



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



2017 Benefit Design Changes

Board of Trustees Meeting

May 13, 2016

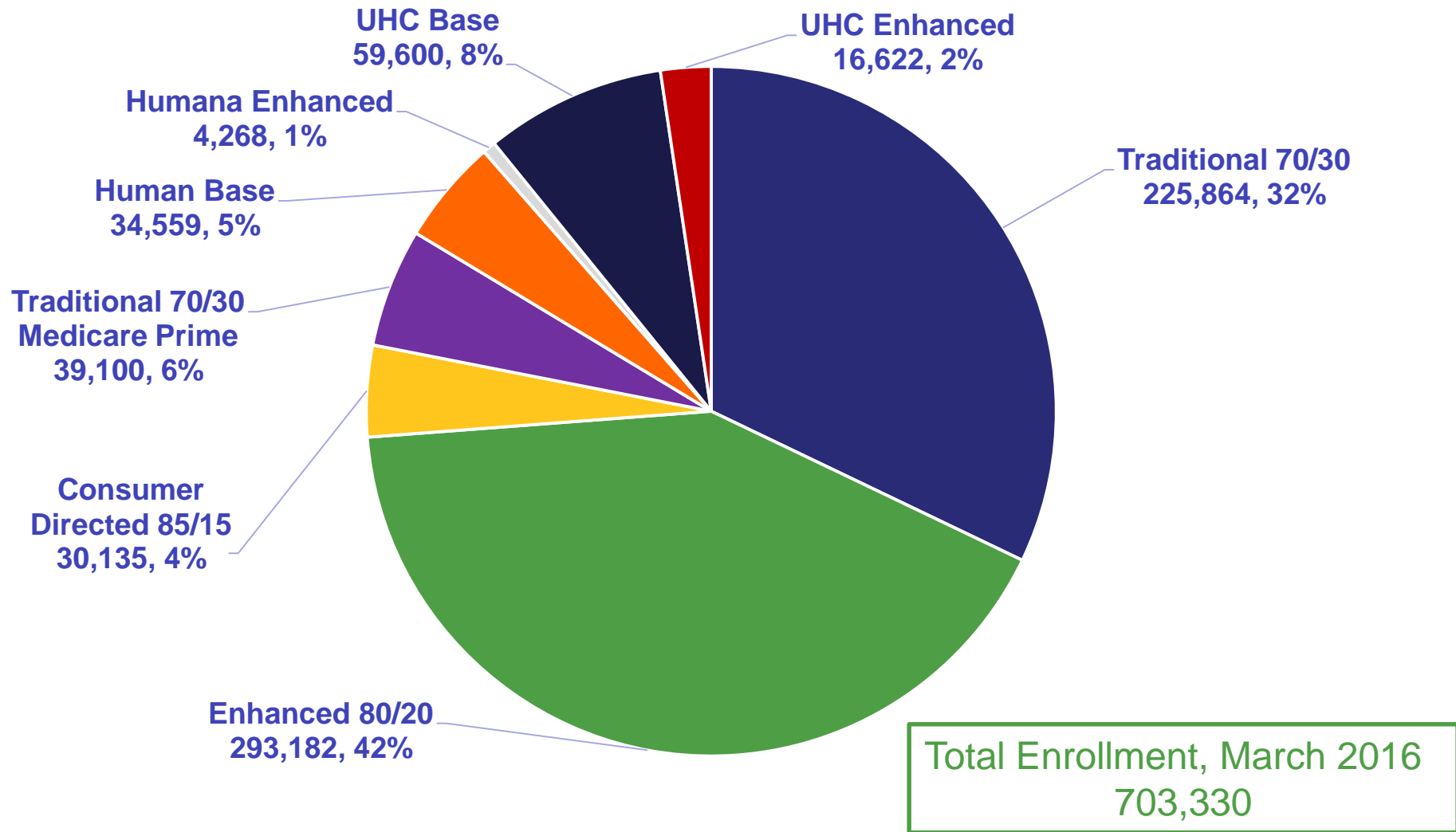
A Division of the Department of State Treasurer

Presentation Overview

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Membership by Plan Option



Recommended Benefit Design Changes for 2017

Recommended Benefit Design – CDHP 85/15 (*no change*)

	Current CY 2016 Non-Grandfathered	Recommended CY 2017 Non-Grandfathered
Base Premium	N/A	N/A
Deductible HRA	\$1,500 \$600	\$1,500 \$600
Coinsurance Percentage	15%	15%
ACA Preventive Services	Covered at 100%	Covered at 100%
Medical Coinsurance Max Pharmacy Max	N/A N/A	N/A N/A
Out of Pocket Max <i>(Includes Deductible)</i>	\$3,500	\$3,500
Selected PCP Non-selected PCP	Ded/Coins. +\$25 HRA credit Ded/Coins.	Ded/Coins. + \$25 HRA credit Ded/Coins.
B.O.D. Specialist. Non-B.O.D. Specialist	Ded/Coins. + \$20 HRA credit Ded/Coins.	Ded/Coins. + \$20 HRA credit Ded/Coins.
Inpatient Hospital B.O.D Non-B.O.D.	Ded/Coins. + \$200 HRA Credit Ded/Coins.	Ded/Coins. + \$200 HRA Credit Ded/Coins.
Outpatient Hospital	Deductible/Coinsurance	Deductible/Coinsurance
Urgent Care	Deductible/Coinsurance	Deductible/Coinsurance
ER Copay	Deductible/Coinsurance	Deductible/Coinsurance
Drugs	Ded/Coins. CDHP Maintenance Medications are deductible exempt	Ded/Coins. CDHP Maintenance Medications are deductible exempt

Recommended Benefit Design – Enhanced 80/20 Plan

	Current CY 2016 Grandfathered	Recommended CY 2017 Alternate Value Based Design Non-Grandfathered
Base Premium	\$24.20	\$24.20
Deductible	\$700	\$1,250
Coinsurance Percentage	20%	20%
ACA Preventive Coverage	Covered at 100%	Covered at 100%
Medical Coinsurance Max Pharmacy Max	\$3,210 \$2,500	N/A
Combined Out-of-Pocket Max Medical Out-of-Pocket Max Pharmacy Out-of-Pocket Max	N/A <i>(Includes Deductible)</i>	N/A \$4,350 \$2,500
Selected PCP Non-selected PCP	\$15 \$30	\$10 \$25
B.O.D. Specialist. Non-B.O.D. Specialist	\$60 \$70	\$45 \$85
Inpatient Hospital B.O.D. Non-B.O.D.	\$0, then Ded/Coins. \$233, then Ded/Coins.	\$0, then Ded/Coins. \$450, then Ded/Coins.
Outpatient Hospital	Deductible/Coinsurance	Deductible/Coinsurance
Urgent Care	\$87	\$70
ER <i>(Copay waived w/ admission or observation stay)</i>	\$233, then Ded/Coins.	\$300, then Ded/Coins.
Drugs Tier 1 (Generic) Tier 2 (Preferred Brand & High-cost Generic) Tier 3 (Non-preferred Brand) Tier 4 (Low-cost/Generic Specialty) Tier 5 (Preferred Specialty) Tier 6 (Non-preferred Specialty)	\$12 \$40 \$64 N/A 25% up to \$100 25% up to \$132	\$5 \$30 Deductible/Coinsurance \$100 \$250 Deductible/Coinsurance

Recommended Benefit Design – Traditional 70/30 Plan

	Current CY 2016 Grandfathered	Recommended CY 2017 Grandfathered
Base Premium	N/A	N/A
Deductible	\$1,054	\$1,080
Coinsurance Percentage	30%	30%
ACA Preventive Services	Cost-Sharing Applies	Cost-Sharing Applies
Medical Coinsurance Max	\$4,282	\$4,388
Pharmacy Max	\$3,294	\$3,360
Out of Pocket Max	N/A	N/A
PCP Copay	\$39	\$40
Specialist Copay	\$92	\$94
Inpatient Hospital	\$329, then Ded/Coins.	\$337, then Ded/Coins.
Outpatient Hospital	Deductible/Coinsurance	Deductible/Coinsurance
Urgent Care	\$98	\$100
ER <i>(Copay waived w/ admission or observation stay)</i>	\$329, then Ded/Coins.	\$337, then Ded/Coins.
Drugs		<i>Approved 2-5-16</i>
Tier 1 (Generic)	\$15	\$16
Tier 2 (Preferred Brand & High-cost Generic)	\$46	\$47
Tier 3 (Non-preferred Brand)	\$72	\$74
Tier 4 (Low-cost/Generic Specialty)	N/A	10% up to \$100
Tier 5 (Preferred Specialty)	25% up to \$100	25% up to \$103
Tier 6 (Non-preferred Specialty)	25% up to \$132	25% up to \$133

Impact on Actuarial Forecast

Baseline Forecast

	Baseline Forecast (assumes no additional changes)		New PBM Contract * Open Formulary (current arrangement)		New PBM Contract * Closed Formulary	
	ER	EE	ER	EE	ER	EE
CY 2017 Projected Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Max Amount Short of 20% Reserve (1st Month short)	\$115.6 M (March 2017)		\$83.1 M (April 2017)		\$72.0 M (May 2017)	
CY 2018 Projected Increase	15.21%	15.21%	12.71%	12.71%	11.91%	11.91%
CY 2019 Projected Increase	15.21%	15.21%	12.71%	12.71%	11.91%	11.91%
CY 2020 Projected Increase	4.82%	4.82%	6.02%	6.02%	6.45%	6.45%
CY 2021 Projected Increase	4.82%	4.82%	6.02%	6.02%	6.45%	6.45%

ER = employer contribution, EE = employee premium

*Assumes 100% of the projected savings for discount guarantees and 50% of the projected savings for pharmacy rebates; savings begin to accrue one month after 1/1/2017 start of contract

Forecast Scenarios: Open Formulary & Benefit Changes

	New PBM Contract * Open Formulary (current arrangement)		With Recommended Benefit Changes		With Recommended Benefit Changes & Increased Contributions	
	ER	EE	ER	EE	ER	EE
CY 2017 Projected Increase	0.00%	0.00%	0.0%	0.00%	3.43%	3.43%
Max Amount Short of 20% Reserve (1st Month short)	\$83.1 M (April 2017)		\$52.7 M (May 2017)		\$8.3 M (May 2017) <i>End FY above threshold</i>	
CY 2018 Projected Increase	12.71%	12.71%	9.97%	9.97%	6.48%	6.48%
CY 2019 Projected Increase	12.71%	12.71%	9.97%	9.97%	6.48%	6.48%
CY 2020 Projected Increase	6.02%	6.02%	7.70%	7.70%	9.90%	9.90%
CY 2021 Projected Increase	6.02%	6.02%	7.70%	7.70%	9.90%	9.90%

ER = employer contribution, EE = employee premium

*Assumes 100% of the projected savings for discount guarantees and 50% of the projected savings for pharmacy rebates; savings begin to accrue one month after 1/1/2017 start of contract

