physician Services						
	Primary Care Physician	\$35 co-pay*	\$20 co-pay	\$20 co-pay	\$10 co-pay	\$10 co-pay
	Specialist	\$81 co-pay*	\$40 co-pay	\$40 co-pay	\$30 co-pay	\$35 co-pay
	Preventive Care	\$35 co-pay*	\$0 co-pay	\$0 co-pay	\$0 co-pay	\$0 co-pay
Annual Deductible		\$933/\$2799*	\$0	\$0	\$0	\$0
Coinsurance Max/OOP <i>(Only coinsurance applies to the Coinsurance Max under 70/30 PPO; Copays, Deductibles, &amp; Coinsurance apply to OOP under MA-PDPs)</i>		\$3,793/\$11,379 (Coins Max)	\$4000 (Out-of-Pocket Max)	\$4000 (Out-of-Pocket Max)	\$2600 (Out-of-Pocket Max)	\$2600 (Out-of-Pocket Max)
Prescriptions Drug Coverage						
Part D Gap Coverage		Full Coverage	Full Coverage	Full Coverage	Full Coverage	Full Coverage
Formulary Name		Custom	Custom	Custom	Custom	Custom
Part D Retail (up to a 31 day supply)						
	Tier 1	\$12 co-pay	<b>\$10 co-pay</b>	<b>\$10 co-pay</b>	\$7 co-pay	\$5 co-pay
	Tier 2	\$40 co-pay	\$40 co-pay	\$40 co-pay	\$35 co-pay	\$30 co-pay
	Tier 3	\$64 co-pay	\$64 co-pay	\$64 co-pay	\$50 co-pay	\$40 co-pay
	Tier 4	25% co-insurance (\$100 Max)	25% co-insurance (\$100 Max)	25% co-insurance (\$100 Max)	25% co-insurance (\$95 Max)	25% co-insurance (\$95 Max)
Maintenance Drugs (up to a 90 day supply)						
	Tier 1	\$36 (61 -90 days)	<b>\$24 co-pay</b>	<b>\$24 co-pay</b>	\$14 co-pay	\$10 co-pay
	Tier 2	\$120 (61 - 90 days)	<b>\$80 co-pay</b>	<b>\$80 co-pay</b>	\$70 co-pay	\$60 co-pay
	Tier 3	\$192 (61 - 90 days)	<b>\$128 co-pay</b>	<b>\$128 co-pay</b>	\$100 co-pay	\$80 co-pay
	Tier 4		25% co-insurance (\$300 Max)	25% co-insurance (\$300 Max)	25% co-insurance (\$190 Max)	25% co-insurance (\$200 Max)
Prescription Drug Annual OOP Max		\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
<b>*Actual Cost Share paid by member may vary - State Health Plan is secondary for medical services.</b>						

