



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Proposed Revisions to the Premium Rates for 2014

Board of Trustees Meeting

September 5, 2013

A Division of the Department of State Treasurer

Presentation Overview

- Review Board-approved rates
- Proposed revisions and additions
 - Revise employer contributions
 - Set rates for active employees who are Medicare primary
 - End stage renal disease (ESRD)
 - Retiring employees
 - Employees 65 or older who elect 12 month reduction-in-force (RIF) coverage
 - Set rates for split Medicare contracts

2014 Premium Rates Approved by Board July 26, 2013

Employee/Retiree Premiums										
Active Employees and Non-Medicare Retirees										
		Participation in Wellness Activities								
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"/>	
Wellness Plans		Employer Share	Employee/Retiree Share							
Enhanced 80/20 Plan		\$448.11	\$13.56	\$28.56	\$28.56	\$33.56	\$43.56	\$48.56	\$48.56	\$63.56
Consumer-Directed Health Plan		\$448.11	\$0.00	\$10.00	\$10.00	\$20.00	\$20.00	\$30.00	\$30.00	\$40.00
Alternate Plan		Employer Share	Employee/Retiree Share							
Traditional 70/30 Plan		\$448.11	\$0.00							
Medicare Retirees										
<i>Medicare Advantage Plans</i>										
MA-PDP Base Plan		\$348.25	\$0.00							
MA-PDP Enhanced Plan		\$348.25	\$33.00							
Alternate Plan										
Traditional 70/30 Plan		\$348.25	\$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.

Where applicable, premium rates assume a 3.57% increase effective January 1, 2014.

Dependent Premiums						
Dependent Group	All Dependents are Non-Medicare			One or More Medicare Dependents		
	Enhanced 80/20	CDHP	Traditional 70/30	MA-PDP Base	MA-PDP Enhanced	Traditional 70/30
Employee/Retiree + Child(ren)	\$272.80	\$184.60	\$205.12	\$114.50	\$147.50	\$145.94
Employee/Retiree + Spouse	\$628.54	\$475.68	\$528.52	\$114.50	\$147.50	\$383.72
Employee/Retiree + Family	\$666.38	\$506.64	\$562.94	\$229.00	\$295.00	\$418.10

Employer Contributions

Employing units have informed the Plan that the monthly employer contribution must be an even number in order to report a premium contribution on pay stubs for employees paid twice a month

Staff Recommendations:

1. Change monthly employer contribution for non-Medicare employees and retirees from \$448.11 to \$448.12.
2. Change monthly employer contribution for Medicare primary employees and retirees from \$348.25 to \$348.24.

(See page 5)

The recommended rates are compliant with the maximum annual employer contributions established in S.L. 2013-360, Appropriations Act of 2013 (SB 402)

Proposed 2014 Premium Rates With Adjusted Employer Shares

Employee/Retiree Premiums										
Active Employees and Non-Medicare Retirees										
Wellness Activities	Participation in 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"/>	<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"/>	<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"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Wellness Plans	Employer Share	Employee/Retiree Share								
Enhanced 80/20 Plan	\$448.12	\$13.56	\$28.56	\$28.56	\$33.56	\$43.56	\$48.56	\$48.56	\$63.56	
Consumer-Directed Health Plan	\$448.12	\$0.00	\$10.00	\$10.00	\$20.00	\$20.00	\$30.00	\$30.00	\$40.00	
Alternate Plan	Employer Share	Employee/Retiree Share								
Traditional 70/30 Plan	\$448.12	\$0.00								
Medicare Retirees										
Medicare Advantage Plans										
MA-PDP Base Plan	\$348.24	\$0.00								
MA-PDP Enhanced Plan	\$348.24	\$33.00								
Alternate Plan										
Traditional 70/30 Plan	\$348.24	\$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.
Where applicable, premium rates assume a 3.57% increase effective January 1, 2014.

Dependent Premiums						
Dependent Group	All Dependents are Non-Medicare			One or More Medicare Dependents		
	Enhanced 80/20	CDHP	Traditional 70/30	MA-PDP Base	MA-PDP Enhanced	Traditional 70/30
Employee/Retiree + Child(ren)	\$272.80	\$184.60	\$205.12	\$114.50	\$147.50	\$145.94
Employee/Retiree + Spouse	\$628.54	\$475.68	\$528.52	\$114.50	\$147.50	\$383.72
Employee/Retiree + Family	\$666.38	\$506.64	\$562.94	\$229.00	\$295.00	\$418.10

Medicare Primary Active Employees

- In general, the Plan is always the primary payer for active employees and their dependents, even if these members are eligible for Medicare
- Medicare becomes the primary payer for active employees and/or their dependents:
 - After a member has had ESRD for 30 months
 - In the final month before retirement for an active employee who is eligible for Medicare or who has a Medicare-eligible dependent
 - During the 12 month RIF period for a former active employee who is eligible for Medicare or who has a Medicare-eligible dependent
- Active employees may select the Enhanced 80/20 Plan or Consumer-Directed Health Plan (CDHP).