Reserve for Future Benefits Needs with Open Formulary

	New PBM Contract * Open Formulary (current arrangement)		Without Release of Reserve Funds		With Release of Reserve Funds	
	ER	EE	ER	EE	ER	EE
CY 2017 Projected Increase	0.00%	0.00%	(3.35%)	0.00%	3.43%	3.43%
Max Amount Short of 20% Reserve (1st Month short)	\$83.1 M (April 2017)		\$127.1 M (March 2017)		\$35.6 M (May 2017)	
CY 2018 Projected Increase	12.71%	12.71%	15.74%	15.74%	9.19%	9.19%
CY 2019 Projected Increase	12.71%	12.71%	15.74%	15.74%	9.19%	9.19%
CY 2020 Projected Increase	6.02%	6.02%	4.33%	4.33%	8.12%	8.12%
CY 2021 Projected Increase	6.02%	6.02%	4.33%	4.33%	8.12%	8.12%

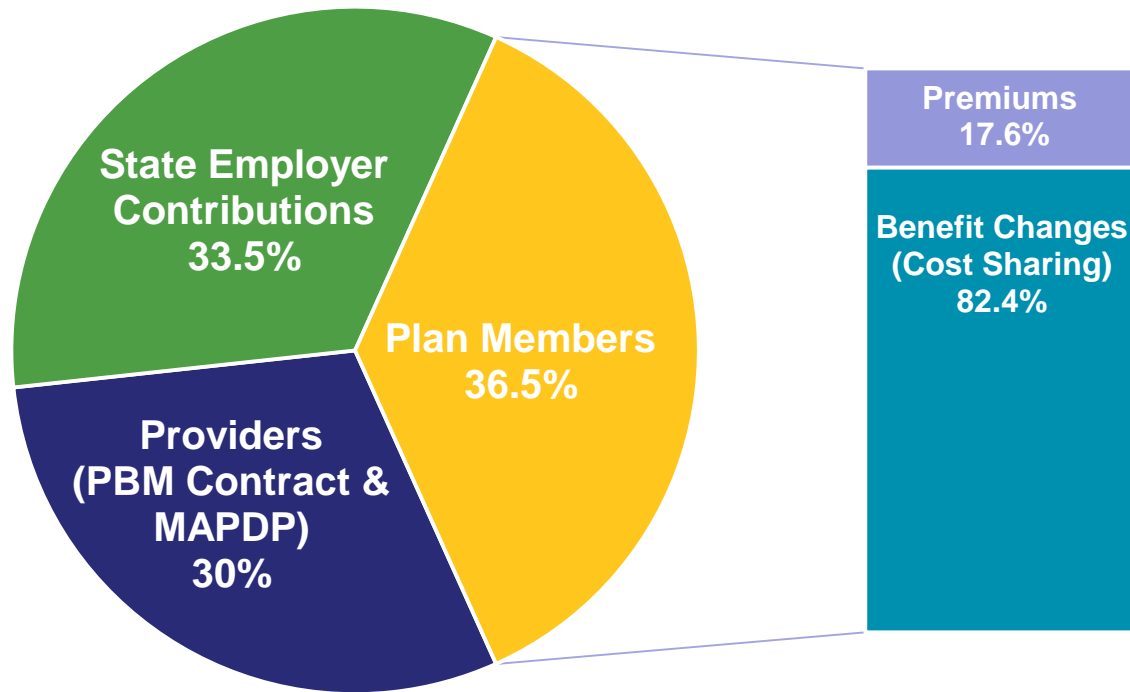
ER = employer contribution, EE = employee premium

*Assumes 100% of the projected savings for discount guarantees and 50% of the projected savings for pharmacy rebates; savings begin to accrue one month after 1/1/2017 start of contract

Contributions to Reduction in Projected Premium Increase



Allocation of 8.73% Point Reduction for CYs 2018 and 2019



Actuarial Values

Plan Share of Total Costs/Actuarial Values

Active Employee and Non-Medicare Retiree Plan Options	CY 2014 Actual Plan Share	CY 2015 Actual Plan Share	CY 2016 Actuarial Values	CY 2017 Actuarial Values Staff Recommendation
CDHP 85/15	91%	89%	Engaged 86.3% Non 85.5%	Engaged 86.3% Non 85.5%
Enhanced 80/20	83%	84%	Engaged 82.5% Non 81.4%	Engaged 82.2% Non 78.7%
Traditional 70/30	77%	79%*	75.0%	74.7%

**Reflects a revision from the cost-sharing reported at the April 27th Board meeting.*

ACA Public Exchange Metal Category	Average Plan Cost Share
Bronze	60%
Silver	70%
Gold	80%
Platinum	90%

Member Cost Sharing Scenarios: Active Employees

Member Scenarios – Meet Holly

A State Health Plan member with two children covered on her plan trying to decide which plan is right for her and her family.

- As an active employee, she has three plan options:
 - Consumer-Directed Health Plan
 - Enhanced 80/20 Plan
 - Traditional 70/30 Plan
- A typical year of medical and pharmacy services for Holly and her children might include the following:
 - 3 Preventive Care Visits with PCP
 - 2 Additional Primary Care Visits
 - 1 Specialist Visit
 - 2 Urgent Care Visits
 - 1 Monthly Maintenance Prescription (Tier 1, ACA Preventive Medication)
 - 1 Tier 1 Prescription

“To help me decide on a plan, I need to know how much I will have to pay under each plan option?”



Holly's Projected Health Care Costs for 2017

Annual Member Costs	Traditional 70/30 Plan	Enhanced 80/20 Plan	CDHP 85/15
If Holly's "Engaged"*			
Premium Payments	\$2,618	\$3,662	\$2,356
Out-of-Pocket Costs	\$702	\$210	\$0**
Engaged Member Total	\$3,320	\$3,872	\$2,356
If Holly's "Non-Engaged"*			
Premium Payments	\$3,098	\$4,742	\$3,316
Out-of-Pocket Costs	\$702	\$280	\$0**
Non-Engaged Member Total	\$3,800	\$5,022	\$3,316

Holly's
lowest-cost
option



- The CDHP has lower dependent premiums, and Holly's projected 2017 out-of-pocket costs are less than the initial CDHP starting balance of \$1,800. The CDHP is Holly's best option.
- A willingness to engage in healthy activities and to use selected PCPs and Blue Options Designated providers reduces member out-of-pocket costs in the CDHP and Enhanced 80/20.

*An "engaged member" has completed all wellness activities to receive premium credits and uses their selected PCP and Blue Options Designated providers. A "non-engaged member" has earned no premium credits and does not use a selected PCP or Blue Options Designated providers.

**Holly's HRA will cover all of her out-of-pocket expenses, and Holly could have an estimated \$1,200 in her HRA to use in 2018 if she is engaged or approximately \$930 if she is not.

Member Scenario Cost Detail – Active Employee Holly

	#	Traditional 70/30				Enhanced 80/20				Consumer-Directed Health Plan 85/15			
		Non-Engaged		Engaged		Non-Engaged		Engaged		Non-Engaged		Engaged	
		Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total
Medical Services													
Preventive Visits with PCP	3	\$40	\$120	\$40	\$120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visits	2	\$40	\$80	\$40	\$80	\$25	\$50	\$10	\$20	\$150	\$300	\$150	\$300
Specialist Visit	1	\$94	\$94	\$94	\$94	\$85	\$85	\$45	\$45	\$210	\$210	\$210	\$210
Urgent Care Visit	2	\$100	\$200	\$100	\$200	\$70	\$140	\$70	\$140	\$160	\$320	\$160	\$320
Drugs													
ACA Preventive Drugs (Tier 1)	12	\$16	\$192	\$16	\$192	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tier 1 Prescription	1	\$16	\$16	\$16	\$16	\$5	\$5	\$5	\$5	\$40	\$40	\$40	\$40
Total (before considering HRA)			\$702		\$702		\$280		\$210		\$870		\$870
HRA Funds Provided by SHP													
Starting Balance											\$1,800		\$1,800
HRA Incentive Dollars													
Identified PCP											\$0		\$125
Blue Options Designated Specialist											\$0		\$20
Blue Options Designated Hospital											\$0		\$0
Healthy Lifestyles Program											\$0		\$125
Total HRA Dollars to Use											\$1,800		\$2,070
Member Cost-sharing with HRA			\$702		\$702		\$280		\$210		\$0		\$0
HRA Balance for Use in 2018			--		--		--		--		\$930		\$1,200
Annual Premium			\$3,098		\$2,618		\$4,742		\$3,662		\$3,316		\$2,356
Total Member Cost			\$3,800		\$3,320		\$5,022		\$3,872		\$3,316		\$2,356

Red numbers in the Unit Copay/Cost column indicate a copayment amount.

Green numbers in the Unit Copay/Cost column indicate estimated actual allowed cost for a service that could be subject to copay (in 70/30 and 80/20), deductible, and/or coinsurance.

Member Scenarios – Meet Pete

A State Health Plan member with employee-only coverage who visits doctors regularly and is trying to decide which plan is right for him.

- As an active employee, he has three plan options:
 - Consumer-Directed Health Plan
 - Enhanced 80/20 Plan
 - Traditional 70/30 Plan
- A year of medical and pharmacy services for Pete might include:
 - 1 Preventive Care Visit with PCP
 - 3 Additional Primary Care Visits
 - 2 Specialist Visits
 - 2 Chiropractor Visits
 - 1 Urgent Care Visit
 - 4 Tier 1 Prescriptions
 - 2 Tier 2 Prescriptions

“I don’t have any major conditions, but I do get sick and visit the doctor more often than I used to. I’m trying to determine how much I will have to pay under each plan option.”



Pete's Projected Health Care Costs for 2017

Annual Member Costs	Traditional 70/30 Plan	Enhanced 80/20 Plan	CDHP 85/15
If Pete is “Engaged”**			
Premium Payments	\$0	\$180	\$0
Out-of-Pocket Costs	\$750	\$374	\$638
Engaged Member Total	\$750	\$554	\$638
If Pete is “Non-Engaged”**			
Premium Payments	\$480	\$1,260	\$960
Out-of-Pocket Costs	\$750	\$499	\$903
Non-Engaged Member Total	\$1,230	\$1,759	\$1,863

Pete's
lowest-cost
option

- Because he uses a relatively large number of services that are subject to copays in the 70/30 and 80/20 plans, Pete does best in the Enhanced 80/20 Plan if he is engaged, or the Traditional 70/30 if he is non-engaged.
- The year of services described for Pete would bring him to the \$1,500 deductible in the CDHP, so one major health event would likely make the CDHP a lower-cost option for him due to the lower coinsurance and the combined medical and pharmacy out-of-pocket maximum.

*An “engaged member” has completed all wellness activities to receive premium credits and uses their selected PCP and Blue Options Designated providers. A “non-engaged member” has earned no premium credits and does not use a selected PCP or Blue Options Designated providers.