# Medicare Advantage Plan Design Confirmation

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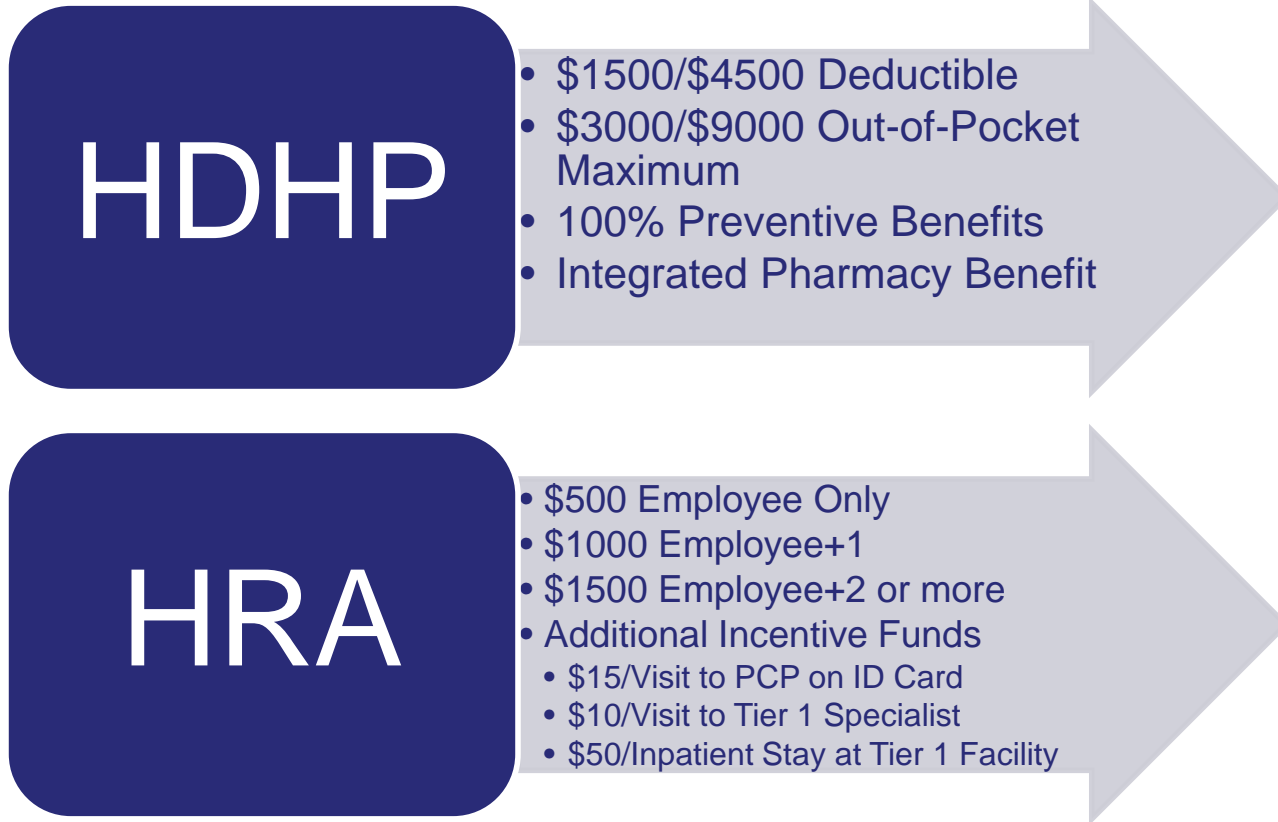
Plan staff recommends the Board of Trustees approve the MA-PDP plan designs as presented.

# Consumer Directed Health Plan

# Consumer Directed Health Plan (CDHP): Plan Design Features

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The CDHP has two primary features:  
High Deductible Health Plan (HDHP)  
Health Reimbursement Account (HRA)



# Consumer Directed Health Plan (CDHP): High Deductible Health Plan

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## **A High Deductible Health Plan is exactly what it says – A plan with a high front-end deductible.**

- ❖ Instead of copays, members will have to meet a deductible and pay a 15% coinsurance on all in-network medical and retail pharmacy benefits except preventive care which is covered at 100%.
- ❖ Because the pharmacy benefit is “integrated” with the medical benefit, the pharmacy and medical deductible and out-of-pockets are shared.

*To keep the pharmacy and medical deductibles and out-of-pockets (OOP) synchronized, a project is under way to share claims data between ESI and BCBSNC. By sharing individual member deductible and coinsurance accumulations, deductible and OOP balances can be maintained at both BCBSNC and ESI; therefore, both the pharmacy and the medical provider will know when a member reaches their deductible or OOP and will apply the appropriate member cost share.*



# Consumer Directed Health Plan (CDHP): Pharmacy Benefits



## The Deductible Does Not Apply to Every Medication

- ❖ Under the Affordable Care Act, most preventive drugs must be paid at 100%
- ❖ The Plan recommends that certain other drugs be paid at 85% with no deductible

