



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



2016 Benefit Design Planning

Board of Trustees Meeting

September 19, 2014

A Division of the Department of State Treasurer

Presentation Overview

- Purpose
- Board Approved Wellness Design Elements and Plan Options for 2014
- Considerations for Planning 2016 Benefit Design and Plan Options
- Next Steps

Purpose

Start organized discussion of the CY 2016 benefit development strategy for the State Health Plan that considers:

- Course Set in 2014
- How NC Compares to Other State Health Plans
- Desire/Need for Benefit Differentiation
- Next Phase of Wellness Premiums, Credits and Healthy Activities
- Strategic Priorities and Initiatives

Focus: Active Employees and Non-Medicare Retirees

Development of 2014 Plan Options

Overarching Themes, Goals and Initiatives

- Improve the health and wellness of Plan members
- Need to “bend” the health care cost curve to promote long term financial sustainability of the Plan and affordability for Plan members
- Increase member engagement and accountability
- Incent and reward healthy behaviors to provide members with opportunities to reduce their out-of-pocket expenses
- Increase choice and flexibility by offering more benefit options
- Increase reserve target
- Convert plan benefit year from State fiscal year to calendar year

2014 Wellness Benefit Design Elements

- 100% Coverage for Preventive Services
- Premium Strategy to Encourage Healthy Lifestyles
 - Complete healthy activities to reduce premiums
- Primary Care Providers/Patient Centered Medical Home
 - Premium credit for PCP selection
 - Copay reduction for utilizing PCP/PCMH
- Tiered Provider Networks
 - Promote high value/low cost providers
 - Incentives to use Blue Options Designated hospitals and specialists
- Consumer Directed Health Plan
 - Engage members in shopping for health care services
 - 85/15 coinsurance
 - Dependent premiums 10% < 70/30 Plan



Plan Options for 2014 & 2015

Active Employees and Non-Medicare Retirees

Enhanced 80/20 Plan	Consumer-Directed Health Plan (CDHP) with HRA	Traditional 70/30 Plan
<ul style="list-style-type: none">• \$0 ACA Preventive Services• \$0 ACA Preventive Medications• Wellness Incentives<ul style="list-style-type: none">• Reduced medical copay opportunities	<ul style="list-style-type: none">• A high-deductible plan• A Health Reimbursement Account (HRA) to help offset the deductible• Maximum Out-of-Pocket includes medical and pharmacy• 85/15 Coinsurance• \$0 ACA Preventive Services• \$0 ACA Preventive Medications• CDHP Preventive Medication List (\$0 deductible)• Wellness incentives<ul style="list-style-type: none">• Additional HRA funds for visiting certain providers	<ul style="list-style-type: none">• No incentives available• No \$0 ACA Preventive Services• No \$0 ACA Preventive Medications

Wellness Premium Credits for 2014 & 2015

Enhanced 80/20 Plan	Consumer-Directed Health Plan (CDHP) with HRA	Traditional 70/30 Plan
<p>1) Health Assessment (\$15) Members complete or update a Health Assessment through the Personal Health Portal.</p> <p>2) Primary Care Provider (\$15) Members select a Primary Care Provider for themselves and any covered dependents.</p> <p>3) Smoking Attestation (\$20) Members and if applicable their spouse attest to being a non-smoker or commit to a smoking cessation program.</p>	<p>1) Health Assessment (\$10) Members complete or update a Health Assessment through the Personal Health Portal.</p> <p>2) Primary Care Provider (\$10) Members select a Primary Care Provider for themselves and any covered dependents.</p> <p>3) Smoking Attestation (\$20) Members and if applicable their spouse attest to being a non-smoker or commit to a smoking cessation program.</p>	<p>Premium Credits Not Available</p>