Member Scenario Cost Detail – Active Employee Pete

	#	Traditional 70/30				Enhanced 80/20				Consumer-Directed Health Plan 85/15*			
		Non-Engaged		Engaged		Non-Engaged		Engaged		Non-Engaged		Engaged	
		Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total
Medical Services													
Preventive Visits with PCP	1	\$40	\$40	\$40	\$40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visits	3	\$40	\$120	\$40	\$120	\$25	\$75	\$10	\$30	\$150	\$450	\$150	\$450
Specialist Visits	2	\$94	\$188	\$94	\$188	\$85	\$170	\$45	\$90	\$210	\$420	\$210	\$420
Mid-Level Office Visits	2	\$72	\$144	\$72	\$144	\$52	\$104	\$52	\$104	\$85	\$170	\$85	\$170
Urgent Care Visit	1	\$100	\$100	\$100	\$100	\$70	\$70	\$70	\$70	\$160	\$143	\$160	\$143
Drugs													
Tier 1 Prescriptions	4	\$16	\$64	\$16	\$64	\$5	\$20	\$5	\$20	\$40	\$160	\$40	\$160
Tier 2 Prescriptions	2	\$47	\$94	\$47	\$94	\$30	\$60	\$30	\$60	\$80	\$160	\$80	\$160
Total (before considering HRA)			\$750		\$750		\$499		\$374		\$1,503		\$1,503
HRA Funds Provided by SHP													
Starting Balance											\$600		\$600
HRA Incentive Dollars													
Identified PCP											\$0		\$100
Blue Options Designated Specialist											\$0		\$40
Blue Designated Options Hospital											\$0		\$0
Healthy Lifestyles Program											\$0		\$125
Total HRA Dollars to Use											\$600		\$865
Member Cost-sharing with HRA			\$750		\$750		\$499		\$374		\$903		\$638
HRA Balance for Use in 2018			--		--		--		--		\$0		\$0
Annual Premium			\$480		\$0		\$1,260		\$180		\$960		\$0
Total Member Cost			\$1,230		\$750		\$1,759		\$554		\$1,863		\$638

Red numbers in the Unit Copay/Cost column indicate a copayment amount. Green numbers in the Unit Copay/Cost column indicate estimated actual allowed cost for a service that could be subject to copay (in 70/30 and 80/20), deductible, and/or coinsurance.

*CDHP costs by service depend on the timing of services. The numbers in the chart assume Pete's urgent care visit is the final service of the year, and is therefore subject in part to the 15% CDHP coinsurance.

Member Scenarios – Meet Bentley

A State Health Plan member with employee-only coverage who has been diagnosed with diabetes and is trying to decide which plan is right for his chronic condition.

- As an active employee, he has three plan options:
 - Consumer-Directed Health Plan
 - Enhanced 80/20 Plan
 - Traditional 70/30 Plan
- A year of medical and pharmacy services for Bentley might include:
 - 1 Preventive Care Visit with PCP
 - 4 Additional Primary Care Visits
 - 3 Specialist Visits
 - 1 Inpatient Hospitalization
 - 2 Monthly Maintenance Prescriptions (Tier 1)*
 - 1 Monthly Maintenance Prescription (Tier 2)*
 - 1 Tier 1 Prescription

“I was recently diagnosed with diabetes, so I’m trying to determine how much I will have to pay under each plan option.”



* Maintenance Prescriptions assumed to be on CDHP Preventive Medications List

Bentley's Projected Health Care Costs for 2017

Annual Member Costs	Traditional 70/30 Plan	Enhanced 80/20 Plan	CDHP 85/15
If Bentley is “Engaged”**			
Premium Payments	\$0	\$180	\$0
Out-of-Pocket Costs	\$6,038	\$4,060	\$2,170
Engaged Member Total	\$6,038	\$4,240	\$2,170
If Bentley is “Non-Engaged”**			
Premium Payments	\$480	\$1,260	\$960
Out-of-Pocket Costs	\$7,153	\$4,835	\$2,900
Non-Engaged Member Total	\$7,633	\$6,095	\$3,860

Bentley's
lowest-cost
option



- Because he is a high utilizer, Bentley is likely to reach the CDHP out-of-pocket maximum of \$3,500.
- Engaging with a health coach to manage his condition and using Blue Options Designated providers and his selected PCP could earn more than \$700 in additional HRA incentive funds, reducing Bentley's true out-of-pocket costs. (Using Blue Options Designated providers reduces member out-of-pocket costs in all the plan options.)
- Although there are fewer healthy activities to complete when enrolling in the Traditional 70/30 Plan, it would be a poor option for Bentley because of the high out-of-pocket costs.

*An “engaged member” has completed all wellness activities to receive premium credits and uses their selected PCP and Blue Options Designated providers. A “non-engaged member” has earned no premium credits and does not use a selected PCP or Blue Options Designated providers.

Member Scenario Cost Detail – Active Employee Bentley

	#	Traditional 70/30				Enhanced 80/20*				Consumer-Directed Health Plan 85/15*			
		Non-Engaged		Engaged		Non-Engaged		Engaged		Non-Engaged		Engaged	
		Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total
Medical Services													
Preventive Visits with PCP	1	\$40	\$40	\$40	\$40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visits	4	\$40	\$160	\$40	\$160	\$25	\$100	\$10	\$40	\$150	\$300	\$150	\$323
Specialist Visit	3	\$94	\$282	\$94	\$282	\$85	\$255	\$45	\$135	\$210	\$210	\$210	\$273
Inpatient Hospital Admission	1	\$20,000	\$5,707	\$12,000	\$4,592	\$20,000	\$3,995	\$12,000	\$3,400	\$20,000	\$2,854	\$12,000	\$2,608
Drugs													
Maintenance Drugs (Tier 1)	24	\$16	\$384	\$16	\$384	\$5	\$120	\$5	\$120	\$40	\$48	\$40	\$132
Tier 1 Prescription	1	\$16	\$16	\$16	\$16	\$5	\$5	\$5	\$5	\$40	\$40	\$40	\$40
Maintenance Drugs (Tier 2)	12	\$47	\$564	\$47	\$564	\$30	\$360	\$30	\$360	\$80	\$48	\$80	\$125
Total (before considering HRA)			\$7,153		\$6,038		\$4,835		\$4,060		\$3,500		\$3,500
HRA Funds Provided by SHP													
Starting Balance											\$600		\$600
HRA Incentive Dollars													
Identified PCP											\$0		\$125
Blue Options Specialist											\$0		\$60
Blue Options Hospital											\$0		\$200
Health Engagement Programs											\$0		\$345
Total HRA Dollars to Use											\$600		\$1,330
Member Cost-sharing with HRA			\$7,153		\$6,038		\$4,835		\$4,060		\$2,900		\$2,170
HRA Balance for Use in 2018			--		--		--		--		\$0		\$0
Annual Premium			\$480		\$0		\$1,260		\$180		\$960		\$0
Total Member Cost			\$7,633		\$6,038		\$6,095		\$4,240		\$3,860		\$2,170

Red numbers in the Unit Copay/Cost column indicate a copayment amount. Green numbers in the Unit Copay/Cost column indicate estimated actual allowed cost for a service that could be subject to copay (in 70/30 and 80/20), deductible, and/or coinsurance.

*Enhanced 80/20 and CDHP costs by service depend on the timing of services. The numbers in the chart assume a specific ordering of services until the deductible and out-of-pocket maximums are reached.

Member Scenarios – Meet Maxine

A State Health Plan member with employee-only coverage who is on an expensive monthly specialty medication and is trying to decide which plan is right for her.

- As an active employee, she has three plan options:
 - Consumer-Directed Health Plan
 - Enhanced 80/20 Plan
 - Traditional 70/30 Plan
- A year of medical and pharmacy services for Maxine might include:
 - 1 Preventive Care Visit with PCP
 - 3 Additional Primary Care Visits
 - 6 Diagnostic Laboratory Tests as part of her PCP visits
 - 1 Monthly Tier 1 Prescription
 - 1 Monthly Tier 5 (Specialty) Prescription

“I take a specialty medication, which can be expensive, so given that, I’m not sure what would be the best plan for me.”



Maxine's Projected Health Care Costs for 2017

Annual Member Costs	Traditional 70/30 Plan	Enhanced 80/20 Plan	CDHP 85/15
If Maxine is “Engaged”*			
Premium Payments	\$0	\$180	\$0
Out-of-Pocket Costs	\$1,588	\$2,530	\$2,675
Engaged Member Total	\$1,588	\$2,710	\$2,675
If Maxine is “Non-Engaged”*			
Premium Payments	\$480	\$1,260	\$960
Out-of-Pocket Costs	\$1,588	\$2,575	\$2,900
Non-Engaged Member Total	\$2,068	\$3,835	\$3,860

Maxine's
lowest-cost
option

- Because she takes an expensive specialty medication that has a lower copay in the Traditional 70/30 Plan, Maxine does best in that plan.
- On the Enhanced 80/20 Plan, Maxine hits her pharmacy out-of-pocket maximum of \$2,500, but she still has higher cost-sharing in that plan than in the Traditional 70/30 Plan.
- On the CDHP, Maxine would quickly reach her deductible and would hit her out-of-pocket maximum before finishing the year because of the high cost of the specialty drug she takes.

*An “engaged member” has completed all “wellness activities to receive premium credits and uses their selected PCP and Blue Options Designated providers. A “non-engaged member” has earned no premium credits and does not use a selected PCP or Blue Options Designated providers.

Member Scenario Cost Detail – Active Employee Maxine

	#	Traditional 70/30				Enhanced 80/20*				Consumer-Directed Health Plan 85/15*			
		Non-Engaged		Engaged		Non-Engaged		Engaged		Non-Engaged		Engaged	
		Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total	Unit Copay/ Cost	Mbr Total
Medical Services													
Preventive Visits with PCP	1	\$40	\$40	\$40	\$40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visits	3	\$40	\$120	\$40	\$120	\$25	\$75	\$10	\$30	\$150	\$173	\$150	\$173
Diagnostic Labs	6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$58	\$25	\$58
Drugs													
Tier 1 Prescriptions	12	\$16	\$192	\$16	\$192	\$5	\$50	\$5	\$50	\$40	\$64	\$40	\$64
Tier 5 Prescriptions	12	\$103	\$1,236	\$103	\$1,236	\$250	\$2,450	\$250	\$2,450	\$2,700	\$3,205	\$2,700	\$3,205
Total (before considering HRA)			\$1,588		\$1,588		\$2,575		\$2,530		\$3,500		\$3,500
HRA Funds Provided by SHP													
Starting Balance											\$600		\$600
HRA Incentive Dollars													
Identified PCP											\$0		\$100
Blue Options Designated Specialist											\$0		\$0
Blue Designated Options Hospital											\$0		\$0
Healthy Lifestyles Program											\$0		\$125
Total HRA Dollars to Use											\$600		\$825
Member Cost-sharing with HRA			\$1,588		\$1,588		\$2,575		\$2,530		\$2,900		\$2,675
HRA Balance for Use in 2018			--		--		--		--		\$0		\$0
Annual Premium			\$480		\$0		\$1,260		\$180		\$960		\$0
Total Member Cost			\$2,068		\$1,588		\$3,835		\$2,710		\$3,860		\$2,675

Red numbers in the Unit Copay/Cost column indicate a copayment amount. Green numbers in the Unit Copay/Cost column indicate estimated actual allowed cost for a service that could be subject to copay (in 70/30 and 80/20), deductible, and/or coinsurance.

