



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
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July 2017 Financial Report ***Board of Trustees Meeting***

September 19, 2017

A Division of the Department of State Treasurer

Financial Results: Actual vs. Budgeted

Calendar Year to Date July 2017

Calendar Year 2017	Actual thru Jul 2017	Authorized Budget (per Segal 4-26-17)	Variance Over/(Under) Budget
Beginning Cash Balance	\$962.5 m	\$962.5 m	\$0.0 m
Plan Revenue	\$1.942 b	\$1.916 b	\$25.8 m
Net Claims Payments	\$1.801 b	\$1.782 b	\$18.7 m
Medicare Advantage Premiums	\$112.7 m	\$112.6 m	\$0.1 m
Net Administrative Expenses	\$108.0 m	\$132.8 m	(\$24.8 m)
Total Plan Expenses	\$2.022 b	\$2.028 b	(\$6.0 m)
Net Income/(Loss)	(\$79.7 m)	(\$111.5 m)	\$31.8 m
Ending Cash Balance	\$882.8 m	\$851.0 m	\$31.8 m

Financial Results Actual vs. Budgeted

Calendar Year to Date July 2017

Per Member Per Month (PMPM) Analysis

Calendar Year 2017	Actual thru Jul 2017	Authorized Budget (per Segal 4-26-17)	Variance Over/(Under) Budget
Plan Revenue	\$387.08	\$386.53	\$0.55
Net Claims Payments	\$360.24	\$359.27	\$0.97
Medicare Advantage Premiums	\$22.53	\$22.69	(\$0.16)
Net Administrative Expenses	\$21.60	\$26.76	(\$5.16)
Total Plan Expenses	\$404.37	\$408.72	(\$4.35)
Net Income/(Loss)	(\$17.29)	(\$22.19)	\$4.90

Comparing actual results to the budget projection on a PMPM basis helps correct for changes in membership that occurred during the year.

Financial Results Administrative Expense Detail

Calendar Year to Date July 2017

Vendor	Service Provided	2017 To Date	% of Total
BCBSNC	Medical Claims Processing	\$44,999,212	41.7%
ActiveHealth Management	Population Health Management	\$17,764,373	16.4%
US Federal Government	ACA Fees	\$13,124,489	12.1%
Benefitfocus	Enrollment & Eligibility	\$10,759,144	10.0%
CVS	Pharmacy Benefit Management	\$5,381,957	5.0%
iTedium/COBRAGuard	COBRA & Billing	\$3,107,261	2.9%
Express Scripts	Pharmacy Benefit Management	\$2,111,170	2.0%
SHP Salaries	General Administration	\$1,900,410	1.8%
Change Healthcare/HTMS	Contractual Staff	\$1,783,982	1.7%
GDAC/Dept of Information Technology	Data Analytics	\$960,891	0.9%
DST Core Services Allocation	General Administration	\$877,588	0.8%
Health Management Systems, Inc.	Subrogation	\$685,204	0.6%
Segal Consulting	Actuarial & Benefit Consulting	\$671,100	0.6%
SHP Benefits	General Administration	\$611,073	0.6%
NC Agricultural Foundation	Wellness - EatSmart, diabetes	\$458,849	0.4%
DHHS Public Health - Quitline	Tobacco Cessation	\$384,371	0.4%
SHP Communications	Printing & Mailing	\$268,523	0.2%
Thomas & Gibbs	Auditing Services - Medical	\$227,888	0.2%
SAS	Data Analytics	\$226,305	0.2%
Novant Medical Group	Coordination of Care Performance Pmts.	\$176,160	0.2%
Eagle Physicians	Coordination of Care Performance Pmts.	\$131,306	0.1%
BCBS (Rival Health)	Wellness	\$129,775	0.1%
NC Officer of State Controller	Administrative Expenses	\$88,226	0.1%
SHP Rent/Leases	Office Space	\$85,316	0.1%
DHHS-DMA (Truven)	Data Analytics	\$82,250	0.1%
Tricast Inc.	Auditing Services - Pharmacy	\$80,000	0.1%
NC Department of Justice	Legal Services	\$73,176	0.1%
Medcost	Plan Administration (HDHP)	\$69,992	0.1%
New Hanover Medical	Coordination of Care Performance Pmts.	\$54,468	0.1%
Buck Consultants/Conduent	Communications Consulting	\$35,239	0.0%
All Other		\$728,254	0.7%
TOTAL		\$108,037,951	100.0%



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Open Enrollment Readiness & Communication

Board of Trustees Meeting

September 19, 2017

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Open Enrollment Readiness Update: Benefitfocus

- Benefitfocus has made necessary system changes to support 2018 Open Enrollment (OE).
- **2018 OE Requirements:**
 - New vendor configuration
 - New benefit configuration
 - New enrollment configuration
 - New Primary Care Provider selection workflow
 - Development work for NC Flex vendors
- **Member Experience:**
 - The online enrollment process for Plan benefits has fewer clicks.
 - Additional messaging has been added through out the process.
 - A congratulations message at the end of the enrollment process has been added to signify a successful enrollment transaction.