Proposed Preventive Medication List	
Coverage	Description
100% - No Deductible	Preventive Drugs from the Affordable Care Act
85% - No Deductible	Preventive Drugs used to treat anemia in children, cavities, heart disease or stroke, obesity, pregnancy, smoking-cessation therapy, vaccines and low levels of vitamins
85% - No Deductible	Preventive drugs sometimes used to treat asthma, bone disease and fractures, breast cancer recurrence, side effects from cancer treatment, colonoscopy preparation, estrogen replacement and other hormones, gout, gum disease, heart disease and stroke, infection, kidney disease, nausea and dizziness, ulcer disease, and low levels of vitamins or minerals
85% - No Deductible	Medications used to treat the complications of diabetes (insulin and hypoglycemic drugs)

# Consumer Directed Health Plan (CDHP): The HRA

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## **HRA funding is based on the size of the subscriber's family**

- Subscriber-only accounts will be funded with \$500
- Subscribers with one dependent will be funded with \$1000
- Subscribers with two dependents will be funded with \$1500

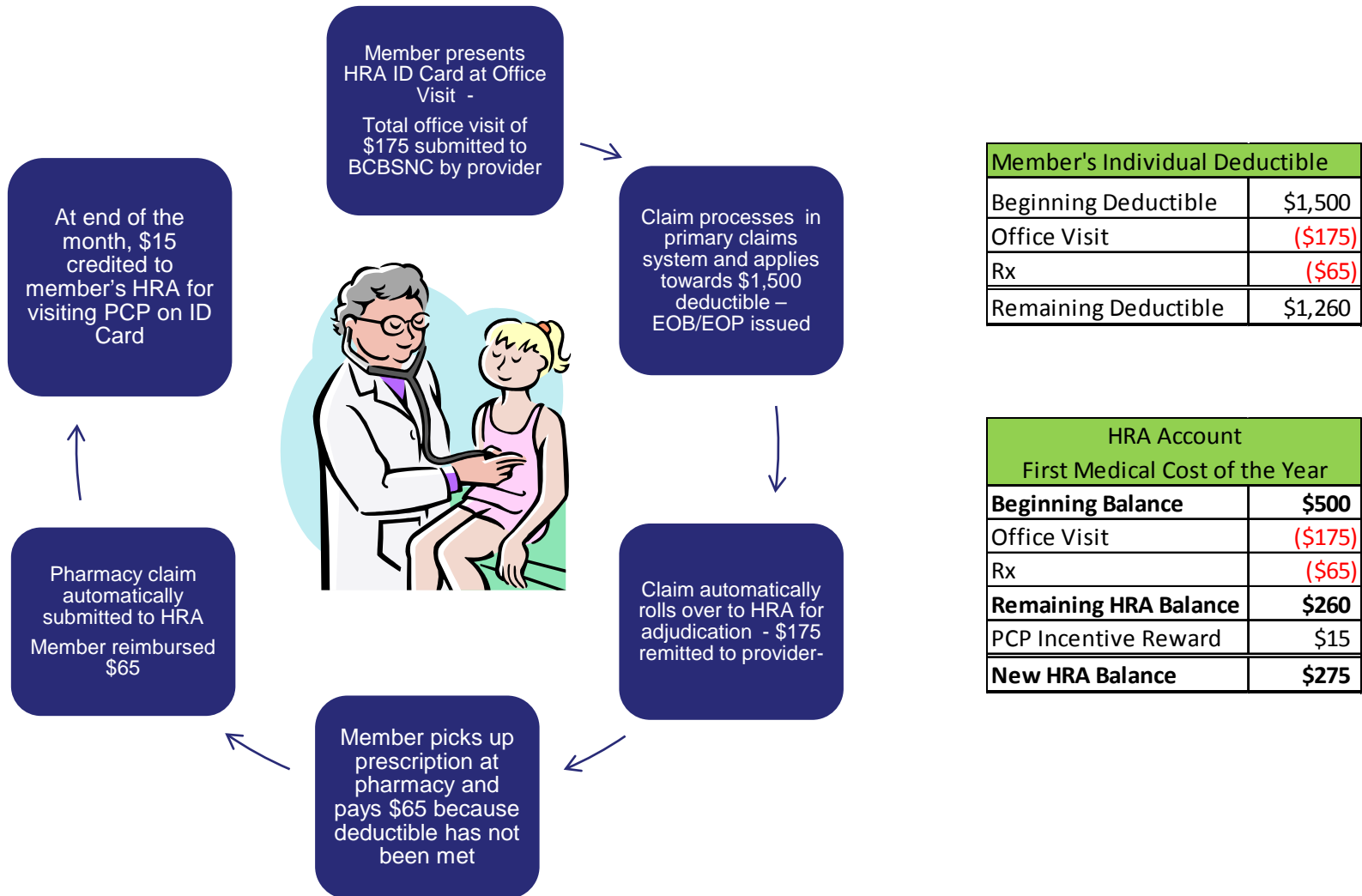
**All members are eligible to earn incentive reward HRA contributions.**