*Enhanced 80/20 and CDHP costs by service depend on the timing of services. The numbers in the chart assume a specific ordering of services until the deductible and out-of-pocket maximums are reached.

Lowest Cost Plan/Optimized Enrollment Analysis

Analysis of Lowest Cost Plan Option

- Conducted by The Segal Company to determine which plan design would have resulted in the lowest cost for each member in Calendar Year 2014 (i.e. optimal enrollment)
- Analyzed CY 2014 incurred claims paid through January 2016
 - Active Employees, Non-Medicare Retirees, and COBRA Members
 - Members continuously enrolled during CY 2014
 - Total of 334,220 subscribers in the analysis, including subscribers from all coverage tiers (employee/retiree only, employee/retiree and family, etc.)
- Results determined two ways:
 1. **With** member contributions/premiums
 2. **Without** member contributions/premiums

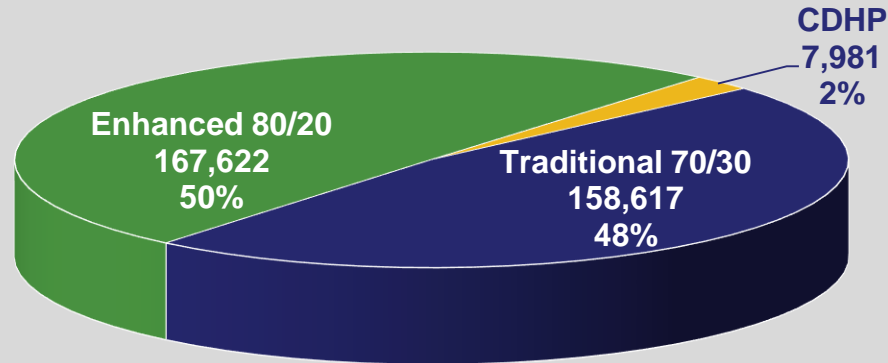
Analysis of Lowest Cost Plan Option

Initial Summary Points

- Absent employee premiums (looking solely at member cost sharing for services received/delivered), the CDHP (61%) and Enhanced 80/20 (39%) were the better plan options for members
 - No member would have fared better in the Traditional 70/30
 - Not surprising given benefit designs
 - Consistent with the comparative analysis Segal conducted looking at the relative and actuarial values of the plan offerings
- With premiums factored in (looking at the full cost of coverage for members), the CDHP was the best option for the highest proportion of members (71%) with the Traditional 70/30 being the second best choice (20%)
 - Only 9% of members were better off in the Enhanced 80/20

High Level Results of Analysis

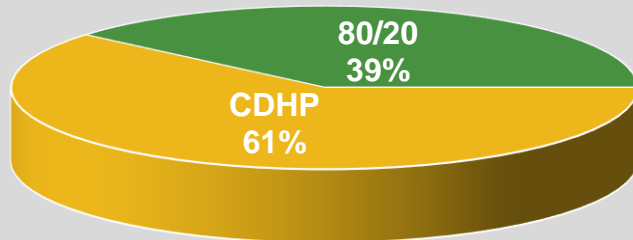
Actual CY 2014 Continuous 12-Month Subscribers



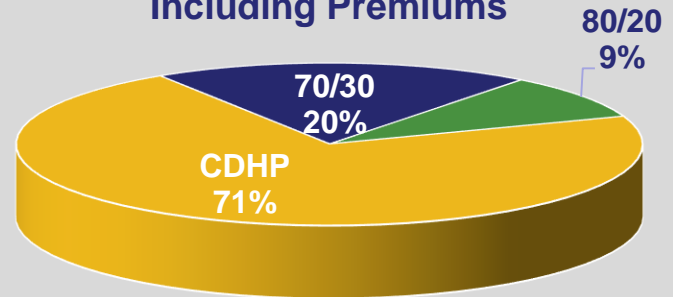
Active & Non-Medicare Members

Optimal Enrollment* Based on Actual CY 2014 Claims

Excluding Premiums



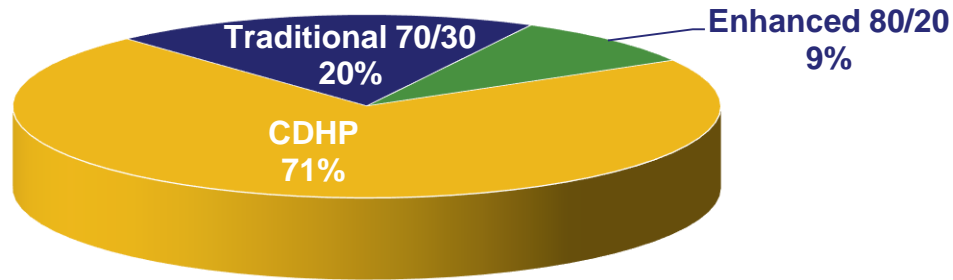
Including Premiums



* Resulting in lowest cost

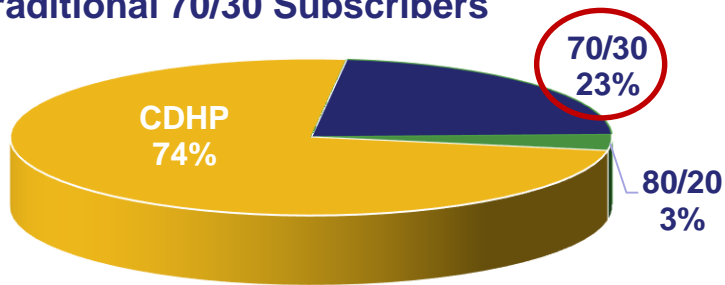
Lowest Cost Option by Selected Plan

Optimal Enrollment Resulting in Lowest Cost to Members including Premiums



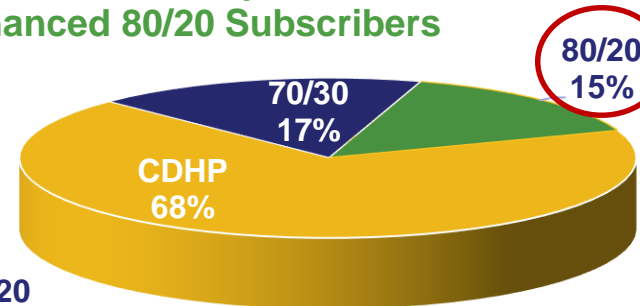
(n = 334,220)

Lowest Cost Option for Traditional 70/30 Subscribers



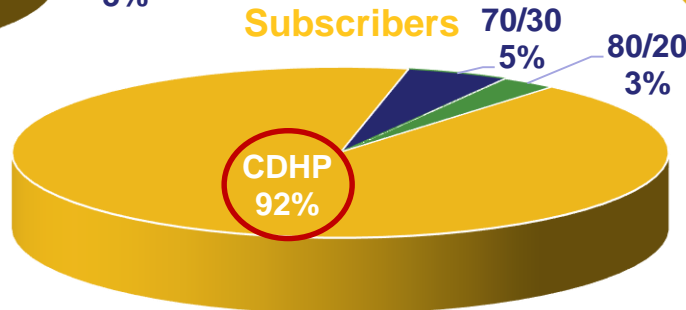
(n = 158,617)

Lowest Cost Option for Enhanced 80/20 Subscribers



(n = 167,622)

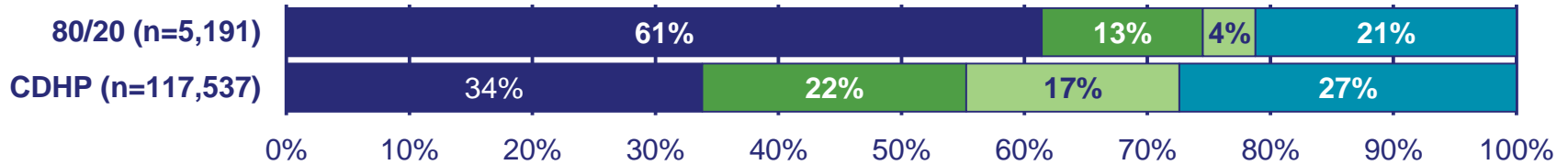
Lowest Cost Option for CDHP Subscribers



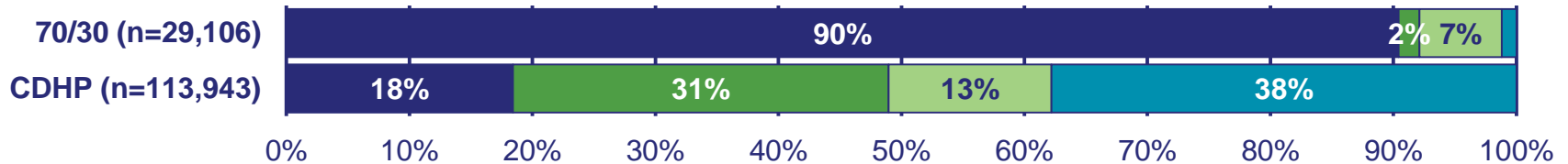
(n = 7,981)

Potential Savings in Lowest Cost Option

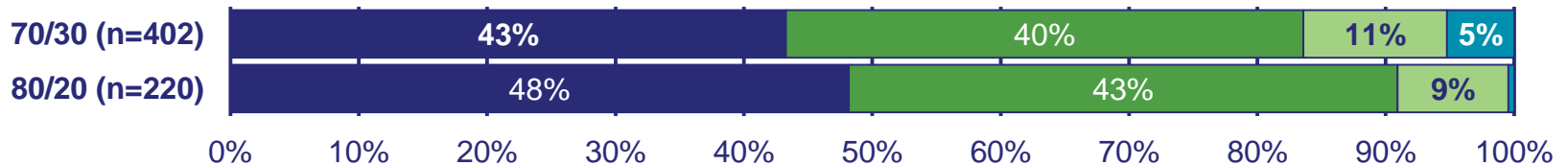
**Members in Traditional 70/30 Plan
Potential Savings in Other Plans**



**Members in Enhanced 80/20 Plan
Potential Savings in Other Plans**



**Members in Consumer-Directed Health Plan
Potential Savings in Other Plans**



Key Takeaways from Analysis

- Members enrolled in the CDHP did the best job of anticipating their health care needs/expenses and selecting a plan
 - Members were least successful at appropriately valuing the Enhanced 80/20 Plan; just 15% of Enhanced 80/20 Plan members were in the lowest-cost option
- 74% of members in the Traditional 70/30 Plan and 68% of members in the Enhanced 80/20 Plan would have spent less had they been in the CDHP
 - Of those who could have saved money in the CDHP, 27% of members in the 70/30 Plan and 38% of members in the 80/20 Plan could have saved more than \$1,000
- The CDHP was the lowest-cost option for 89% of the subscribers who carried dependents on the Plan
- Low cost members (under \$1,000 in paid claims) and high cost members (over \$10,000 in paid claims) fare the best in the CDHP
 - Due to variations in service mix, the advantages of a particular plan option are less clear in the middle ranges of paid claims (more than \$1,000 but less than \$10,000) but the CDHP sometimes results in higher member cost share in this range
- The pharmacy benefit, which was the same in CY 2014 for the Traditional 70/30 and Enhanced 80/20 plans, is driving a significant portion of the value and results between these two plans
 - The two plans have since been further differentiated (effective January 1, 2016)

Appendix

1. State Budget Special Provisions
2. February 5, 2016 Board Actions
3. Comprehensive Plan Comparison
4. Blue Options Designated Providers
5. Summary of Options Considered:
Enhanced 80/20 Plan

State Budget Special Provisions

2015 Appropriations Act, House Bill 97, SL 2015-241

SECTION 30.26.(a) It is the intent of the General Assembly to make funds in the Reserve for Future Benefits Needs available for increasing employer contributions to the State Health Plan for Teachers and State Employees during the 2016-2017 fiscal year only if the General Assembly determines that the State Treasurer and the Board of Trustees established under G.S. 135-48.20 **have adopted sufficient measures to limit projected employer contribution** increases during the 2017-2019 fiscal biennium, in accordance with their powers and duties enumerated in Article 3B of Chapter 135 of the General Statutes.

