



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



## State Health Plan Member Costs

*Board of Trustees Meeting*

September 19, 2014

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*A Division of the Department of State Treasurer*

# Presentation Overview

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- Member Premium Contributions
- Member Cost-Sharing
  - Medical Copays, Deductibles, and Coinsurance
  - Pharmacy Copays
- Summary
- 2016 Considerations

# Employee/Retiree Premium Contributions

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- In September 2011, a \$21.62 employee/retiree contribution (\$10 for Medicare primary subscribers) was added to the Standard 80/20 Plan and dependent premiums increased by 5.3%
- Premium increases since then:
  - 5.3% in July 2012
  - 3.6% in January 2014 (next increase no earlier than January 2016)
- Additional changes to member contributions effective January 2014
  - Consumer-Directed Health Plan (CDHP) with lower dependent premiums
  - Medicare Advantage-Prescription Drug Plans (MAPDPs) with lower dependent premiums and opportunity to buy-up to a richer MAPDP
  - Participation in wellness activities determines employee/retiree contribution in the 80/20 Plan
    - \$40 added to the base monthly employee/retiree contribution with an opportunity to earn up to \$50 in premium credits through participation in three wellness activities
  - Employee/retiree contribution for the CDHP is similar
    - \$40 starting monthly premium with an opportunity to earn up to \$40 in premium credits

# Employee/Retiree Monthly Premiums: 2011 to 2015

## Standard/Enhanced 80/20 Plan *(Non-Medicare Members)*

### Full Participation in Wellness Activities in 2015

Coverage Tier	Sep 2011	Sep 2015	2011-2015 Change	2011-2015 % Change
Employee/Retiree Only	\$21.62	\$13.56	(\$8.06)	-37.3%
Employee/Retiree + Child(ren)	\$271.80	\$286.36	\$14.56	5.4%
Employee/Retiree + Spouse	\$598.04	\$642.10	\$44.06	7.4%
Employee/Retiree + Family	\$632.74	\$679.94	\$47.20	7.5%

### No Participation in Wellness Activities in 2015

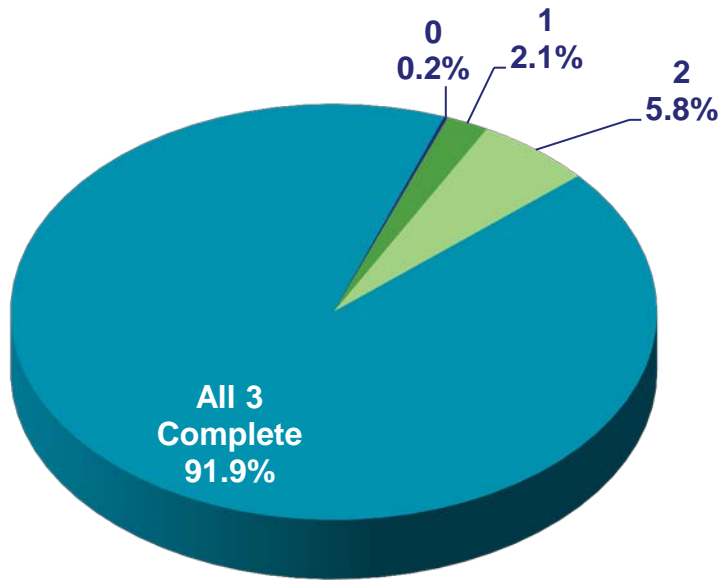
Coverage Tier	Sep 2011	Sep 2015	2011-2015 Change	2011-2015 % Change
Employee/Retiree Only	\$21.62	\$63.56	\$41.94	194.0%
Employee/Retiree + Child(ren)	\$271.80	\$336.36	\$64.56	23.8%
Employee/Retiree + Spouse	\$598.04	\$692.10	\$94.06	15.7%
Employee/Retiree + Family	\$632.74	\$729.94	\$97.20	15.4%