## **Members electing the CDHP mid-year will receive a prorated HRA**

Example: New hire with one dependent elects the CDHP on July 1, 2014. Instead of an HRA account with \$1000, the HRA will be funded with \$500, or 50% of the annual amount.

**Unused HRA balances will be “rolled-over” and available for use the following plan year. HRA balances are not portable.**

# Consumer Directed Health Plan (CDHP): How It Works

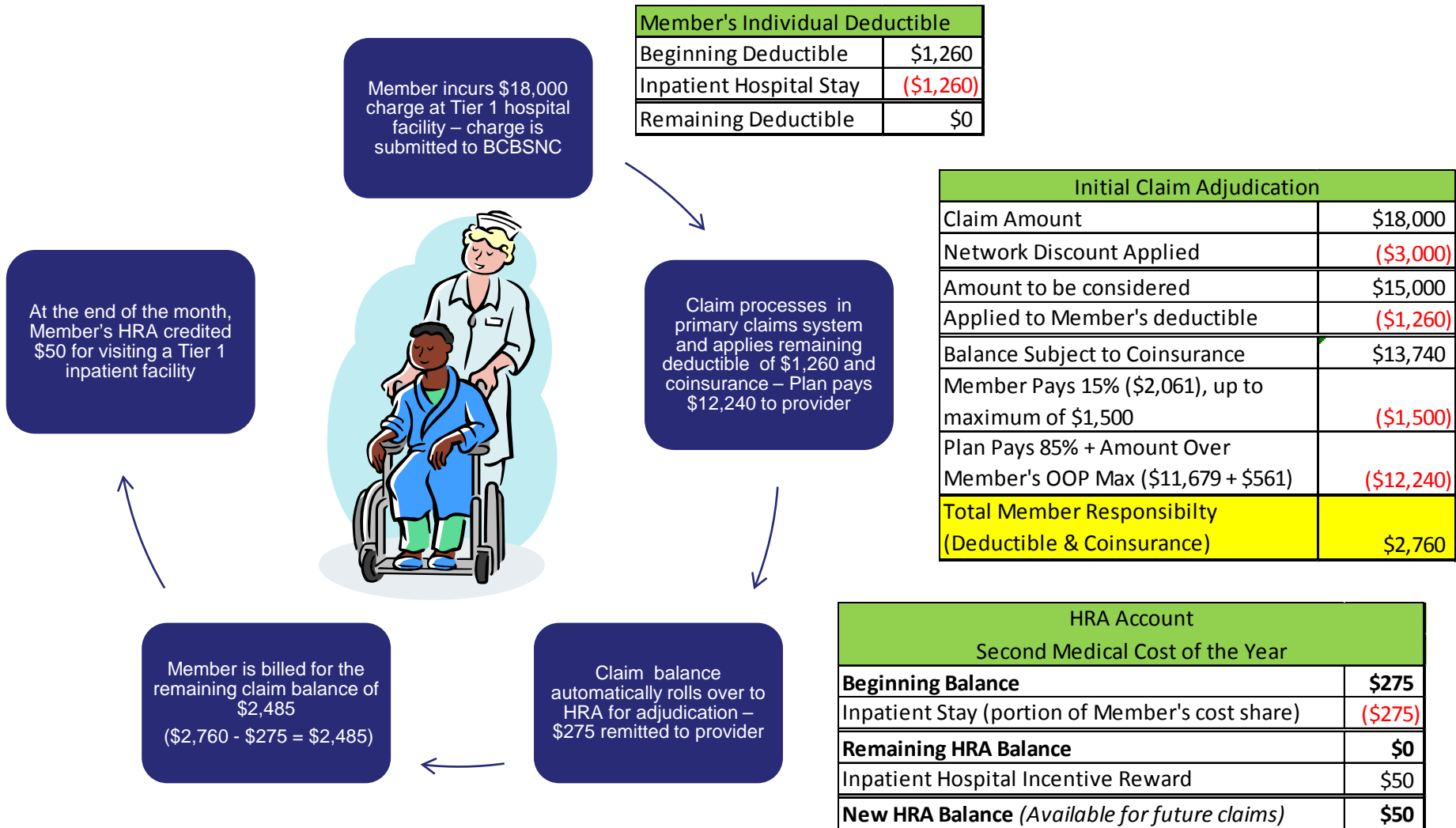


Member's Individual Deductible	
Beginning Deductible	\$1,500
Office Visit	(\$175)
Rx	(\$65)
Remaining Deductible	\$1,260

HRA Account First Medical Cost of the Year	
<b>Beginning Balance</b>	<b>\$500</b>
Office Visit	(\$175)
Rx	(\$65)
<b>Remaining HRA Balance</b>	<b>\$260</b>
PCP Incentive Reward	\$15
<b>New HRA Balance</b>	<b>\$275</b>



# Consumer Directed Health Plan (CDHP): How It Works



# Consumer Directed Health Plan (CDHP): Provider Experience

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## **How will the provider know a member's cost share?**

- ID Cards will indicate the member's deductible and coinsurance as well as the fact that there is an HRA
- Blue e will also be enhanced to support HRA; although, specific member HRA balances will not be available via Blue e in 2014
- Providers will be able to determine a specific member's deductible and out-of-pocket accumulations via Blue e

## **Explanation of Payments (EOPs)**

- Two separate EOPs will be issued
  - One from BCBSNC
  - One from Health Equity, BCBSNC's HRA Vendor\*

*\*Members will not receive an Explanation of Benefits in the mail – HRA balance and claims information will be available online*

# Consumer Directed Health Plan (CDHP) Summary Grids

Proposed CDHP Plan Design						
HRA			HDHP/Rx			