SECTION 30.26.(b) During the 2015-2017 fiscal biennium, the State Health Plan for Teachers and State Employees shall **maintain a cash reserve of at least twenty percent (20%) of its annual costs**. For purposes of this section, the term "cash reserve" means the total balance in the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund established in G.S. 135-48.5 plus the Plan's administrative account, and the term "annual costs" means the total of all medical claims, pharmacy claims, administrative costs, fees, and premium payments for coverage outside of the Plan.

SECTION 30.26.(c) On and after January 1, 2016, if the State Health Plan for Teachers and State Employees projects a cash reserve of less than the minimum cash reserve required by this section at any time during the remainder of the 2015-2017 fiscal biennium, or the Fiscal Research Division of the General Assembly notifies the Plan that it projects such a deficiency, the Department of State Treasurer shall report to the Joint Legislative Commission on Governmental Operations within 60 days of that projection or notification on actions the Department plans to take in order to maintain that required minimum cash reserve.

February 5, 2016 Board Actions

Summary February 5th Board Actions – CY 2017

Approved Items

1. Maintain same healthy activities to earn premium credits as previous year
 - Apply tobacco attestation credit to Subscribers only
 - PCP selection instead of PCMH
 - Complete HA which includes biometric questions instead of seeking provider reported biometrics
2. Add low-cost generic specialty medications tier
 - Reflects some increases in cost sharing on pharmacy tiers in Traditional 70/30 and Enhanced 80/20

Delayed Items (until May 1st)

1. Increases in cost sharing on Traditional 70/30 and Enhanced 80/20 options
2. Modify base premium strategy
 - Increase base premium for Enhanced 80/20 to \$35 (currently \$24.20)
 - **Establish base premium on other options:**
 - **\$10 CDHP**
 - **\$15 Traditional 70/30**

Items in red can no longer be implemented for CY 2017

CY 2017 Healthy Activities & Premium Credits

Healthy Activity	CDHP 85/15	Enhanced 80/20	Traditional 70/30
Non-Tobacco User or QuitlineNC Enrollment <i>(applies to subscriber only, attestation regarding spousal tobacco use not required)</i>	\$40	\$40	\$40
Primary Care Provider Selection <i>(applies to subscriber and enrolled dependents)</i>	\$20	\$25	N/A
Health Assessment Completion <i>(applies to subscriber only)</i>	\$20	\$25	N/A
Total Credits Available	\$80	\$90	\$40

Board Approved Feb 5, 2016

Changes to Pharmacy Tiers

- In CY 2017 and beyond, generic/lower cost versions of specialty medications will be entering the market
 - There will be two to three drugs entering in CY 2016
- Beginning in CY 2017, Plan staff recommends incenting members to utilize these lower cost medications by adding a new Tier Four which would incorporate these lower cost drugs
 - The current Tier Four would shift to Tier Five
 - The current Tier Five would shift to Tier Six

Board Approved Feb 5, 2016

Changes to Pharmacy Tiers

Traditional 70/30 Plan

CY 2016		CY 2017	
Tiers	Member Cost Share	Tiers	Member Cost Share
Tier 1	\$15	Tier 1	\$16
Tier 2	\$46	Tier 2	\$47
Tier 3	\$72	Tier 3	\$74
Tier 4 (Preferred Specialty)	25% up to \$100	Tier 4 (Low-cost/Generic Specialty)	10% up to \$100
Tier 5 (Non-preferred Specialty)	25% up to \$132	Tier 5 (Preferred Specialty)	25% up to \$103
Tier 6	N/A	Tier 6 (Non-preferred Specialty)	25% up to \$133

Enhanced 80/20 Plan

CY 2016		CY 2017	
Tiers	Member Cost Share	Tiers	Member Cost Share
Tier 1	\$12	Tier 1	\$14
Tier 2	\$40	Tier 2	\$45
Tier 3	\$64	Tier 3	\$70
Tier 4 (Preferred Specialty)	25% up to \$100	Tier 4 (Low-cost/Generic Specialty)	10% up to \$100
Tier 5 (Non-preferred Specialty)	25% up to \$132	Tier 5 (Preferred Specialty)	25% up to \$103
Tier 6	N/A	Tier 6 (Non-preferred Specialty)	25% up to \$133

Board Approved Feb 5, 2016

Comprehensive Plan Comparison: Recommended Benefit Options for 2017

Determining Deductibles

There are four coverage tiers:

- Employee Only
- Employee and Child
- Employee and Spouse
- Employee and Family

In-Network

Traditionally the annual deductible for family has been three times the individual deductible (e.g. $\$700 \times 3 = \$2,100$). For the subscriber plus one (employee spouse or employee child) the deductibles accumulate individually for each and once met for that individual, Plan cost sharing begins.

Out-of-Network (OON)

The annual OON deductible is two times the amount for in-network. For example, if the in-network individual deductible is $\$700$, the OON deductible is $\$1,400$ ($\$700 \times 2$) and for family it is $\$4,200$ ($\$2,100 \times 2$).

Out-of-Pocket Maximums – Grandfathered Plans

Grandfathered Plans

Traditionally, the grandfathered plans have had a coinsurance maximum, meaning the Plan pays 20% of eligible expenses after the deductible is met up to a maximum amount, at which point the Plan pays 100% of eligible expenses. However, the deductible did not apply toward the coinsurance maximum and even if the coinsurance maximum was met, a member was still responsible for any copays under the Plan.

In-Network

The copay based plans have had a medical coinsurance maximum and a pharmacy out-of-pocket maximum. The annual in-network coinsurance maximum for family has been three times the amount of the individual coinsurance maximum; (e.g. $\$3,210 \times 3 = \$9,630$). The pharmacy out-of-pocket maximum was the same regardless of whether in network or OON.

Out-of-Network (OON)

The annual OON coinsurance amount is two times the amount for in network. For example, if the in-network medical coinsurance amount is $\$3,210$ for an individual, the OON coinsurance amount is $\$6,420$ and for family it is $\$19,260$ ($\$9,630 \times 2$).

Out-of-Pocket Maximums – Non-Grandfathered Plans

Non-Grandfathered Plans

Under the Affordable Care Act (ACA), non-grandfathered plans have a true out-of-pocket (OOP) maximum meaning that the deductible, as well as any copays, apply toward meeting the out-of-pocket maximum. In addition, there is a cap on the in-network out-of-pocket maximum. For 2017, the OOP maximum for an individual is \$7,150 and for family it is \$14,300.

There is no cap on OOP maximums for out-of-network services.

If the Plan applies its traditional method for determining the out-of-pocket maximums to the Enhanced 80/20 Plan and it loses grandfather status, it would exceed the cap. The new approach would be to apply the traditional method up to any applicable cap.

- For example, if the Enhanced 80/20 Plan loses grandfather status, the 2017 OOP max for a family will be \$14,300, not \$20,5500 (\$6,850 x 3).

Recommended Benefit Design – CDHP 85/15 (no change)

	Current CY 2016 In-Network Non-Grandfathered	Current CY 2016 Out-of-Network Non-Grandfathered	Recommended CY 2017 In-Network Non-Grandfathered	Recommended CY 2017 Out-of-Network Non-Grandfathered
HRA Starting Balance	\$600 Employee \$1,200 Employee + 1 \$1,800 Employee + 2 or more	\$600 Employee \$1,200 Employee + 1 \$1,800 Employee + 2 or more	\$600 Employee \$1,200 Employee + 1 \$1,800 Employee + 2 or more	\$600 Employee \$1,200 Employee + 1 \$1,800 Employee + 2 or more
Annual Deductible	\$1,500 Individual \$4,500 Family	\$3,000 Individual \$9,000 Family	\$1,500 Individual \$4,500 Family	\$3,000 Individual \$9,000 Family
Coinsurance	15% of eligible expenses after deductible	35% of eligible expenses after deductible and the difference between the allowed amount and the charge	15% of eligible expenses after deductible	35% of eligible expenses after deductible and the difference between the allowed amount and the charge
Coinsurance Maximum	N/A	N/A	N/A	N/A
Out-of-Pocket Maximum (Combined Medical and Pharmacy) <i>Includes Deductible</i>	\$3,500 Individual \$10,500 Family	\$7,000 Individual \$21,000 Family	\$3,500 Individual \$10,500 Family	\$7,000 Individual \$21,000 Family
ACA Preventive Services	Covered at 100%	65% after deductible	Covered at 100%	65% after deductible
<u>Office Visits</u>				
Selected PCP	15% after deductible+\$25 HRA credit	35% after deductible	15% after deductible+\$25 HRA credit	35% after deductible
Non-selected PCP	15% after deductible+\$20 HRA credit if a B.O.D provider		15% after deductible+\$20 HRA credit if a B.O.D provider	

Recommended Benefit Design – CDHP 85/15 (*no change*)

	Current CY 2016 In-Network Non-Grandfathered	Current CY 2016 Out-of-Network Non-Grandfathered	Recommended CY 2017 In-Network Non-Grandfathered	Recommended CY 2017 Out-of-Network Non-Grandfathered
<u>Office Visits</u> B.O.D. Specialist.	15% after deductible+\$20 HRA credit (for B.O.D.specialists.	35% after deductible	15% after deductible+\$20 HRA credit (for B.O.D.specialists.	35% after deductible
Non-B.O.D. Specialist	15% after deductible		15% after deductible	
Urgent Care	15% after deductible	15% after deductible	15% after deductible	15% after deductible
Emergency Room	15% after deductible	15% after deductible	15% after deductible	15% after deductible
Outpatient Hospital	15% after deductible	35% after deductible	15% after deductible	35% after deductible
<u>Inpatient Hospital</u> B.O.D	15% after deductible. + \$200 HRA Credit for B.O.D. Hospitals	35% after deductible	15% after deductible. + \$200 HRA Credit for B.O.D. Hospitals	35% after deductible
Non-B.O.D.	15% after deductible		15% after deductible	
Therapy Services (Chiro/PT/OT)	15% after deductible	35% after deductible	15% after deductible	35% after deductible
Drugs	15% after deductible CDHP Maintenance Medications are deductible exempt	35% after deductible CDHP Maintenance Medications are deductible exempt	15% after deductible CDHP Maintenance Medications are deductible exempt	35% after deductible CDHP Maintenance Medications are deductible exempt