Additional Wellness Incentives for 2014 & 2015

Enhanced 80/20 Plan

- Wellness incentives:
 - \$15 copay reduction for utilizing the PCP (or someone in that practice) listed on the ID card
 - \$10 specialist copay reduction for utilizing a Blue Options Designated Specialist
 - \$0 inpatient hospital copay for utilizing a Blue Options Designated Hospital

Consumer-Directed Health Plan (CDHP) with HRA

- Wellness incentives:
 - \$15 added to the HRA when the PCP (or someone in that practice) listed on the ID card is seen
 - \$10 added to the HRA when a Blue Options Designated Specialist is seen
 - \$50 added to the HRA when a Blue Options Designated Hospital is utilized for inpatient services

Traditional 70/30 Plan

- Incentives Not Available

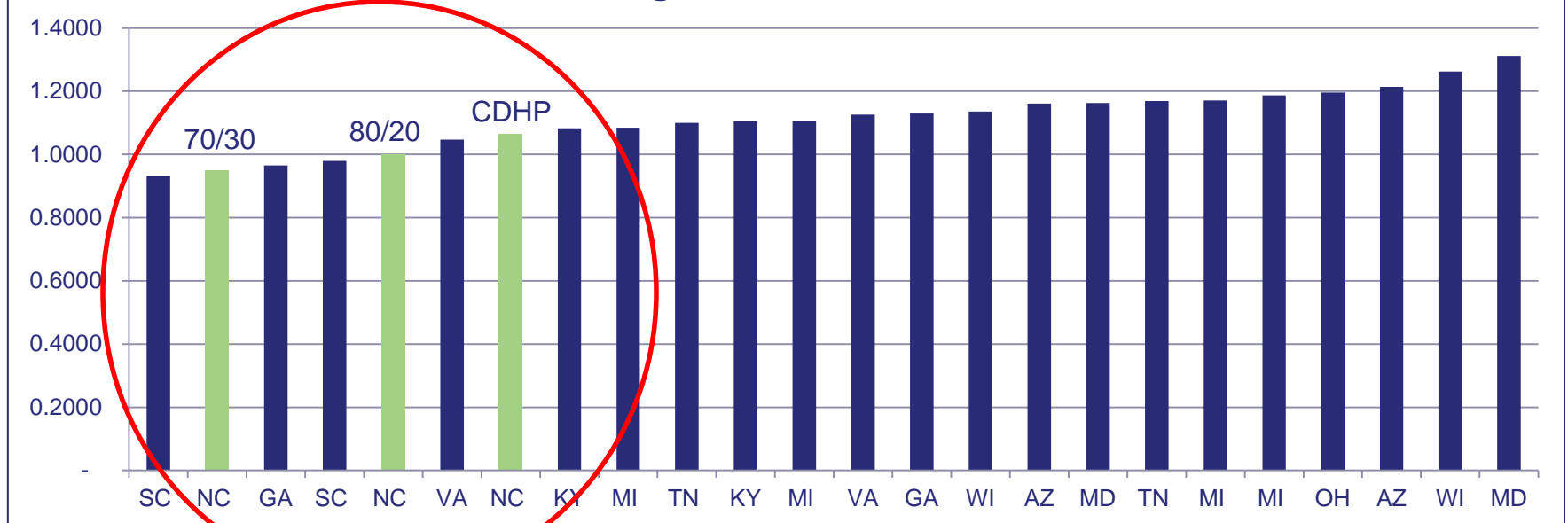
Beyond the Board Approved Benefit Options for 2014

Original Intent Regarding Future Changes

- To create a process of population health improvement:
 - Wellness premiums and credits increase over time
 - Healthy activities evolve and intensify over time
 - Modify for CY 2016
- Offer Traditional 70/30 Plan option on a premium free basis to Active Employees only through CY 2015
 - Apply subscriber wellness premiums and credits starting in CY 2016
 - At same levels in effect for the Enhanced 80/20 and CDHP Plan options