# Strong Participation in 2014 Wellness Activities

## Number of Wellness Activities Completed: April 2014

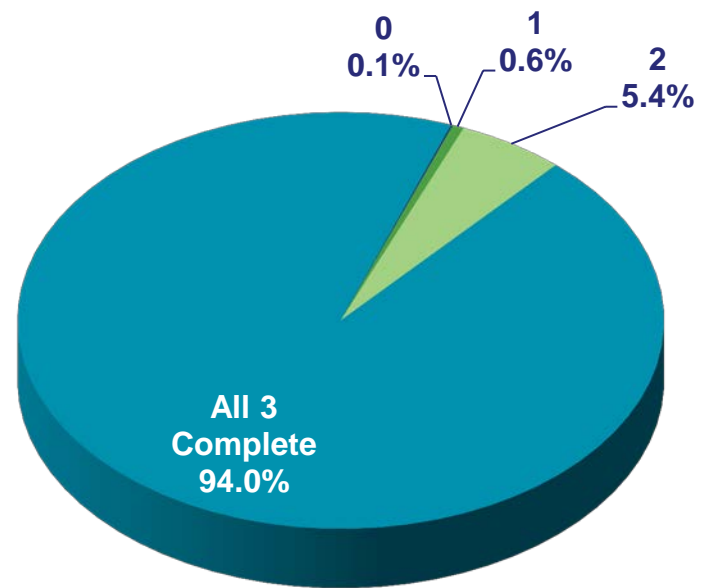
### Enhanced 80/20 Plan

(N = 191,024)



### Consumer-Directed Health Plan

(N = 9,298)



Source: BCBSNC

# Employee/Retiree Monthly Premiums: 2011 to 2015

## Basic/Traditional 70/30 Plan

### Active Employees/Non-Medicare Retirees (No Medicare Primary Dependents)

Coverage Tier	Sep 2011	Sep 2015	2011-2015 Change	2011-2015 % Change
Employee/Retiree Only	\$0.00	\$0.00	\$0.00	--
Employee/Retiree + Child(ren)	\$188.12	\$205.12	\$17.00	9.0%
Employee/Retiree + Spouse	\$484.70	\$528.52	\$43.82	9.0%
Employee/Retiree + Family	\$516.26	\$562.94	\$46.68	9.0%

### Medicare Retirees (with Medicare Primary Dependents)

Coverage Tier	Sep 2011	Sep 2015	2011-2015 Change	2011-2015 % Change
Employee/Retiree Only	\$0.00	\$0.00	\$0.00	--
Employee/Retiree + Child(ren)	\$133.84	\$145.94	\$12.10	9.0%
Employee/Retiree + Spouse	\$351.90	\$383.72	\$31.82	9.0%
Employee/Retiree + Family	\$383.44	\$418.10	\$34.66	9.0%