B.O.D = Blue Options Designated Provider

Recommended Benefit Design – Enhanced 80/20 Plan

	Current CY 2016 In-Network Grandfathered	Current CY 2016 Out-of-Network Grandfathered	Recommended Value Based Design CY 2017 In-Network Non-Grandfather	Recommended Value Based Design CY 2017 Out-of-Network Non-Grandfather
Annual Deductible	\$700 Individual \$2,100 Family	\$1,400 Individual \$4,200 Family	\$1,250 Individual \$3,750 Family	\$2,500 Individual \$7,500 Family
Coinsurance	20% eligible expenses after deductible	40% of eligible expenses after deductible and the difference between the allowed amount and the charge	20% eligible expenses after deductible	40% of eligible expenses after deductible and the difference between the allowed amount and the charge
Medical Coinsurance Max	\$3,210 Individual/ \$9,630 Family	\$6,420 Individual/ \$19,260 Family	N/A	N/A
Medical Out-of-Pocket Max	N/A	N/A	\$4,350 Individual \$13,050 Family	\$8,700 Individual \$26,100 Family
Pharmacy Out-of-Pocket Max	\$2,500	\$2,500	\$2,500	\$2,500
Total Out-of-Pocket Max <i>(Includes Deductible)</i>	N/A	N/A	\$6,850 Individual \$14,300 Family	N/A
ACA Preventive Services	Covered at 100%	Dependent on Service	Covered at 100%	Dependent on Service
<u>Office Visits</u> Selected PCP Non-selected PCP	\$15 \$30	40% after deductible	\$10 \$25	40% after deductible
<u>Office Visits</u> B.O.D. Specialist. Non-B.O.D. Specialist	\$60 \$70	40% after deductible	\$45 \$85	40% after deductible

Recommended Benefit Design – Enhanced 80/20 Plan

	Current CY 2016 In-Network Grandfathered	Current CY 2016 Out-of-Network Grandfathered	Recommended Value Based Design CY 2017 In-Network Non-Grandfather	Recommended Value Based Design CY 2017 Out-of-Network Non-Grandfather
Urgent Care	\$87	\$87	\$70	\$70
Emergency Room <i>(Copay waived w/ admission or observation stay)</i>	\$233, then 20% after deductible	\$233, then 20% after deductible	\$300, then 20% after deductible	\$300, then 20% after deductible
Outpatient Hospital	20% after deductible	40% after deductible	20% after deductible	40% after deductible
<u>Inpatient Hospital</u> B.O.D. Non-B.O.D.	\$0, then 20% after deductible \$233, then 20% after deductible	\$233, then 40% after deductible	\$0, then 20% after deductible \$450, then 20% after deductible	\$450, then 40% after deductible
Therapy Services (Chiro/PT/OT)	\$52	40% after deductible	\$52	40% after deductible
Drugs Tier 1 (Generic) Tier 2 (Preferred Brand & High-cost Generic) Tier 3 (Non-preferred Brand) Tier 4 (Low-cost/Generic Specialty) Tier 5 (Preferred Specialty) Tier 6 (Non-preferred Specialty)	\$12 \$40 \$64 N/A 25% up to \$100 25% up to \$132	\$12 \$40 \$64 N/A 25% up to \$100 25% up to \$132	\$5 \$25 Deductible/Coinsurance \$100 \$250 Deductible/Coinsurance	\$5 \$25 Deductible/Coinsurance \$100 \$250 Deductible/Coinsurance

Recommended Benefit Design – Traditional 70/30 Plan

	Current CY 2016 In-Network Grandfathered	Current CY 2016 Out-of-Network Grandfathered	Recommended CY 2017 In-Network Grandfathered	Recommended CY 2017 Out-of-Network Grandfathered
Annual Deductible	\$1,054 Individual \$3,162 Family	\$2,108 Individual \$6,324 Family	\$1,080 Individual \$3,240 Family	\$2,160 Individual \$4,320 Family
Coinsurance	30% of eligible expenses after deductible	50% of eligible expenses after deductible and the difference between the allowed amount and the charge	30% of eligible expenses after deductible	50% of eligible expenses after deductible and the difference between the allowed amount and the charge
Medical Coinsurance Max	\$4,282 Individual/\$12,845 Family	\$8,564 Individual/ \$25,692 Family	\$4,388 Individual/ \$13,164 Family	\$8,776 Individual/ \$26,328 Family
Pharmacy Max	\$3,294	\$3,294	\$3,360 Individual/ \$10,080 Family	\$3,360 Individual/ \$10,080 Family
Out-of-Pocket Max <i>(Includes Deductible)</i>	N/A	N/A	N/A	N/A
ACA Preventive Services	Cost-Sharing Applies (\$39 for Primary Care/\$92 for Specialists)	Only certain services are covered	Cost-Sharing Applies (\$40 for Primary Care \$94 for Specialists)	Only certain services are covered
<u>Office Visits</u> PCP Copay	\$39	50% after deductible	\$40	50% after deductible
<u>Office Visits</u> Specialist Copay	\$92	50% after deductible	\$94	50% after deductible

Recommended Benefit Design – Traditional 70/30 Plan

	Current CY 2016 In- Network Grandfathered	Current CY 2016 Out-of- Network Grandfathered	Recommended CY 2017 In-Network Grandfathered	Recommended CY 2017 Out-of-Network Grandfathered
Urgent Care	\$98	\$98	\$100	\$100
ER (<i>Copay waived w/ admission or observation stay</i>)	\$329, then 30% deductible	\$329, then 30% deductible	\$337, then 30% deductible	\$337, then 30% deductible
Outpatient Hospital	30% after deductible	50% after deductible	30% after deductible	50% after deductible
Inpatient Hospital	\$329, then 30% deductible	\$329, then 50% deductible	\$337, then deductible/30% coinsurance	\$337, then deductible/50% coinsurance
Therapy Services (Chiro/PT/OT)	\$72 Copay	deductible/ coinsurance	\$72 Copay	50% after deductible
Drugs			Approved 2-5-16	
Tier 1 (Generic)	\$15	\$15	\$16	\$16
Tier 2 (Preferred Brand & High-cost Generic)	\$46	\$46	\$47	\$47
Tier 3 (Non-preferred Brand)	\$72	\$72	\$74	\$74
Tier 4 (Low-cost/Generic Specialty)	N/A	N/A	10% up to \$100	10% up to \$100
Tier 5 (Preferred Specialty)	25% up to \$100	25% up to \$100	25% up to \$103	25% up to \$103
Tier 6 (Non-preferred Specialty)	25% up to \$132	25% up to \$132	25% up to \$133	25% up to \$133

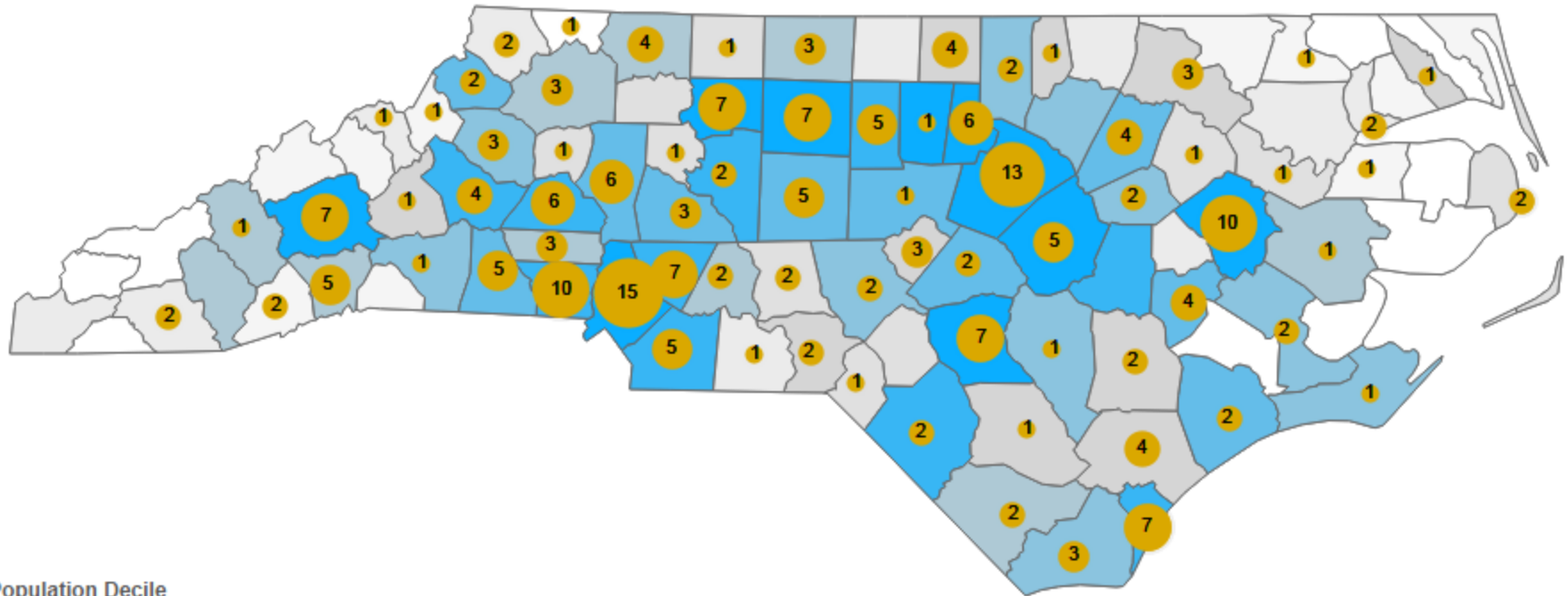
Blue Options Designated Providers

What Is a Blue Options Designated Provider?