No Medicare primary rates have been set for these plans.

Staff Recommendations:

1. ESRD Medicare primary members: Members remain in their chosen plans but contributions for the member with ESRD will be based on the Medicare rates for the Traditional 70/30 Plan. (See pages 7 and 8)
2. Retiring & 12 Month RIF employees: Members remain in their chosen plans for the month prior to retirement or during the 12 month RIF period, and employee contributions *do not* change. As applicable to each situation, employer contributions and/or dependent premiums will be based on the Medicare rates for the Traditional 70/30 Plan. (See page 9)

Proposed Monthly Premium Rates

Medicare Primary Active Employees due to ESRD

Monthly Premium Rates

For Active Employees and Dependents who are Medicare primary due to ESRD

January 1, 2014 - December 31, 2014

Employer Share: \$348.24	Current Plan		
	Enhanced 80/20	CDHP	Traditional 70/30
Medicare Primary for Active Employee Only			
Employee/Retiree Only	\$0.00	\$0.00	\$0.00
Employee/Retiree + Child(ren)	\$272.80	\$184.60	\$205.12
Employee/Retiree + Spouse	\$628.54	\$475.68	\$528.52
Employee/Retiree + Family	\$666.38	\$506.64	\$562.94
Medicare Primary for Active Employee and One or More Dependent(s)			
Employee/Retiree + Child(ren)	\$145.94	\$145.94	\$145.94
Employee/Retiree + Spouse	\$383.72	\$383.72	\$383.72
Employee/Retiree + Family	\$418.10	\$418.10	\$418.10

The employee and dependents do not change plans, but contributions are based on the Medicare rates for the Traditional 70/30 Plan. See next page if only a dependent (not the employee) is Medicare primary due to ESRD.

Proposed Monthly Premium Rates

Medicare Primary Dependents due to ESRD

Monthly Premium Rates

For Active Employees with Dependents who are Medicare primary due to ESRD

January 1, 2014 - December 31, 2014

Employer Share: \$448.12

Wellness Activities	Participation in Wellness 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"/>

Active Employee is in a Wellness Plan

Enhanced 80/20 Plan

Employee/Retiree + Child(ren)	\$159.50	\$174.50	\$174.50	\$179.50	\$189.50	\$194.50	\$194.50	\$209.50
Employee/Retiree + Spouse	\$397.28	\$412.28	\$412.28	\$417.28	\$427.28	\$432.28	\$432.28	\$447.28
Employee/Retiree + Family	\$431.66	\$446.66	\$446.66	\$451.66	\$461.66	\$466.66	\$466.66	\$481.66

Consumer-Directed Health Plan

Employee/Retiree + Child(ren)	\$145.94	\$155.94	\$155.94	\$165.94	\$165.94	\$175.94	\$175.94	\$185.94
Employee/Retiree + Spouse	\$383.72	\$393.72	\$393.72	\$403.72	\$403.72	\$413.72	\$413.72	\$423.72
Employee/Retiree + Family	\$418.10	\$428.10	\$428.10	\$438.10	\$438.10	\$448.10	\$448.10	\$458.10

Active Employee is in the Traditional 70/30 Plan

Employee/Retiree + Child(ren)	\$145.94
Employee/Retiree + Spouse	\$383.72
Employee/Retiree + Family	\$418.10

The family does not change plans, but dependent contributions are based on the Medicare rates for the Traditional 70/30 Plan.

Proposed Monthly Premium Rates

Medicare Primary Members due to Retirement or 12 Month RIF

Monthly Premium Rates

For Active Employees who are Medicare primary due to upcoming retirement or RIF

January 1, 2014 - December 31, 2014

Wellness Activities	Participation in Wellness 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 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"/>	
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"/>	
Premium Credits Earned								
Enhanced 80/20 Plan	\$50.00	\$35.00	\$35.00	\$30.00	\$20.00	\$15.00	\$15.00	\$0.00
CDHP	\$40.00	\$30.00	\$30.00	\$20.00	\$20.00	\$10.00	\$10.00	\$0.00