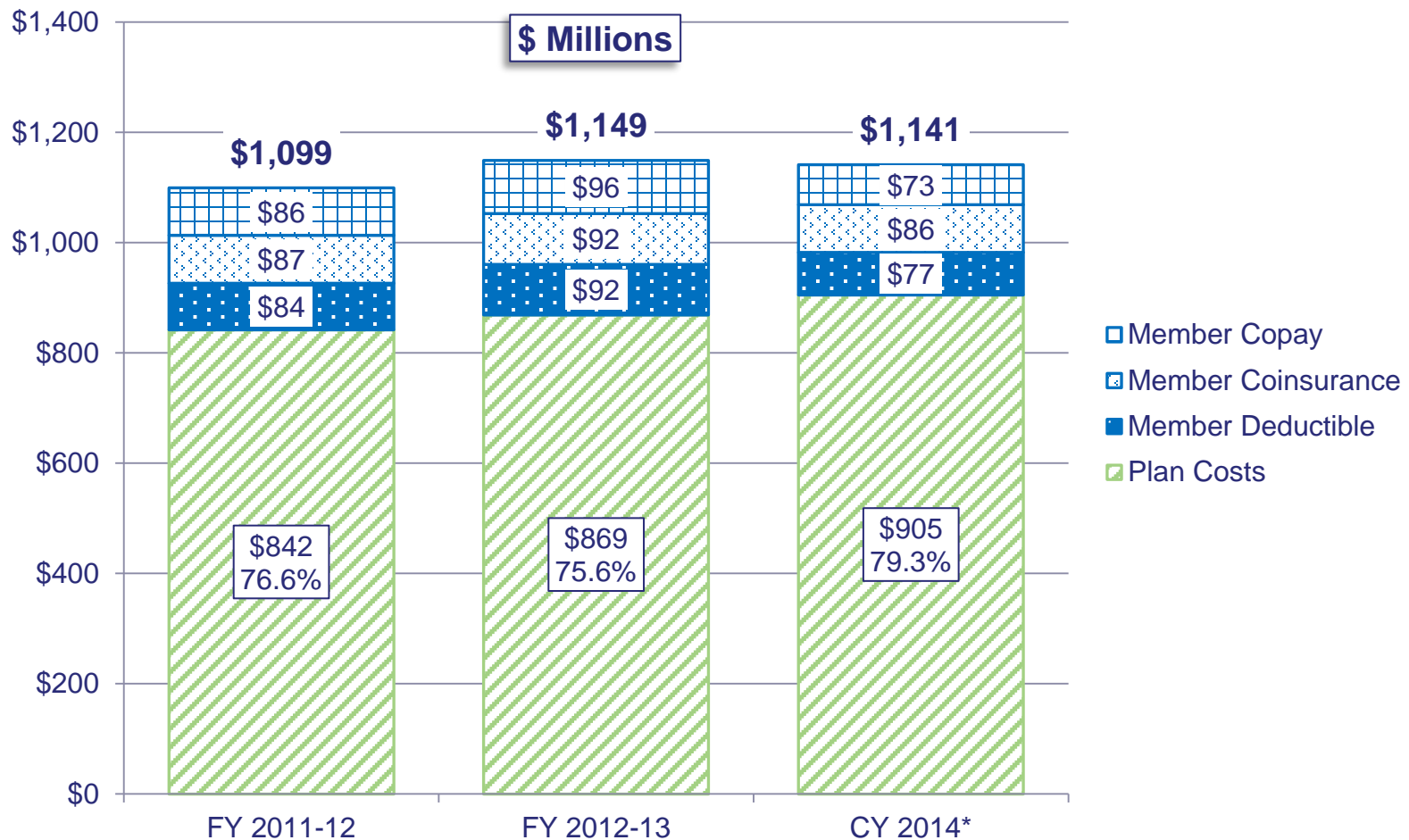
# Member Cost-Sharing

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- In 2011, member cost-sharing was increased. Some examples:
  - In-network deductibles increased from \$800 to \$933 in the 70/30 Plan and from \$600 to \$700 in the 80/20 Plan
  - Increased in-network urgent care copays from \$75 to \$87
  - Increased primary care copays by \$5 (\$30 to \$35 in 70/30; \$25 to \$30 in 80/20)
  - Increased drug copays from \$10 to \$12 for generic drugs, \$35 to \$40 for preferred brand drugs, and \$55 to \$64 for non-preferred brand drugs
- Except for the addition of a 5<sup>th</sup> tier for specialty pharmacy copays in January 2014, member cost-sharing has not been increased since 2011
- Behavioral and Mental Health copays reduced as of July 1, 2013 to align with the copay for seeing a primary care provider
- Changes to member cost-sharing effective January 2014:
  - CDHP with 85% coinsurance and a Health Reimbursement Account (HRA) funded by the Plan
  - MAPDPs with lower copays and no deductibles
  - Enhanced 80/20 Plan and CDHP
    - Preventive care covered at 100%
    - Lower cost-sharing (or additional HRA funds) for using identified high-quality, low-cost providers

# Paid Medical Claims: Member and Plan Costs

## First Two Quarters of Plan Years



\*Excludes Medicare Advantage members.

Graph excludes Blue Card claims (i.e., out-of-state claims)

