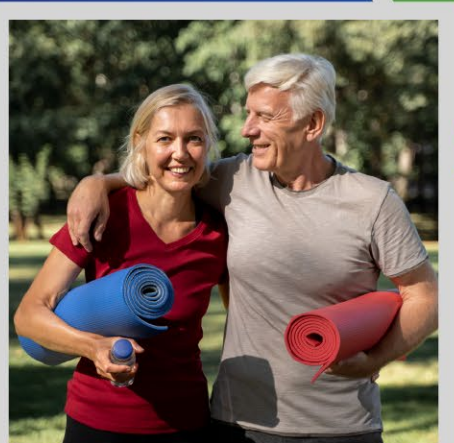


State Health Plan Board of Trustees Meeting July 15, 2021



Financial Update

State Health Plan Board of Trustees Meeting

July 15, 2021

Financial Results: Actual vs. Budgeted Calendar Year to Date May 2021

Calendar Year 2020	Actual thru May 2021	Authorized Budget (per Segal 11-24-20)	Variance Fav/(Unfav) Budget
Beginning Cash Balance	\$1.064b	\$1.008b	\$56.0m
Plan Revenue	\$1.532b	\$1.548b	(\$16.1m)
Net Claims Payments	\$1.460b	\$1.494b	\$34.2m
Medicare Advantage Premiums	\$5.5m	\$ 7.7m	\$2.2m
Net Administrative Expenses	\$75.6m	\$ 80.3m	\$4.7m
Total Plan Expenses	\$1.541b	\$1.582b	\$41.1m
Net Income/(Loss)	(\$8.8m)	(\$33.8m)	\$25.0m
Ending Cash Balance	\$1.055b	\$974.1m	\$80.9m

Financial Results: Calendar Year to Date May 2021 [CY20/CY21]

Calendar Year 2021	Actual thru MAY 2021	Actual thru MAY 2020	Variance Fav/(Unfav)
Beginning Cash Balance	\$1.064b	\$1.403b	(\$339.3m)
Plan Revenue	\$1.532b	\$1.578b	(\$46.3m)
Net Claims Payments	\$1.460b	\$1.262b	(\$197.4m)
Medicare Advantage Premiums	\$5.5m	\$110.3m	\$104.8m
Net Administrative Expenses	\$75.6m	\$60.7m	(\$14.9m)
Total Plan Expenses	\$1.541b	\$1.433b	(\$107.4m)
Net Income/(Loss)	(\$8.8m)	\$144.9m	(\$136.1m)
Ending Cash Balance	\$1.055b	\$1.548b	(\$493.1m)

Financial Results: Actual vs. Budgeted Fiscal Year to Date May 2021

Fiscal Year 2021	Actual thru MAY 2021	Authorized Budget (per Segal 11-24-20)	Variance Fav/(Unfav) Budget
Beginning Cash Balance	\$1.032b	\$1.032b	\$0
Plan Revenue	\$3.471b	\$3.483b	(\$12.2m)
Net Claims Payments	\$3.206b	\$3.265b	\$59.1m
Medicare Advantage Premiums	\$96.7m	\$119.0m	\$22.3m
Net Administrative Expenses	\$145.4m	\$175.6m	\$30.2m
Total Plan Expenses	\$3.448b	\$3.560b	\$111.5m
Net Income/(Loss)	\$22.6m	(\$76.7m)	\$99.4m
Ending Cash Balance	\$1.055b	\$955.7m	\$99.4m

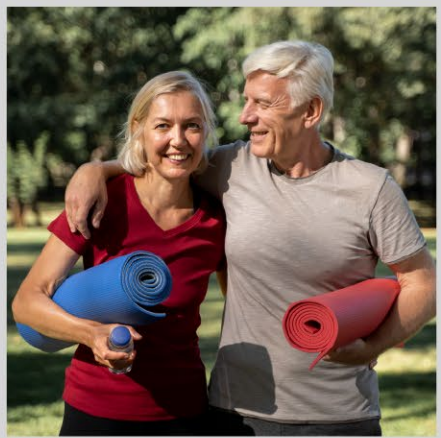
Financial Results: Fiscal Year to Date May 2021 [FY21/FY20]

Fiscal Year 2021	Actual thru MAY 2021	Actual thru MAY 2020	Variance Fav/(Unfav)
Beginning Cash Balance	\$1.032b	\$1.297b	(\$264.3m)
Plan Revenue	\$3.471b	\$3.487b	(\$16.4m)
Net Claims Payments	\$3.206b	\$2.913b	(\$293.2m)
Medicare Advantage Premiums	\$96.7m	\$195.0m	\$98.3m
Net Administrative Expenses	\$145.4m	\$128.0m	(\$17.4m)
Total Plan Expenses	\$3.448b	\$3.236b	(\$212.3m)
Net Income/(Loss)	\$22.6m	\$251.4m	(\$228.8m)
Ending Cash Balance	\$1.055b	\$1.548b	(\$493.1)

