



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Proposed Premium Rate Structure for 2014

Board of Trustees Meeting

May 24, 2013

A Division of the Department of State Treasurer

Presentation Overview

- Current premium rates/rate structure
- January 2014 plan design changes require a review of rate structure
- Features of current structure retained in proposal
- Proposed structure
- Summary

Current Rates



Monthly Premium Rates for Twelve-Month Active Employees July 1, 2012 - December 31, 2013

Coverage Types	EMPLOYEE MONTHLY PREMIUM RATES						
	70/30 Basic Plan			80/20 Standard Plan			State Monthly Contribution
	Employee Monthly Premium	Dependent Monthly Premium	Total Monthly Premium	Employee Monthly Premium	Dependent Monthly Premium	Total Monthly Premium	
Non-Medicare for Both Active Employee and Dependent(s)							
Employee	\$0.00	N/A	\$0.00	\$22.76	N/A	\$22.76	\$432.66
Employee+ Child(ren)	\$0.00	\$198.06	\$198.06	\$22.76	\$263.40	\$286.16	\$432.66
Employee + Spouse	\$0.00	\$510.32	\$510.32	\$22.76	\$606.88	\$629.64	\$432.66
Employee+ Family	\$0.00	\$543.54	\$543.54	\$22.76	\$643.42	\$666.18	\$432.66
Medicare Primary for Active Employee Only							
Employee	\$0.00	N/A	\$0.00	\$10.52	N/A	\$10.52	\$336.25
Employee + Child(ren)	\$0.00	\$198.06	\$198.06	\$10.52	\$263.40	\$273.92	\$336.25
Employee + Spouse	\$0.00	\$510.32	\$510.32	\$10.52	\$606.88	\$617.40	\$336.25
Employee + Family	\$0.00	\$543.54	\$543.54	\$10.52	\$643.42	\$653.94	\$336.25
Medicare Primary for Dependent(s) Only							
Employee	\$0.00	N/A	\$0.00	\$22.76	N/A	\$22.76	\$432.66
Employee + Child(ren)	\$0.00	\$140.92	\$140.92	\$22.76	\$200.50	\$223.26	\$432.66
Employee + Spouse	\$0.00	\$370.50	\$370.50	\$22.76	\$453.06	\$475.82	\$432.66
Employee + Family	\$0.00	\$403.70	\$403.70	\$22.76	\$489.62	\$512.38	\$432.66
Medicare Primary for Both Active Employee and Dependent(s)							
Employee	\$0.00	N/A	\$0.00	\$10.52	N/A	\$10.52	\$336.25
Employee + Child(ren)	\$0.00	\$140.92	\$140.92	\$10.52	\$200.50	\$211.02	\$336.25
Employee + Spouse	\$0.00	\$370.50	\$370.50	\$10.52	\$453.06	\$463.58	\$336.25
Employee + Family	\$0.00	\$403.70	\$403.70	\$10.52	\$489.62	\$500.14	\$336.25

Additional Complexity in Premium Rates

- New plan options
 - *CDHP*: Dependent premiums set 10% below rates for the 70/30 Plan
 - *MA-PDP Base Plans*: Rates set to cover the carrier premium for the plan (\$112 per month) + a share of SHP administrative expenses (\$2-3 per month)
 - *MA-PDP Buy-up Plans*: An additional \$33 is added to the base plan monthly premium
- Split Contracts: Different plan options for the Medicare and non-Medicare populations
- Wellness surcharges and credits
 - *80/20 Plan*: \$40 is added to the base monthly employee premium contribution; the rate can be reduced by as much as \$50 by completing healthy action steps
 - *CDHP*: The monthly employee premium starts at \$40 but can be reduced to \$0 by completing healthy action steps

Features Maintained from Current Structure

- “Free” options for employee/retiree coverage
 - Non-Medicare: 70/30 basic plan; CDHP can be reduced to \$0 with surcharge credits
 - Medicare: MA-PDP base plans; 70/30 basic plan
- Family tier structure
 - Employee/retiree only
 - Employee/retiree + child(ren)
 - Employee/retiree + spouse
 - Employee/retiree + family
- Employer (state) contribution pays the premium for the employee or retiree only
- Rates for 80/20 standard plan and 70/30 basic plan will be set from the current rates
- Employer and employee contributions are higher for non-Medicare members and lower for Medicare prime members

Proposed Rate Structure

Employee/Retiree Premiums									
Active Employees and Non-Medicare Retirees									
Wellness Plans	Wellness Activities	All Three	Two Activities Completed			One Activity Completed			None
	Smoking Attestation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	PCP Selection	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	HA Completion	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Employer Share	Employee/Retiree Share							
80/20 Standard Plan	\$432.66	\$12.76	\$27.76	\$27.76	\$32.76	\$42.76	\$47.76	\$47.76	\$62.76
Consumer-Directed Health Plan	\$432.66	\$0.00	\$10.00	\$10.00	\$20.00	\$20.00	\$30.00	\$30.00	\$40.00
Alternate Plan	Employer Share	Employee/Retiree Share							
70/30 Basic Plan	\$432.66	\$0.00							
Medicare Retirees									
<i>Medicare Advantage Plans</i>									
MA-PDP Base Plan	\$336.25	\$0.00							
MA-PDP Buy-up Plan	\$336.25	\$33.00							
<i>Alternate Plan</i>									
70/30 Basic Plan	\$336.25	\$0.00							

Total Employee/Retiree Contribution =

Employee/Retiree Share of the Employee/Retiree Premium

+

Dependent Premium

Red lettering indicates a new offering from the State Health Plan.