Source: BCBSNC



# PMPM Member Cost-Sharing for Medical Benefits By Quarter

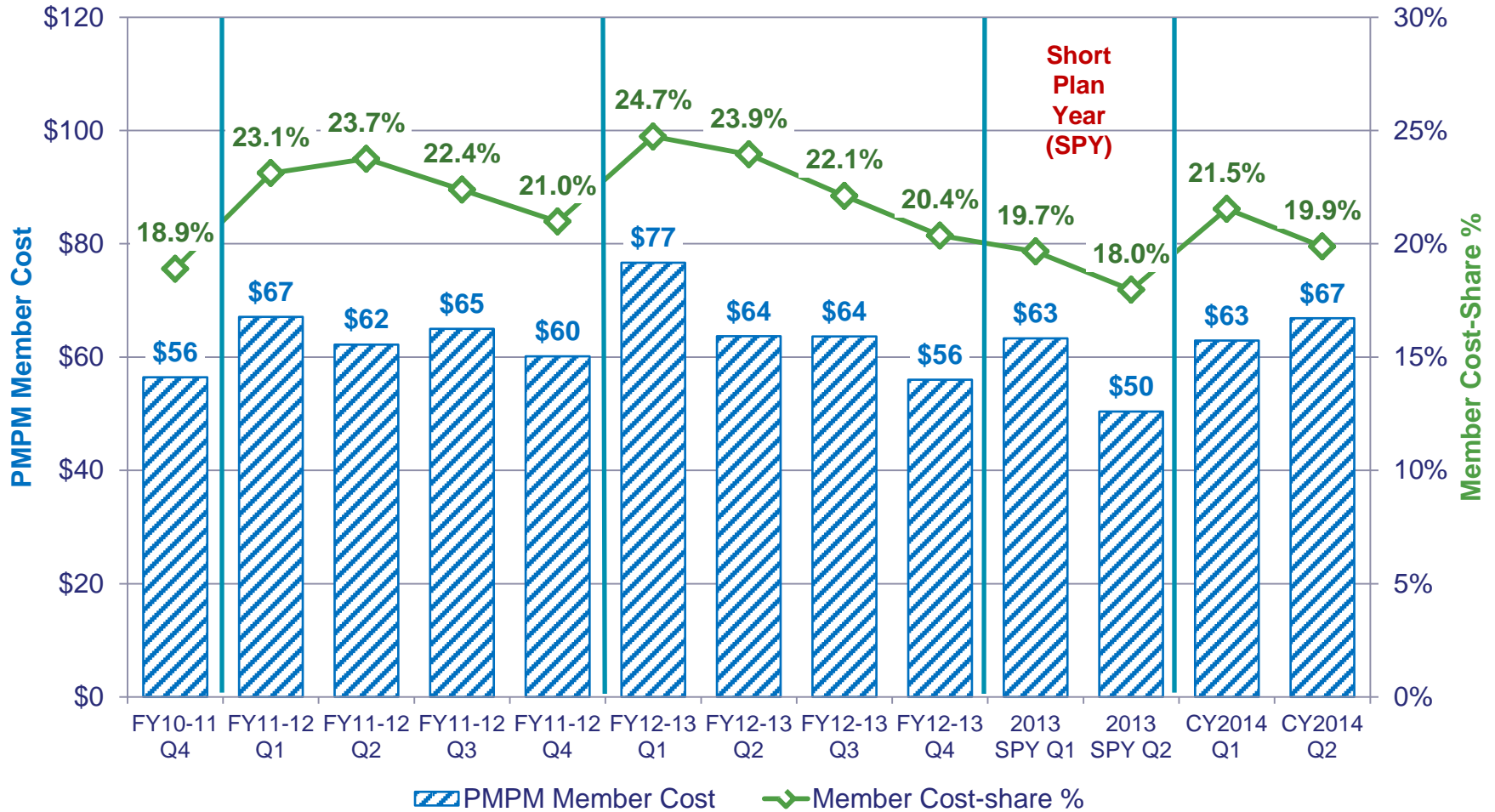
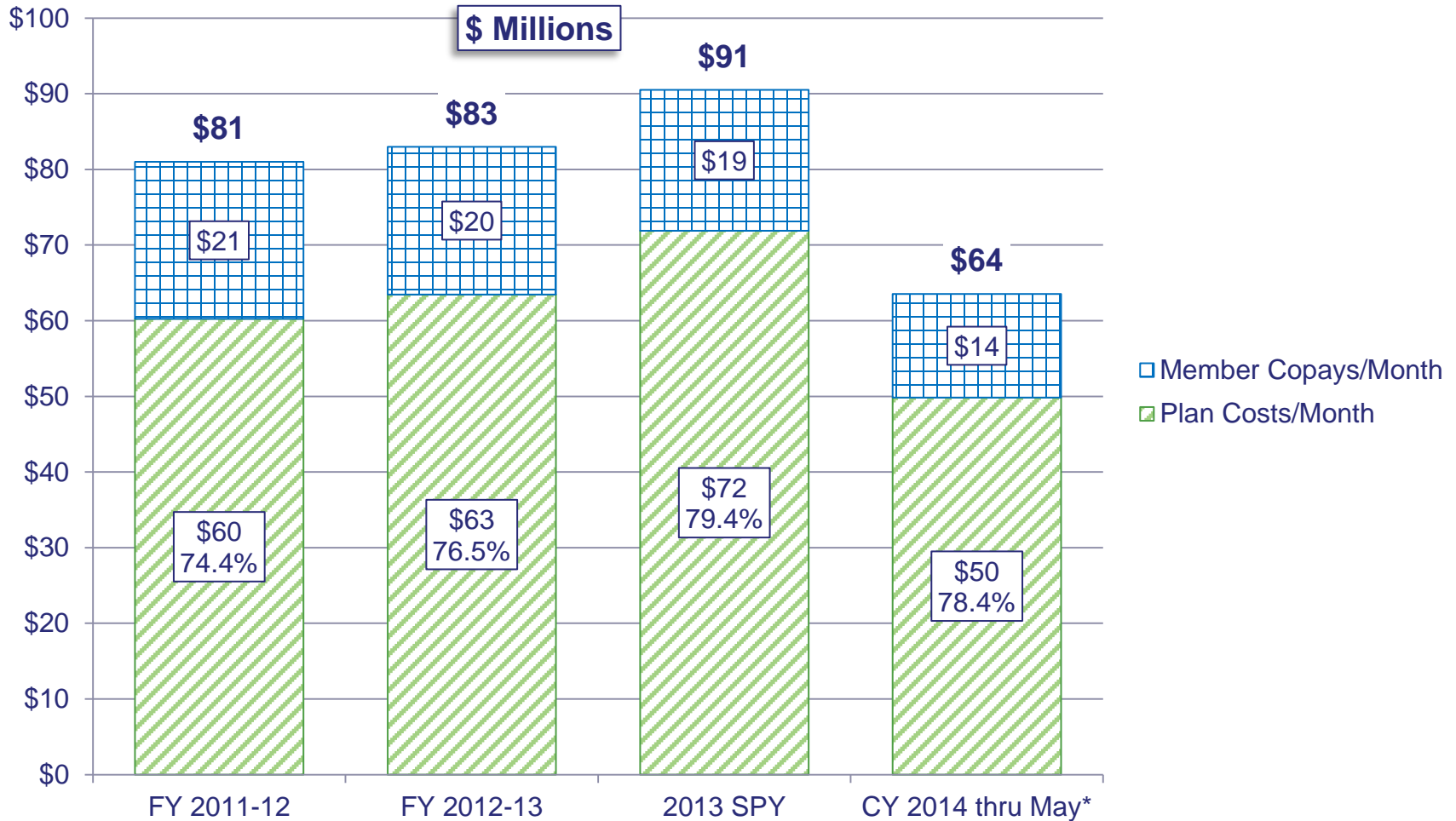