COVID-19 Costs Update

COVID-19 Costs by Period (Testing, Treatment and Vaccinations)

			Total COVID-19 Related Claims Paid Through 6/30/21
	CY 2020	CY 2021	
PCR Test	\$36,513,989	\$27,199,651	\$63,713,640
Antibody Test	685,719	318,169	1,003,888
Screening	12,797,931	4,413,101	17,211,032
Vaccines	9,575	4,969,206	4,978,781
Treatment	49,876,262	35,928,723	85,804,985
Total	\$99,883,476	\$72,828,850	\$172,712,326
**Senate Budget allows for payments of \$114m (CRF) and \$101m (ARP)			



Open Enrollment Update

Board of Trustees Meeting

July 15, 2021



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

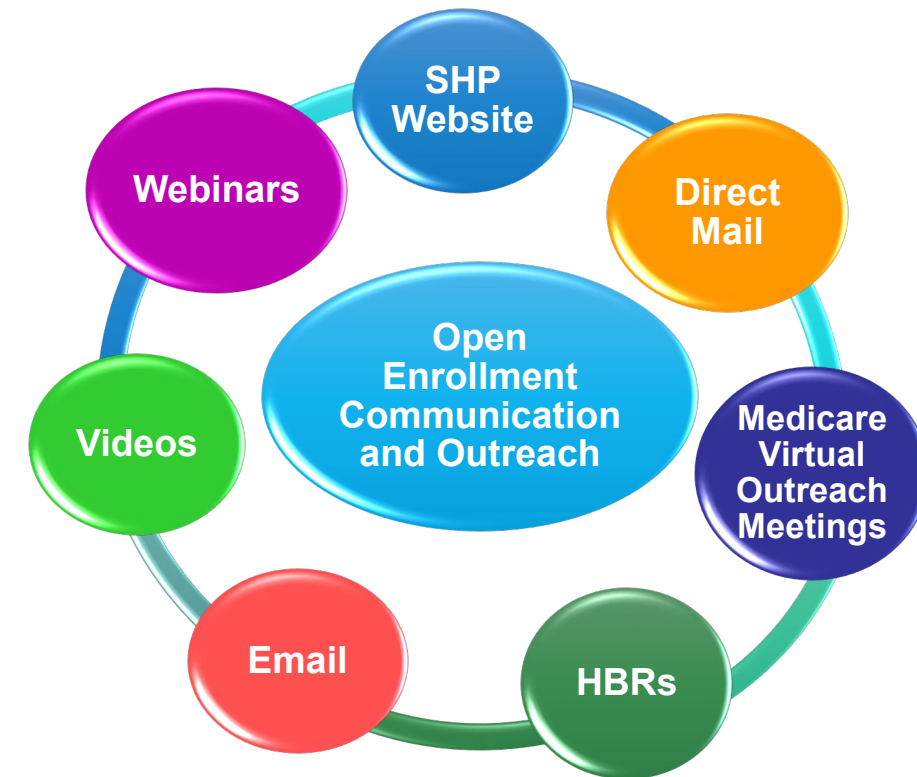


Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

Open Enrollment Planning Underway

2022 Open Enrollment
Oct. 11-29, 2021

- HBR OE Training will be held July 19-23.
- OE mailings are in progress.
- The Eligibility and Enrollment Support Center will have extended hours during Open Enrollment:
 - Monday-Friday, 8 a.m. - 10 p.m.
 - & Saturdays, 8 a.m. - 5 p.m.
- The Support Center is excited to offer virtual hold during OE this year to assist with call wait times.



Open Enrollment Planning Underway

- In September, the Plan will be attending the North Carolina Retired Governmental Employee's Association (NCGREA) district meetings to discuss Open Enrollment.
- In October, the Plan will be hosting webinars for Active & Medicare members regarding Open Enrollment.