NC Plan Options Compared to Other States

Relative Plan Value
Excluding Premium Contributions



Segal Company – March 2014

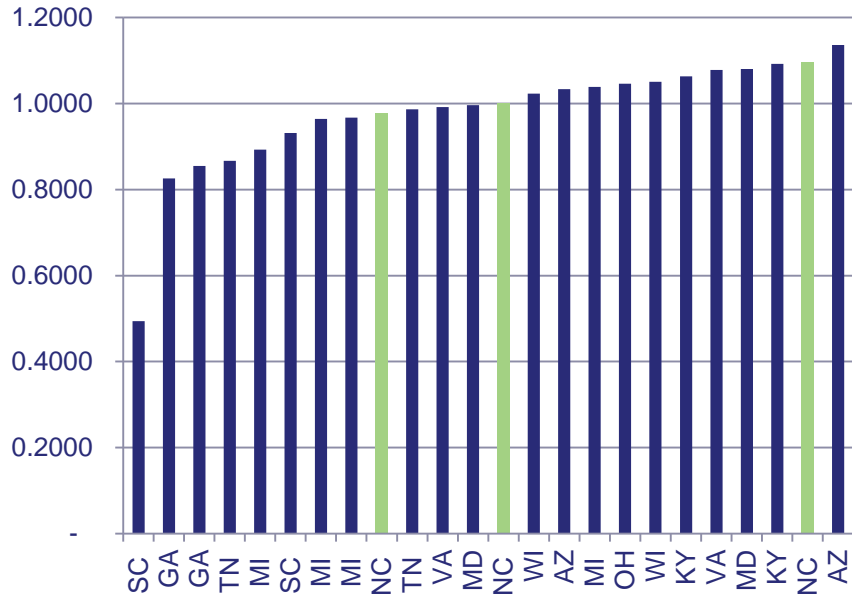
NC Options are:

- Similar in comparison to each other, and
- In the lower half of states in terms of relative plan value, *when premium contributions are not taken into account*

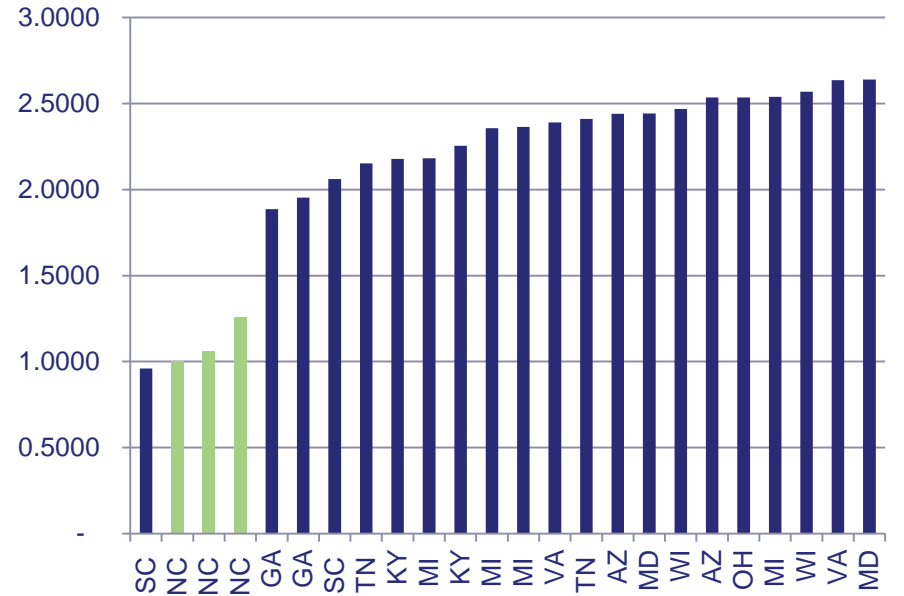
NC Plan Options Compared to Other States

Overall Relative Benefit Value Including Premium Contributions

Individual Coverage



Family Coverage



When the analysis includes premium contributions, NC Options provide:

- A higher level of value than based solely on plan richness
- A broad range of value propositions for individuals, less so for family coverage

2014 Healthy Lifestyle Benefit Comparison Grid

	NC	GA	SC	KY	TN	VA	AZ	MD	MI	OH	WI
Smoking Credit	\$20 monthly	\$80	\$40 monthly	\$40 monthly	No	No	No	No	No	No	No
Health Assessment	\$10 monthly	HRA (\$)	No	Yes	Yes	\$17 monthly	No	No	No	\$50	No
PCP	\$10 monthly	No	No	No	No	No	No	No	No	No	No
Biometric screening	No	HRA (\$)	No	No	Yes	\$17 monthly	No	No	No	\$75	No
Activities / Coaching	No	HRA (\$)	No	Yes	Yes	No	No	No	No	\$200	No
Enrollment	No	No	No	Yes	Yes	No	No	No	No	No	No

Will Update for November Meeting

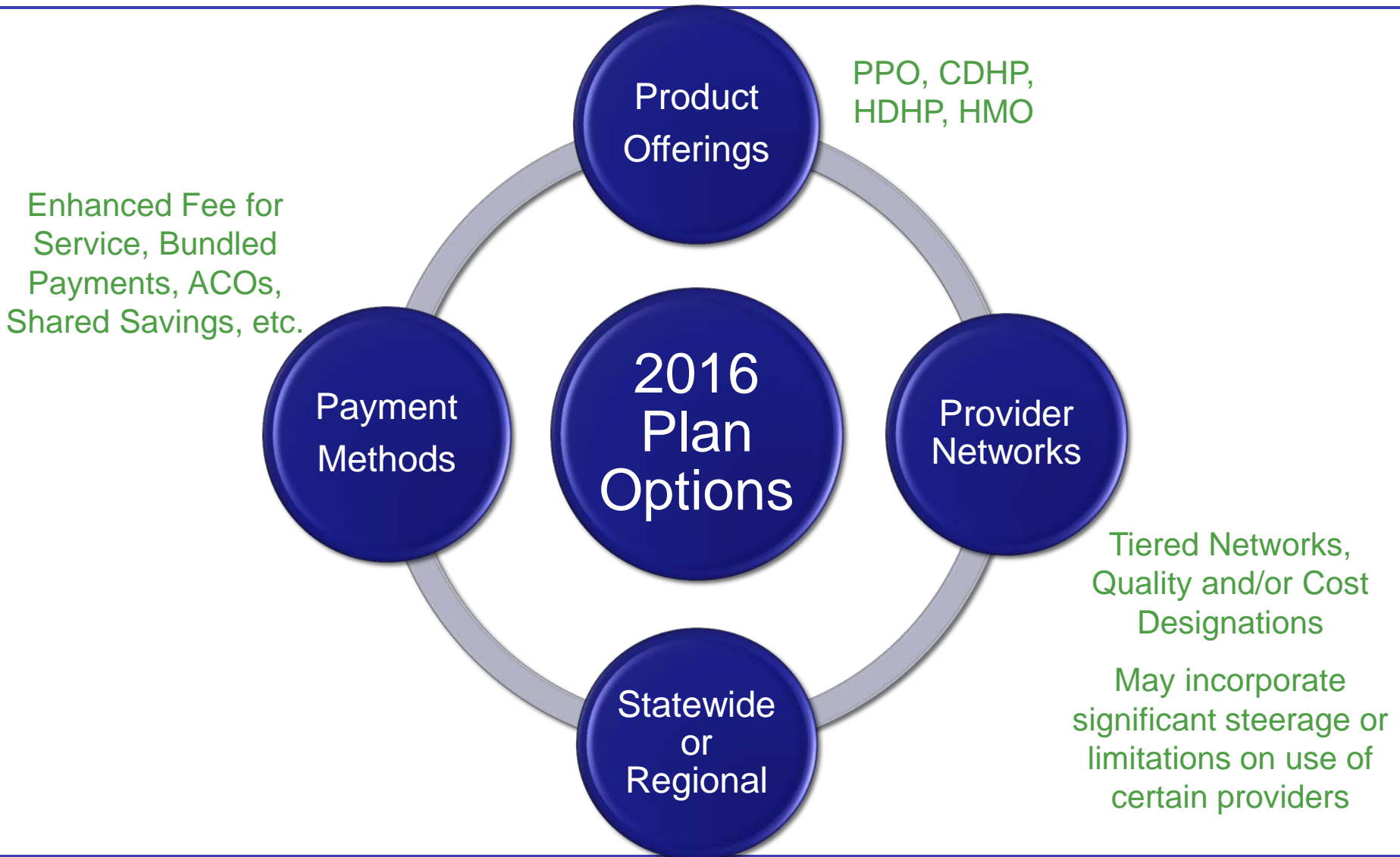
Why Consider Differentiating the SHP Options?