Open Enrollment Readiness Update: CVS

- Formulary & Utilization Management (UM) Changes
 - **Formulary Changes***
 - Not all January 1 formulary and UM changes will be available prior to OE.
 - Final changes will be reviewed by the P&T Committee in November.
 - Members who are negatively impacted by the changes will be notified.
 - **Exception Process**
 - Last year, in conjunction with the move to a “closed” formulary, we rolled out a very liberal exception process.
 - This year, CVS will begin applying appropriate medical necessity criteria to all exception request.
 - Members whose current exceptions are set to expire will receive a notice and renewal instructions .

**Formulary is updated on a quarterly basis.*

Open Enrollment Readiness Update: All Plan Vendors

- Preparing for Open Enrollment is an “all hands on deck” effort.
- **Enrollment Testing:**
 - Vendor testing began in July and continues through September.
 - Testing includes verifying enrollment workflows and transactions.
 - Testing partners included:
 - Benefitfocus
 - Blue Cross and Blue Shield of NC
 - UnitedHealthcare
 - CVS
 - iTEDIUM
- **Enrollment Current Status:**
 - All systems are “go” in eEnroll.
 - No open defects.
 - All groups are mapped.
- **OE EDI (enrollment files to vendors):**
 - Confirmed ability to send 2018 enrollment data to all vendors.
 - A few outstanding issues at CVS (resolution prior to January 1, does not impact OE). We anticipate closing these issues soon.

Open Enrollment Communication & Outreach Strategy



Open Enrollment: HBR Training Efforts

- HBR Open Enrollment training sessions were held at 16 locations across the state and via webinars.
 - 10 onsite trainings were held with 444 attending
 - 6 webinars were held with 413 attending.
 - The Plan is partnering with NCFlex for an additional 5 onsite trainings in September.
 - The Plan distributed Open Enrollment posters to HBRs attending the trainings to promote Open Enrollment at their worksites.



Changes Are Coming

Open Enrollment is your chance to choose the health plan coverage that best fits the needs of you and your family.

Changes to 2018 Coverage

- No increase to premiums for family coverage
- The 80/20 Plan will have a \$50/month employee-only premium *(with tobacco attestation)*
- The 70/30 Plan will have a \$25/month employee-only premium *(with tobacco attestation)*
- Consumer-Directed Health Plan (CDHP 85/15) will not be offered. Health Reimbursement Accounts (HRAs) must be used by Dec. 31, 2017.

State Health Plan Open Enrollment

Sept. 30 – Oct. 31, 2017

Questions?

Call the Eligibility and Enrollment Support Center at 855-859-0966.

Extended hours during Open Enrollment:
Monday – Friday, 8 a.m. – 10 p.m.
Saturday, 8 a.m. – Noon

To learn more, visit
www.shpnc.org



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Member Communication and Outreach

Medicare Outreach Event Invitation

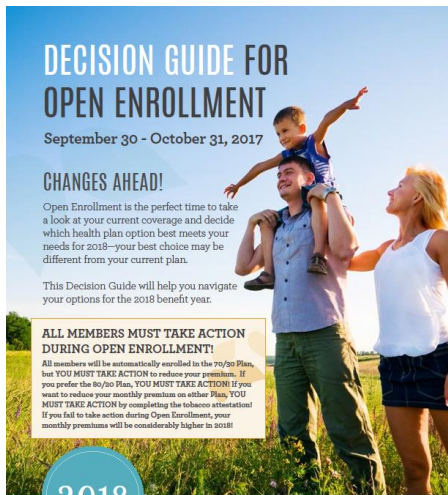
Medicare Outreach Events

Member Outreach Events & Webinars

Telephone Town Halls

Decision Guides

Reminder Postcard



DECISION GUIDE FOR OPEN ENROLLMENT
September 30 - October 31, 2017

CHANGES AHEAD!
Open Enrollment is the perfect time to take a look at your current coverage and decide which health plan option best meets your needs for 2018—your best choice may be different from your current plan.
This Decision Guide will help you navigate your options for the 2018 benefit year.