Initial HRA Contributions	HRA Incentive Reward Contributions	HRA Rollover	Annual Deductible	Annual Out-of-Pockets	Preventive (ACA)	Coinsurance
<b>\$500</b> Employee Only Account <b>\$1000</b> Employee + 1 Account <b>\$1500</b> Employee + Family Account (New members added after January 1 will receive a prorated account)	<b>\$15</b> for each visit to the PCP on ID Card <b>\$10</b> for each visit to a Tier 1 Specialist <b>\$50</b> for each stay at a Tier 1 facility	Funds not used during the plan year will "rollover" to the next plan year	<b>\$1500</b> Individual <b>\$4500</b> Family (Non-Network is 2X network)	<b>\$3000</b> Individual <b>\$9000</b> Family (Non-Network is 2X network)	<b>100%</b> (No Deductible)	<b>85%</b> In-network <b>65%</b> Non-Network

Proposed Preventive Medication List	
Coverage	Description
100% - No Deductible	Preventive Drugs from the Affordable Care Act
85% - No Deductible	Preventive Drugs used to treat anemia in children, cavities, heart disease or stroke, obesity, pregnancy, smoking-cessation therapy, vaccines and low levels of vitamins
85% - No Deductible	Preventive drugs sometimes used to treat asthma, bone disease and fractures, breast cancer recurrence, side effects from cancer treatment, colonoscopy preparation, estrogen replacement and other hormones, gout, gum disease, heart disease and stroke, infection, kidney disease, nausea and dizziness, ulcer disease, and low levels of vitamins or minerals
85% - No Deductible	Medications used to treat the complications of diabetes (insulin and hypoglycemic drugs)

# Consumer Directed Health Plan (CDHP) Plan Design Confirmation

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Plan staff recommends the Board of Trustees approve the CDHP plan designs as presented.