Open Enrollment Medicare Webinar Schedule						
October 2021						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
				1	2	3
4	5 10 a.m. 2 p.m.	6 2 p.m. 7 p.m.	7 10 a.m. 2 p.m.	8 10 a.m.	9	10
11	12 10 a.m. 2 p.m.	13 10 a.m. 2 p.m.	14 2 p.m. 7 p.m.	15	16	17
18	19 10 a.m. 2 p.m.	20 10 a.m. 2 p.m.	21 2 p.m. 7 p.m.	22	23	24
25 10 a.m.	26 10 a.m. 2 p.m.	27 2 p.m. 7 p.m.	28	29	30	31



Additional 2022 Benefit Changes

Board of Trustees Meeting

July 15, 2021

Additional 2022 Benefit Changes: Compliance

- Since the Board of Trustees approved 2022 benefits in February, several additional items have emerged that require consideration.
- “Mental Health Parity and Addiction Equity Act” is a federal law that requires plans to offer equally favorable mental health benefits as compared to other medical benefits. Recently, additional regulations were specified in the Consolidated Appropriations Act of 2021.
- In order to maintain compliance with the Mental Health Parity and Addiction Equity Act and these most recent federal regulations, as well as to align our benefits language with current coverage practices, ***the Plan staff recommends removing the following exclusions:***

Current Exclusion or Limitation	Rationale for Change
Mental health services received in psychiatric residential treatment facilities when age 18 or older	Required to maintain compliance with Federal Mental Health Parity laws
Psychological assessment and psychotherapy treatment in conjunction with proposed gender transformation	Required to maintain compliance with Federal Mental Health Parity laws
Counseling with relatives about a patient with mental illness, alcoholism, drug addiction or substance abuse	Standard coverage for most plans

Additional 2022 Benefit Changes: Administrative

- Plan staff routinely reviews benefits that may be misaligned with Blue Cross NC or more cost effective to cover than to review for medical necessity or upon appeal.
- Plan staff recommends removing the following exclusions:

Current Exclusion	Rationale
Audiologic function test: Bekesy audiometry	Very few claims a year with a total cost of under \$150
Hot water bottle	Zero claims last year
Infrared heating pad system	Zero claims last year
Heel, pad, removable for spur	Zero claims last year

Additional 2022 Benefit Changes: Standardization

- The Plan currently excludes several Durable Medical Equipment (DME) items that are commonly covered by most health plans. The total spending for all of these items in a given year is less than \$250,000.00.
- Plan staff recommends covering these DME items on a go-forward basis.

Current Exclusion	Rationale for Change
Compression stockings	Covered by most plans – Used to prevent pooling of blood which can cause blood clots. Also used in the treatment of lymphedema and after varicose vein procedures
Pocket nebulizers	Covered by most plans
Helmet, protective, soft, prefabricated, includes all components and accessories. (The Plan already covers 1 helmet per lifetime for infants.)	Covered by most plans – Only custom helmets are covered
Sitz type bath or equipment, portable, used with or without commode, with faucet attachment(s) and sitz bath chair	Covered by most plans
Commode chairs, seat lifts, toilet rails, toilet benches	Covered by most plans – May require a prescription
<p>The following mattress accessories:</p> <ul style="list-style-type: none"> ▪ Powered pressure reducing mattress overlay/pad, alternating, with pump ▪ Pump for alternating pressure pad (for replacement only) ▪ Dry mattress pad ▪ Gel or gel-like pressure pad for mattress ▪ Air pressure mattress ▪ Water pressure mattress ▪ Synthetic sheepskin pad ▪ Lambswool sheepskin pad, any size ▪ Positioning cushion/pillow/wedge, any shape or size, includes all components and accessories 	Covered by most plans – Used in the prevention of skin breakdown for members who are primarily confined to the bed and are unable to adequately reposition their body in the bed.

Additional 2022 Benefits: From P&T Committee

December 2019

The Board reviewed options to enhance diabetic support for Plan members:

- Add a copay to diabetic supplies, including continuous glucose monitors, under the medical benefit to align with the diabetic supply copay on the pharmacy benefit
- Reduce the copay for insulin

February 2020

The Board approved the \$0 copay for insulin effective January 1, 2021.

April 2021

The P&T Committee requested the Plan consider moving continuous glucose monitors to the pharmacy benefit.

Additional 2022 Benefits: Continuous Glucose Monitors

- **What is a Continuous Glucose Monitor (CGM)?**
 - A continuous glucose monitor is a device used for monitoring blood glucose on a continual basis by insulin-requiring people with diabetes.
- **Does the Plan cover CGMs?**
 - Yes, the Plan covers CGMs under the medical benefit. The member must pay their deductible and coinsurance prior to the Plan's payment.
- **Do most plans cover CGMs under the medical or pharmacy benefit?**
 - More plans are beginning to cover CGMs under the pharmacy benefit.
- **Who benefits from CGMs?**
 - In **adults and children with type 1 diabetes**, real-time CGM compared with a blood glucose monitor (BGM) has been shown to reduce A1C, reduce episodes of hypoglycemia and improve time in target range (TIR) modestly, thus it may facilitate safer intensification of glucose control.
 - An international consensus on use of continuous glucose monitoring also recommends that CGM be **considered in patients with type 2 diabetes who are using intensive insulin therapy** who are not achieving glucose targets, especially if the patient is experiencing problematic hypoglycemia.