ALL MEMBERS MUST TAKE ACTION DURING OPEN ENROLLMENT!
All members will be automatically enrolled in the 90/50 Plan, but **YOU MUST TAKE ACTION** to reduce your premium. If you prefer the 80/20 Plan, **YOU MUST TAKE ACTION!** If you want to reduce your monthly premium on either Plan, **YOU MUST TAKE ACTION** by completing the tobacco attestation! If you fail to take action during Open Enrollment, your monthly premiums will be considerably higher in 2018!

2018



2018 State Health Plan Open Enrollment
CHANGES AHEAD!
Join us by phone for a Telephone Town Hall meeting for non-Medicare members to learn more about your 2018 State Health Plan options.

**2018 Open Enrollment:
September 30-October 31, 2017**

Telephone Town Hall save the date!
Wednesday, October 4, at 7 p.m.
See back for details.



2018 STATE HEALTH PLAN OPTIONS & MEDICARE OUTREACH EVENT SCHEDULE

See inside for meeting dates and times





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Dependent Eligibility Verification Audit

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Dependent Eligibility Verification Audit

As a reminder, the Plan initiated a Dependent Eligibility Verification Audit in May 2017.

Audit Goals:

- Confirm eligibility of all dependents
- Attach verified documents to dependents' electronic record so that future audits of this scale are not necessary
- Terminate dependents who are not eligible



May 8 & May 12, 2017
Initial HBR Alerts Sent



May 22, 2017
Audit Begins



July 11, 2017*
Follow up letter mailed to
Non-responders



July 26, 2017
Reminder Postcard mailed to
Non-responders



May 18, 2017
Initial letters mailed to members



July 1, 2017
Outbound Calls to Retirees begin



July 17, 2017
Outbound Calls to active members
in state agencies



July 31, 2017
Documentation Submission
Deadline

** Letters were delayed due to mail vendor error.*

Dependent Eligibility Verification Audit Results

- The audit population included 187,791* covered dependents under the age of 75.

92% Verified!

7% Did not Respond

1% Responded with Invalid Documents

Entity	Dependent Count	Verified	Invalid Documents	No response
Public Schools	87,390	79,813 / 91%	817 / 0.9%	6,760 / 8%
Universities	33,187	31,674 / 95%	191 / 0.6%	1,322 / 4%
State Agencies	31,363	28,957 / 92%	323 / 1%	2,083 / 7%
Retirees	19,176	16,901 / 88%	386 / 2%	1,889 / 10%
Community Colleges	8,702	8,256 / 95%	63 / 1%	383 / 4%
Local Governments	4,417	3,806 / 86%	45 / 1%	566 / 13%
Charter Schools	2,592	2,347 / 90%	13 / 1%	232 / 9%
COBRA Participants	778	248 / 32%	4 / 1%	526 / 67%
Direct Bill Members	186	145 / 78%	5 / 3%	36 / 19%

*Original audit population: 193,791 – Number decreased to 187,791 through routine attrition.

Dependent Eligibility Verification: Next Steps

- The Plan's goal has not changed. We still want to obtain verification documentation on all dependents; therefore, Plan staff will keep working on the process.
 - **Responders with invalid documents:** Clearly, these folks are trying to validate their dependents. We will continue to work with them to obtain the correct documents.
 - **Audit Non-Responders:** We will continue to outreach to these members until we feel that we have exhausted all avenues of obtaining the documents.
 - **Return Mail** – We received about 1,000 pieces of return mail. We're now working to get valid addresses for these members.
 - **Mail** – Another letter will be mailed to responders with invalid documents and non-responders the week of September 25.
 - **Email** – If we have an email address, we will attempt to reach the member via email.
 - **Calls** – Plan staff will also attempt to call members who do not respond to the next letter.
- Once we feel we have done all we can to reach these members, we will terminate the dependents of members who have not complied with the documentation requirements. They will be notified of the pending termination. To ensure we do not negatively impact Open Enrollment, the new target termination date is February 1, 2018.

Dependent Eligibility Verification: Next Steps

- While we were working on the audit, more dependents were joining the Plan every day.
- We will continue to refine the verification process to ensure that every dependent added to the Plan has the appropriate documentation uploaded to the enrollment system and that the documentation is appropriately verified.
- We hope to have this fully operationalized by mid-2018.