# Tiered Network Incentive Rewards

# Incentive Rewards: Blue Options Network

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- We previously proposed incentive rewards for members who accessed a Blue Select specialist or had an inpatient stay in a Blue Select facility. Upon further review, we have determined the best approach for Plan members will be to utilize the Blue Options network. Similar to the Blue Select approach, Blue Options providers will be designated based on quality and costs.
  - Hospitals designation criteria:
    - Quality outcomes
    - Cost efficiency
    - Accessibility
  - Specialist types designated:
    - General Surgery
    - Ob-Gyn
    - Gastroenterology
    - Orthopedics
    - Cardiology
    - Neurology (*new for 2014*)

## Three Possible Designations

### *“Cost and Quality”*

For providers who meet both the quality and cost benchmarks

### *“Quality”*

For providers who meet the quality but not the cost benchmark

### *“Critical Access Hospitals”*

For hospitals classified as Critical Access Hospitals by CMS

# Incentive Rewards: Blue Options Network

## Designated Hospitals

### Critical Access Hospitals

ALLEGHANY COUNTY MEMORIAL HOSPITAL  
ANGEL MEDICAL CENTER  
ASHE MEMORIAL HOSPITAL  
BERTIE MEMORIAL HOSPITAL  
BLADEN COUNTY HOSPITAL  
BLOWING ROCK HOSPITAL  
CHARLES A CANNON JR MEMORIAL HOSP  
CHATHAM HOSPITAL  
DAVIE COUNTY HOSPITAL  
DOSHER MEMORIAL HOSPITAL  
FIRSTHEALTH MONTGOMERY MEM HOSP  
HIGHLANDS CASHIERS HOSPITAL  
OUR COMMUNITY HOSPITAL  
PENDER MEMORIAL HOSPITAL  
PIONEER COMMUNITY HOSP OF STOKE  
PUNGO DISTRICT HOSPITAL  
ST LUKES HOSPITAL  
SWAIN COUNTY HOSPITAL  
THE OUTER BANKS HOSPITAL INC  
TRANSYLVANIA COMMUNITY HOSPITAL  
VIDANT CHOWAN HOSPITAL  
WASHINGTON COUNTY HOSPITAL  
YADKIN VALLEY COMMUNITY HOSPITAL