- Emerging trends include:
 - Differentiation and Steerage
 - Value-Based Design
 - Modifying Rx Benefit Design to establish a minimum and maximum copay approach
 - High Deductible Health Plans
 - Regional Offerings
- Segal analysis demonstrates similarity of NC options in terms of plan richness
 - Adding the Wellness Design to the 70/30 Plan will make the plan offerings more similar
 - When premiums are considered, individuals are provided greater choice, while families are provided very little meaningful choice
- Alignment with the Strategic Plan

Discussion Points on Benefit Differentiation

- Does differentiating the plans make sense?
- What strategies best match the Strategic Plan?
- What is the right amount of change?
- What can be implemented in CY 2016?

Elements for Differentiating Plan Options



Plan Differentiation Decision Tree

Should Plan consider modifying benefit designs and plan options to provide more meaningful choice?

Yes/Maybe

Plan should consider alternative benefit designs and options to promote differentiation of plan designs and value.

No, the current offerings make sense for membership, and Plan should generally continue with previous vision for 2016 benefit design, and consider options for doing so.

Plan Differentiation Decision Tree

Yes/Maybe

Plan should consider alternative benefit designs and options to promote differentiation of plan designs and value. Sample strategies include:

Change Benefit Offerings:

1. Significantly Modify or Discontinue 70/30 Plan
2. Offer **High** Deductible Health Plan

New Provider Network Arrangement:

1. Offer Narrow or Limited Network Plans
2. Provide Managed Care Options

Change Medical and/or Rx Benefit Structure:

1. Steerage approach
2. Wellness design
3. Consumerism
4. Deductible & Copay Changes
5. New benefits
6. Differentiate Rx Designs

Wellness Premium & Credit Structure:

1. Differentiate credits across plans
2. Differentiate activities

Plan Differentiation Decision Tree

No, current offerings make sense. Plan should generally continue with previous vision for 2016 benefit design, and consider options for doing so. Sample strategies include:

Modify Member Cost Share:

1. Modify member out of pocket costs for services (deductible, copayments)
2. Increase employee only premiums to subsidize dependents

Wellness Premium Credit Structure:

1. Differentiate credits across plans
2. Differentiate activities

Sample Healthy Activities:

1. Change to Tobacco Cessation
2. Biometrics in HA
3. Member Contact Info
4. Healthy Lifestyle
5. Participation in DM/CM
6. Health Literacy, Use of Transparency Tools

Next Steps

Oct. & Nov. 2014 Develop Options for Consideration

- Staff Research
- Consultant/Vendor Input
- BOT Workgroups
- Begin Financial Modeling

Nov. 2014 BOT Consideration

- Staff Presents Options & Initial Recommendations to BOT

Jan. 2015 BOT Finalizes Benefit Design Changes

- State Budget Process
- Implementation by Vendors
- Member Communication