Chart excludes the 2014 Medicare Advantage members and Blue Card claims (i.e., out-of-state claims)

Source: BCBSNC

# Paid Pharmacy Claims: Member and Plan Costs

## Monthly Costs by Plan Year



\*Excludes Medicare Advantage members.

Source: ExpressScripts

# PMPM Member Cost-Sharing for Pharmacy Benefits By Quarter

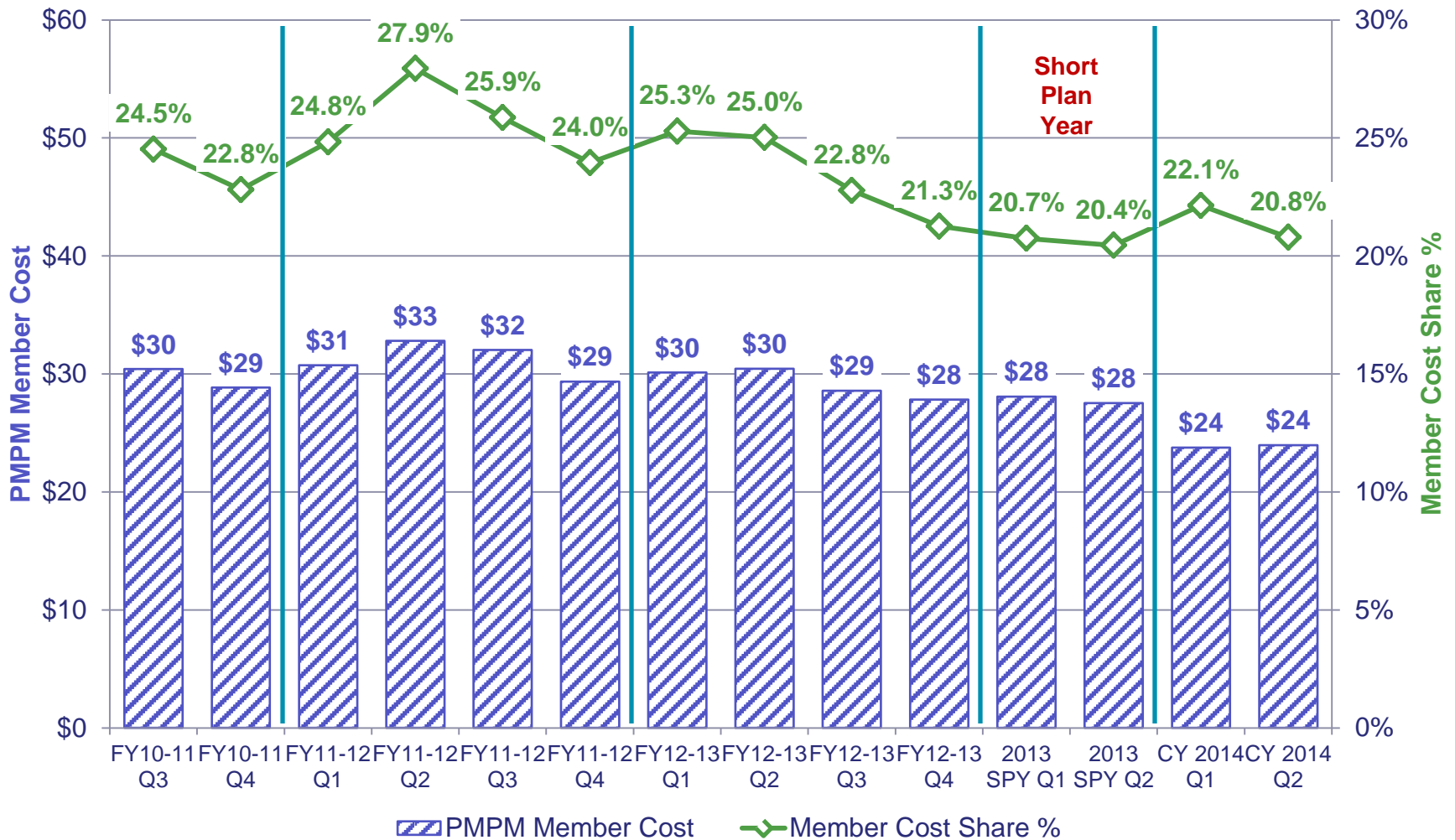


Chart excludes the 2014 Medicare Advantage members

Source: ExpressScripts

# Summary

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## Member Premium Contributions

- Base premiums for the 70/30 and 80/20 plans have increased by 9% since September 2011 and will not increase again until January 2016
- Participation in three designated wellness activities can reduce the employee/retiree contribution for the Enhanced 80/20 Plan below the contributions that were required in 2012 and 2013
  - 91.9% of Enhanced 80/20 subscribers have completed all three wellness activities
- The CDHP and MAPDP options offer coverage with reduced dependent premiums relative to the Traditional 70/30 and Enhanced 80/20 plans

## Member Cost-Sharing

- Member cost-sharing as a percent of total costs (Plan + member) for medical and pharmacy benefits has steadily decreased over the last couple years
- As expected, member cost-sharing was lower during the Short Plan Year

# 2016 Considerations

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## Member Premium Contributions

- Will the wellness premium structure be a feature of the Traditional 70/30 Plan in 2016?
- What new/enhanced wellness activities will be required to earn premium credits?
- What other changes to the premium structure are needed (e.g., lower dependent premiums, greater “employee only” contributions)? What would the changes mean for plan design? Could the changes be accomplished within the existing financial structure?

## Member Cost-Sharing

- What level of member cost-sharing is expected? Desired?
- Current Plan offerings do not provide a very wide spread between the options. Is a greater spread desirable?
- Some features of the new 2014 plan designs use cost-sharing to steer members towards higher value services and facilities. How can the Plan build on this model in 2016? Which services/treatments should be encouraged? Which should be discouraged?