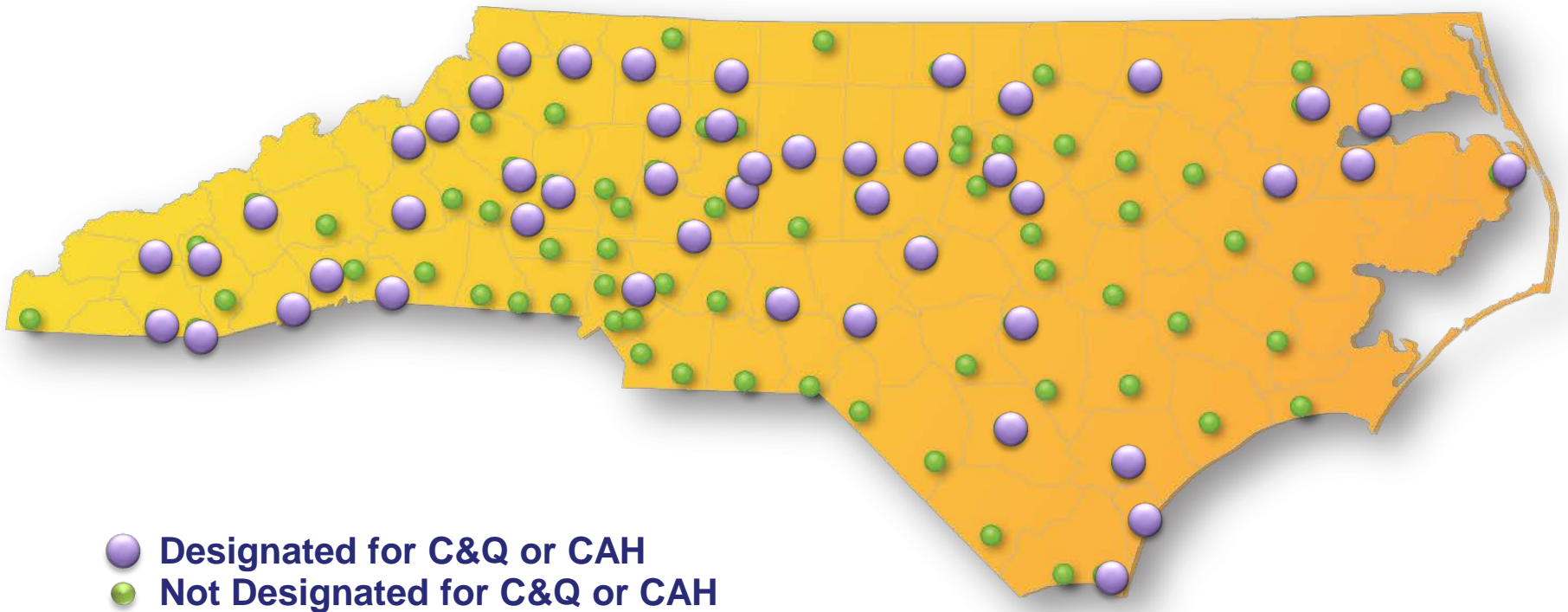
### Cost & Quality Designated Hospitals

ALAMANCE REGIONAL MEDICAL CENTER  
BLUE RIDGE REGIONAL HOSPITAL  
CALDWELL MEMORIAL HOSPITAL  
CAROLINAS MEDICAL CENTER UNIVERSITY  
CATAWBA VALLEY MED CTR  
CENTRAL CAROLINA HOSPITAL  
D L P PERSON MEMORI AL HOSPITAL LLC  
FIRSTHEALTH MOORE REGIONAL  
FRYE REGIONAL MEDICAL CTR  
GRANVILLE MEDICAL CENTER  
HARRIS REGIONAL HOSPITAL  
HAYWOOD REGIONAL MEDICAL CENTER  
HIGH POINT REGIONAL HOSPITAL  
HUGH CHATHAM MEMORIAL HOSPITAL  
LEXINGTON MEMORIAL HOSPITAL  
MARG R PARDEE MEMORIAL HOSPITAL  
MARTIN GENERAL HOSPITAL  
MOSES H CONE MEMORIAL HOSPITAL  
NEW HANOVER REGIONAL MEDICAL CENTER  
NORTH CAROLINA BAPTIST HOSPITAL  
REX HOSPITAL  
SAMPSON REGIONAL MED CTR  
ROWAN REGIONAL MEDICAL CENTER INC  
THE MCDOWELL HOSPITAL  
UNC HOSPITALS  
WAKEMED RALEIGH CAMPUS

# Incentive Rewards: Blue Options Network

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## PPO Provider Network - Hospitals





# Incentive Rewards: Blue Options Network

- The intent of these incentives is to reward members for choosing a high quality provider. Unlike some plan designs that penalize members for not selecting the designated network provider, the Plan is rewarding members who have made a choice to select a quality provider.
- Members who just happen to access these providers will be rewarded as well. Members who visit Blue Options providers who are not designated will still receive in-network benefits.

Enhanced 80/20 PPO Plan		
Blue Options Network	Specialist Copay	Inpatient Hospital Copay
Designated	\$60 Copay	\$0 Copay
Not Designated	\$70 Copay	\$233 Copay
CDHP*		
Blue Options Network	Specialist Visit	Inpatient Hospital Stay
Designated	\$10 Added HRA	\$50 Added to HRA

\* There are no copays on a CDHP

# Tiered Network Incentive Rewards: Confirmation

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Plan staff recommends the Board of Trustees approve the incentive rewards for designated Blue Options hospitals and specialists as presented.