- Blue Options Designated providers meet BCBSNC criteria for:
 - Delivering quality health outcomes
 - Cost effectiveness
 - Accessibility by members
- The Blue Options Designated provider network includes hospitals and certain types of specialists:
 - General Surgery
 - Ob-Gyn
 - Gastroenterology
 - Orthopedics
 - Cardiology
 - Neurology
 - Endocrinology

Designated Providers: General Surgery

General Surgery

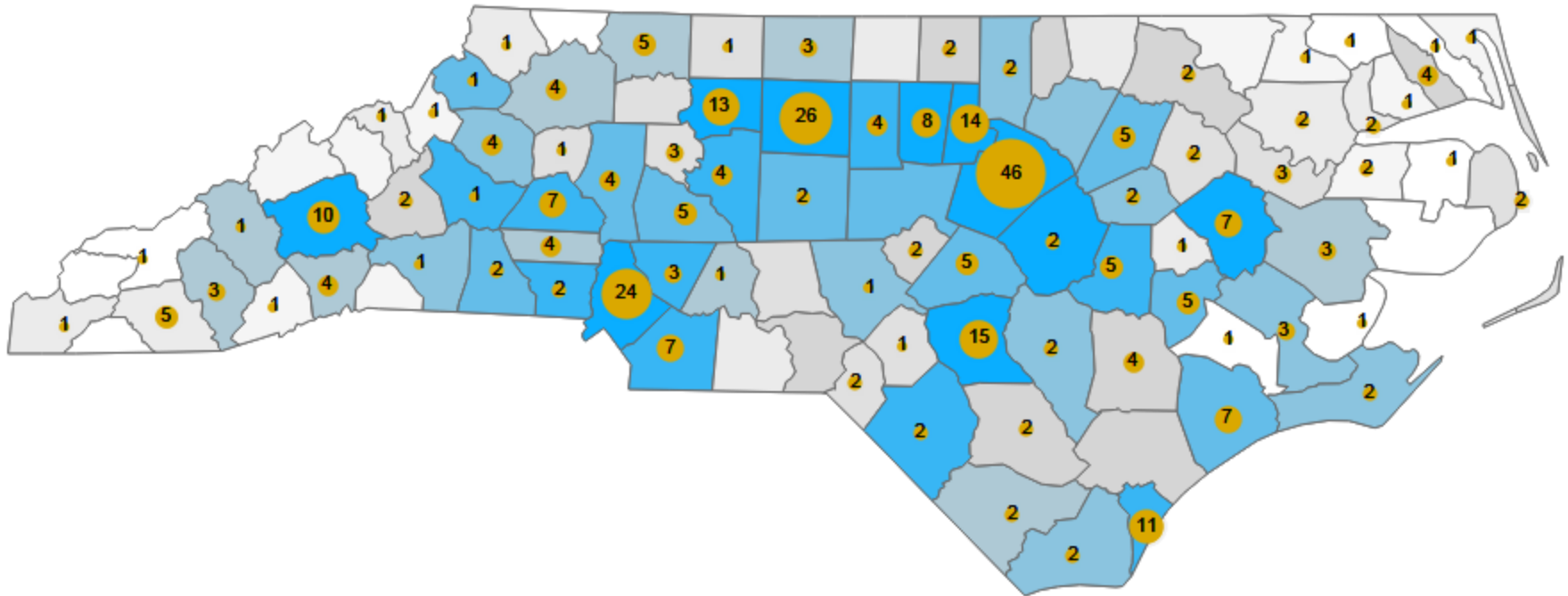


Population Decile
1 10

Designated Providers: Gynecology/OBGYN

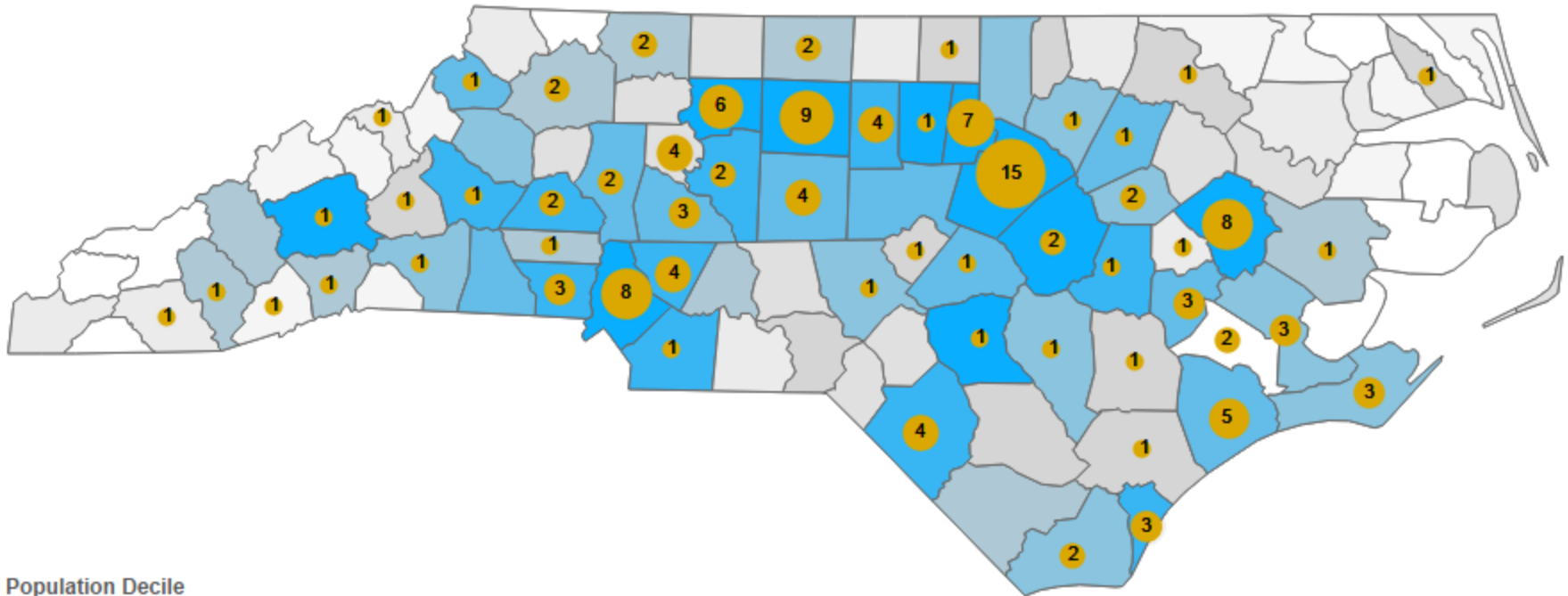


Gynecology / OBGYN



Designated Providers: Gastroenterology

Gastroenterology

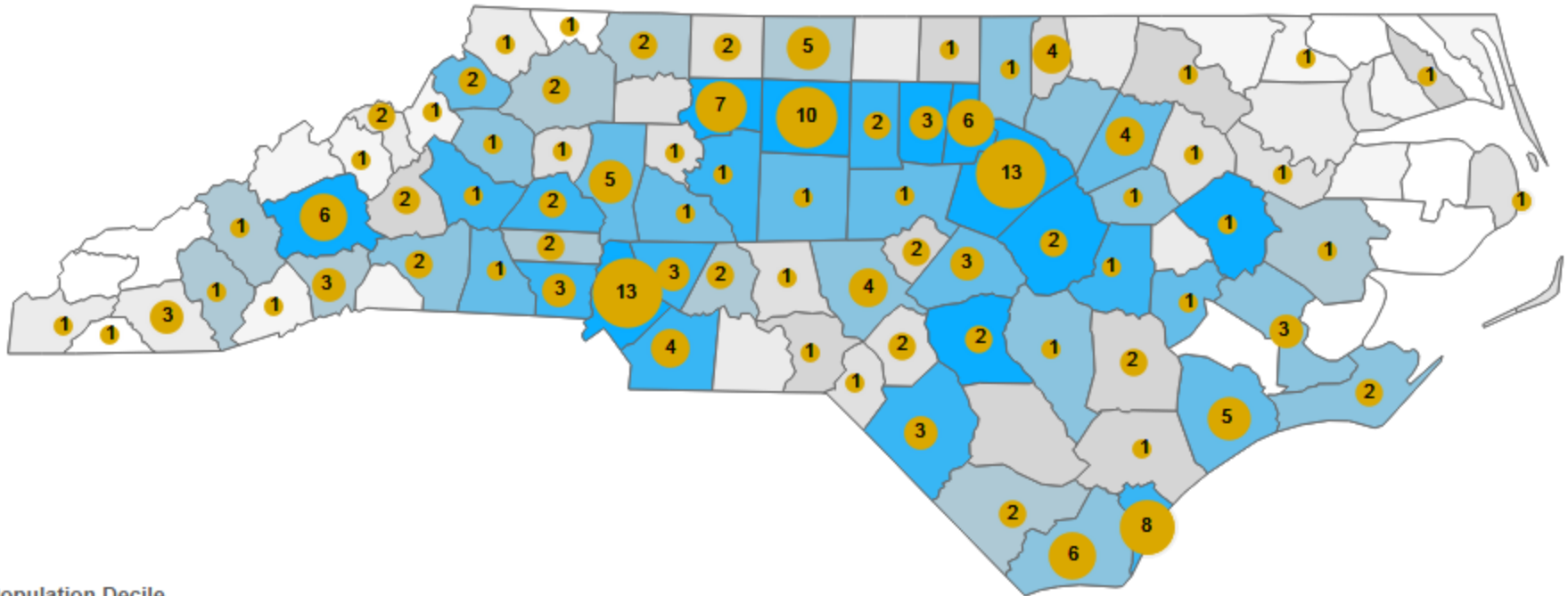


Population Decile
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Designated Providers: Orthopedic Surgery