Note: With the exception of the MA-PDP products, the premium rates shown are prior to the application of any premium increase approved by the Board and the General Assembly.

Dependent Premiums						
Dependent Group	All Dependents are Non-Medicare			One or More Medicare Dependents		
	Non-Medicare Plan			Medicare Plan		
	80/20	CDHP	70/30	MA-PDP Base	MA-PDP Buy-up	70/30
Employee/Retiree + Child(ren)	\$263.40	\$178.25	\$198.06	\$114.50	\$147.50	\$140.92
Employee/Retiree + Spouse	\$606.88	\$459.29	\$510.32	\$114.50	\$147.50	\$370.50
Employee/Retiree + Family	\$643.42	\$489.19	\$543.54	\$229.00	\$295.00	\$403.70

Proposed Rate Table (Example)

Monthly Premium Rates for 80/20 Standard Plan Subscribers

Wellness Activities	Participation in Activities							
	All 3	Two Activities Completed			One Activity Complete		None	
Smoking Attestation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PCP Selection	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HA Completion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Non-Medicare for Employee/Retiree and Dependent(s)									
Employee/Retiree Only	\$12.76	\$27.76	\$27.76	\$32.76	\$42.76	\$47.76	\$47.76	\$47.76	\$62.76
Employee/Retiree + Child(ren)	\$276.16	\$291.16	\$291.16	\$296.16	\$306.16	\$311.16	\$311.16	\$311.16	\$326.16
Employee/Retiree + Spouse	\$619.64	\$634.64	\$634.64	\$639.64	\$649.64	\$654.64	\$654.64	\$654.64	\$669.64
Employee/Retiree + Family	\$656.18	\$671.18	\$671.18	\$676.18	\$686.18	\$691.18	\$691.18	\$691.18	\$706.18

Medicare Primary for One or More Dependent(s)									
<i>MA Base Plan for Medicare Dependents</i>									
Employee/Retiree + Child(ren)	\$127.26	\$142.26	\$142.26	\$147.26	\$157.26	\$162.26	\$162.26	\$162.26	\$177.26
Employee/Retiree + Spouse	\$127.26	\$142.26	\$142.26	\$147.26	\$157.26	\$162.26	\$162.26	\$162.26	\$177.26
Employee/Retiree + Family	\$241.76	\$256.76	\$256.76	\$261.76	\$271.76	\$276.76	\$276.76	\$276.76	\$291.76
<i>MA Buy-up Plan for Medicare Dependents</i>									
Employee/Retiree + Child(ren)	\$160.26	\$175.26	\$175.26	\$180.26	\$190.26	\$195.26	\$195.26	\$195.26	\$210.26
Employee/Retiree + Spouse	\$160.26	\$175.26	\$175.26	\$180.26	\$190.26	\$195.26	\$195.26	\$195.26	\$210.26
Employee/Retiree + Family	\$307.76	\$322.76	\$322.76	\$327.76	\$337.76	\$342.76	\$342.76	\$342.76	\$357.76
<i>70/30 Basic Plan for Medicare Dependents</i>									
Employee/Retiree + Child(ren)	\$153.68	\$168.68	\$168.68	\$173.68	\$183.68	\$188.68	\$188.68	\$188.68	\$203.68
Employee/Retiree + Spouse	\$383.26	\$398.26	\$398.26	\$403.26	\$413.26	\$418.26	\$418.26	\$418.26	\$433.26
Employee/Retiree + Family	\$416.46	\$431.46	\$431.46	\$436.46	\$446.46	\$451.46	\$451.46	\$451.46	\$466.46

Note: The premium rates shown are prior to the application of any premium increases approved by the Board and the General Assembly.

Summary

- January 2014 plan design changes add new complexity to the premium rate structure
- The proposed structure maintains the current family tiers as the basis for new rates
- Proposed structure designed so that rates within the family tiers will be the same or less under the proposal than they would be under the current plans after applying any across the board premium increases
- Dependent rates for Medicare retirees choosing an MA-PDP plan will be more favorable than the rates currently available to these members
- Future 2014 premium rate discussions will include rates for other member groups:
 - Direct bill and 50% contributory subscribers
 - COBRA
 - National Guard, Fire Department, and Emergency Medical Services (North Carolina G.S. § 135 – 38.48)

Proposed Premium Rate *Structure* for 2014

Plan staff recommends the Board of Trustees approve the proposed premium rate structure for 2014, which maintains the current tier structure.

Note: Recommended premium contribution rates for 2014 will be presented for Board approval after the General Assembly sets the employer contribution rates for the 2013-15 fiscal biennium.