Medicare Primary for Active Employee Only	80/20 Plan			CDHP Plan			70/30 Plan			Employer Monthly Contribution
	Employee Monthly Premium*	Dependent Monthly Premium	Total Monthly Premium*	Employee Monthly Premium*	Dependent Monthly Premium	Total Monthly Premium*	Employee Monthly Premium	Dependent Monthly Premium	Total Monthly Premium	
Employee Only	\$63.56	\$0.00	\$63.56	\$40.00	\$0.00	\$40.00	\$0.00	\$0.00	\$0.00	\$348.24
Employee +Child(ren)	\$63.56	\$272.80	\$336.36	\$40.00	\$184.60	\$224.60	\$0.00	\$205.12	\$205.12	\$348.24
Employee + Spouse	\$63.56	\$628.54	\$692.10	\$40.00	\$475.68	\$515.68	\$0.00	\$528.52	\$528.52	\$348.24
Employee + Family	\$63.56	\$666.38	\$729.94	\$40.00	\$506.64	\$546.64	\$0.00	\$562.94	\$562.94	\$348.24

Medicare Primary for Dependent(s) Only	80/20 Plan			CDHP Plan			70/30 Plan			Employer Monthly Contribution
	Employee Monthly Premium*	Dependent Monthly Premium	Total Monthly Premium*	Employee Monthly Premium*	Dependent Monthly Premium	Total Monthly Premium*	Employee Monthly Premium	Dependent Monthly Premium	Total Monthly Premium	
Employee +Child(ren)	\$63.56	\$145.94	\$209.50	\$40.00	\$145.94	\$185.94	\$0.00	\$145.94	\$145.94	\$448.12
Employee + Spouse	\$63.56	\$383.72	\$447.28	\$40.00	\$383.72	\$423.72	\$0.00	\$383.72	\$383.72	\$448.12
Employee + Family	\$63.56	\$418.10	\$481.66	\$40.00	\$418.10	\$458.10	\$0.00	\$418.10	\$418.10	\$448.12

Medicare Primary for Both Active Employee and Dependent(s)	80/20 Plan			CDHP Plan			70/30 Plan			Employer Monthly Contribution
	Employee Monthly Premium*	Dependent Monthly Premium	Total Monthly Premium*	Employee Monthly Premium*	Dependent Monthly Premium	Total Monthly Premium*	Employee Monthly Premium	Dependent Monthly Premium	Total Monthly Premium	
Employee +Child(ren)	\$63.56	\$145.94	\$209.50	\$40.00	\$145.94	\$185.94	\$0.00	\$145.94	\$145.94	\$348.24
Employee + Spouse	\$63.56	\$383.72	\$447.28	\$40.00	\$383.72	\$423.72	\$0.00	\$383.72	\$383.72	\$348.24
Employee + Family	\$63.56	\$418.10	\$481.66	\$40.00	\$418.10	\$458.10	\$0.00	\$418.10	\$418.10	\$348.24

*Less premium credits earned

Split Medicare Contracts

- A member may only choose one Medicare plan for his or her family, and all Medicare primary family members must enroll in the selected option
- If a Medicare Advantage (MA) option is selected and a member is not eligible for MA, the member will instead be placed in the Traditional 70/30 Plan (and will be charged the 70/30 Medicare rate)
- In some cases, one family member could be dropped by the MA vendor while the other remains in MA, resulting in a split Medicare contract
- A split Medicare contract does not impact the employer contribution

Staff Recommendation:

Mix the approved MA rate with the appropriate Medicare rate for the Traditional 70/30 Plan.

(See page 11)

Proposed Monthly Premium Rates

Split Medicare Contracts

Monthly Premium Rates

January 1, 2014 - December 31, 2014

Split Medicare Contracts

Employer Share: \$348.24	Dependent Plan	
	MA-PDP Base	MA-PDP Enhanced
Subscriber is Disenrolled and is Placed in Traditional 70/30 Plan		
Employee/Retiree + Child(ren)	\$114.50	\$147.50
Employee/Retiree + Spouse	\$114.50	\$147.50
Employee/Retiree + Family	\$229.00	\$295.00
	Subscriber Plan	
	MA-PDP Base	MA-PDP Enhanced
Dependent is Disenrolled and is Placed in Traditional 70/30 Plan		
Employee/Retiree + Child(ren)	\$145.94	\$178.94
Employee/Retiree + Spouse	\$383.72	\$416.72
Employee/Retiree + Family	\$418.10	\$451.10

A retiree who enrolls in a Medicare Advantage plan and is later found to be ineligible will be disenrolled and placed in the Traditional 70/30 Plan instead. If two or more family members enroll in Medicare Advantage and one is disenrolled and placed in the Traditional 70/30 Plan, the result will be a split Medicare contract, with some family members in the selected Medicare Advantage plan and the disenrolled member(s) in the Traditional 70/30 Plan. These rates cover that scenario. *Splitting Medicare contracts is **not** an option that may be chosen.*

Authorization for Technical Corrections/Adjustments

Staff Recommendation:

Authorize the Executive Administrator to modify premium rates to make technical corrections or minor adjustments to ensure compliance or administrative feasibility.