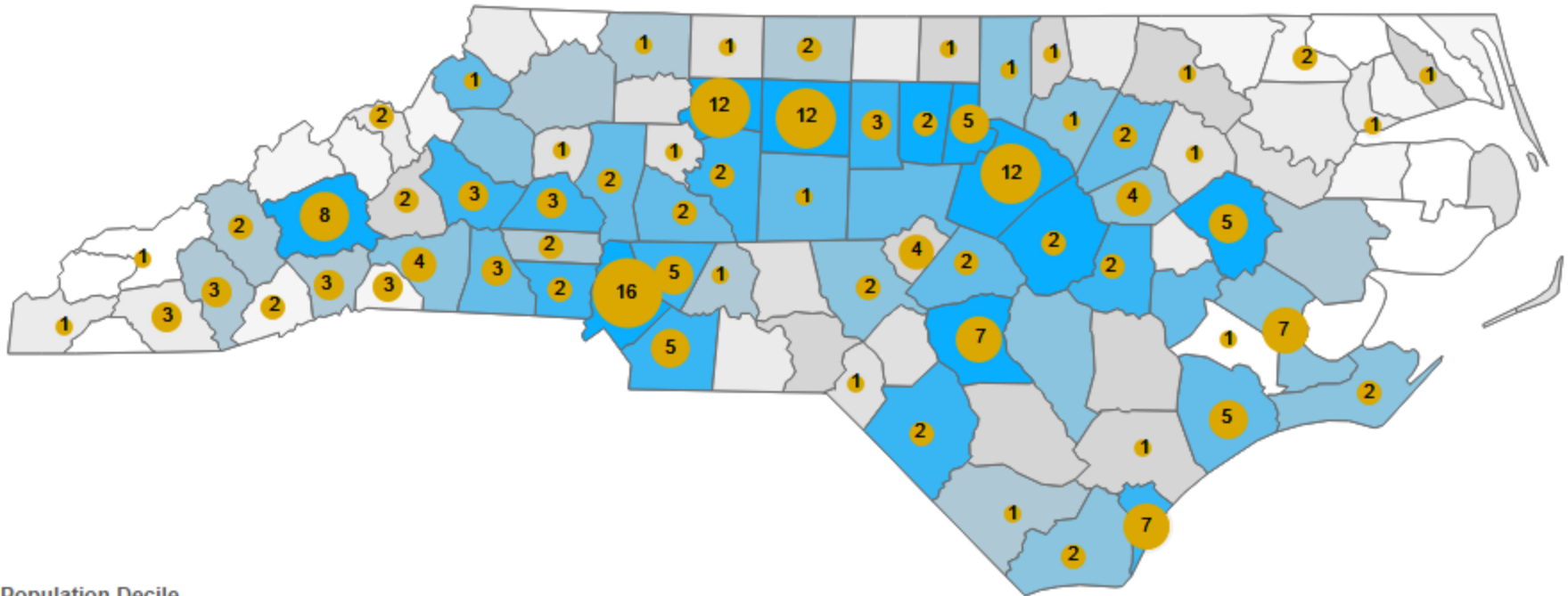
Orthopedic Surgery



Population Decile
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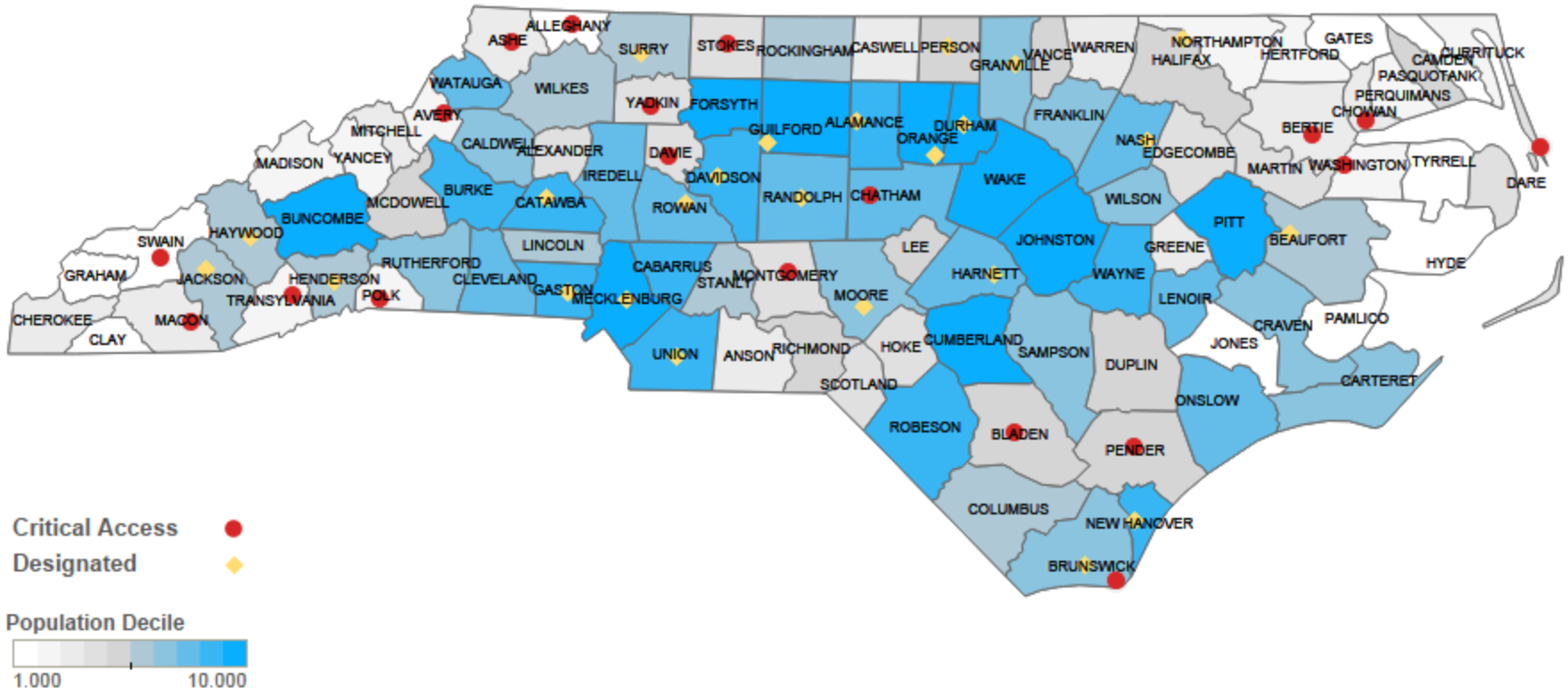
Designated Providers: Neurology

Neurology



Population Decile
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2016 Designated Hospitals



Designated for Cost & Quality

ALAMANCE REGIONAL MEDICAL CENTER
BETSY JOHNSON REGIONAL HOSPITAL
CAROLINAS MEDICAL CENTER
CAROLINAS MEDICAL CENTER-MERCY
CAROLINAS MEDICAL CENTER-UNIVERSITY
CAROMONT REGIONAL MEDICAL CENTER
CATAWBA VALLEY MEDICAL CENTER
CENTRAL HARNETT HOSPITAL
CMC UNION
D.L.P. PERSON MEMORIAL HOSPITAL, LLC
FIRSTHEALTH MOORE REGIONAL
GRANVILLE MEDICAL CENTER
HALIFAX REGIONAL MEDICAL CENTER
HARRIS REGIONAL HOSPITAL
HAYWOOD REGIONAL MEDICAL HOSPITAL
HIGH POINT REGIONAL HOSPITAL
HUGH CHATHAM MEMORIAL HOSPITAL
LEXINGTON MEMORIAL HOSPITAL
MARG R. PARDEE MEMORIAL HOSPITAL
NASH GENERAL HOSPITAL
NEW HANOVER REGIONAL MEDICAL CENTER
NORTH CAROLINA SPECIALTY HOSPITAL
NORTHERN HOSPITAL OF SURRY COUNTY
NOVANT HEALTH BRUNSWICK MEDICAL CENTER
NOVANT HEALTH ROWAN MEDICAL CENTER
RANDOLPH HOSPITAL
UNC HOSPITALS
VIDANT BEAUFORT HOSPITAL

Designated for Critical Access

ALLEGHANY COUNTY MEMORIAL HOSPITAL
ANGEL MEDICAL CENTER
ASHE MEMORIAL HOSPITAL
BLADEN COUNTY HOSPITAL
BLUE RIDGE REGIONAL HOSPITAL
CHARLES A. CANNON, JR. MEMORIAL HOSPITAL
CHATHAM HOSPITAL
DOSHER MEMORIAL HOSPITAL
FIRSTHEALTH MONTGOMERY MEM HOSP
HIGHLANDS CASHIERS HOSPITAL
MURPHY MEDICAL CENTER, INC.
PENDER MEMORIAL HOSPITAL
PIONEER COMMUNITY HOSPITAL OF STOKE
ST LUKES HOSPITAL
SWAIN COUNTY HOSPITAL
THE OUTER BANKS HOSPITAL, INC.
TRANSYLVANIA COMMUNITY HOSPITAL
VIDANT BERTIE HOSPITAL
VIDANT CHOWAN HOSPITAL
WASHINGTON COUNTY HOSPITAL

If you select one of these hospitals and are enrolled in the following plans you will receive:

- The Enhanced 80/20 Plan: Your Inpatient Admission Co- Pay will not be applied

- The Consumer-Directed Health Plan: You will receive \$200 added to your HRA

These are **NOT** the only in-network hospitals. To find a complete list of in-network hospitals, visit www.shpnc.org and select - Find a Doctor.

Summary of Options Considered for Enhanced 80/20 Plan

2017 Benefit Design Options Considered – Enhanced 80/20 Plan

<i>B.O.D = Blue Options Designated Provider</i>	No Additional Action Grandfathered	Alternate Across the Board Increases in Cost Sharing Grandfathered	April 27, 2016 Proposed Value Based Design Non-Grandfathered	Alternate Value Based Design Non-Grandfathered
Base Premium	\$24.20	\$24.20	\$24.20	\$24.20
Deductible	\$700	\$810	\$1,250	\$1,250
Coinsurance Percentage	20%	20%	20%	20%
ACA Preventive Coverage	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
Medical Coinsurance Max Pharmacy Max	\$3,210 \$2,500	\$3,713 \$3,360	N/A	N/A
Combined Out-of-Pocket Max Medical Out-of-Pocket Max Pharmacy Out-of-Pocket Max	<i>(Includes Deductible)</i> N/A	N/A	\$6,400	\$4,350 \$2,500
Selected PCP Non-selected PCP	\$15 \$30	\$15 \$33	\$10 \$25	\$10 \$25
B.O.D. Specialist. Non-B.O.D. Specialist	\$60 \$70	\$60 \$81	\$45 \$85	\$45 \$85
Inpatient Hospital B.O.D Non-B.O.D.	\$0, then Ded/Coins. \$233, then Ded/Coins.	\$0, then Ded/Coins. \$270, then Ded/Coins.	\$0, then Ded/Coins. \$450, then Ded/Coins.	\$0, then Ded/Coins. \$450, then Ded/Coins.
Outpatient Hospital	Ded/Coins.	Ded/Coins.	Ded/Coins.	Ded/Coins.
Urgent Care	\$87	\$100	\$70	\$70
ER <i>(Copay waived w/ admission or observation stay)</i>	\$233, then Ded/Coins.	\$270, then Ded/Coins.	\$300, then Ded/Coins.	\$300, then Ded/Coins.
Drugs	<i>Approved 2-5-16</i>			
Tier 1 (Generic)	\$14	\$16	\$5	\$5
Tier 2 (Preferred Brand & High-cost Generic)	\$45	\$47	\$25	\$30
Tier 3 (Non-preferred Brand)	\$70	\$74	Deductible/Coinsurance	Deductible/Coinsurance
Tier 4 (Low-cost/Generic Specialty)	10% up to \$100	10% up to \$100	\$100	\$100
Tier 5 (Preferred Specialty)	25% up to \$103	25% up to \$103	\$250	\$250
Tier 6 (Non-preferred Specialty)	25% up to \$133	25% up to \$133	Deductible/Coinsurance	Deductible/Coinsurance

Alternate Value Based Design with Modifications – Enhanced 80/20 Plan

<i>B.O.D = Blue Options Designated Provider</i>	Alternate Value Based Design Non-Grandfathered	Modified Option #1 Alternate Value Based Design Non-Grandfathered	Modified Option #2 Alternate Value Based Design Non-Grandfathered
Base Premium (increase)	\$24.20	\$25.96 (\$1.76)	\$28.76 (\$4.56)
Deductible	\$1,250	\$1,250	\$1,250
Coinsurance Percentage	20%	20%	20%
ACA Preventive Coverage	Covered at 100%	Covered at 100%	Covered at 100%
Combined Out-of-Pocket Max	N/A	N/A	N/A
Medical Out-of-Pocket Max	\$4,350	\$4,028	\$3,639
Pharmacy Out-of-Pocket Max	\$2,500	\$2,500	\$2,500
Selected PCP	\$10	\$10	\$10
Non-selected PCP	\$25	\$25	\$25
B.O.D. Specialist.	\$45	\$45	\$45
Non-B.O.D. Specialist	\$85	\$85	\$85
Inpatient Hospital B.O.D	\$0, then Ded/Coins.	\$0, then Ded/Coins.	\$0, then Ded/Coins.
Non-B.O.D.	\$450, then Ded/Coins.	\$450, then Ded/Coins.	\$450, then Ded/Coins.
Outpatient Hospital	Ded/Coins.	Ded/Coins.	Ded/Coins.
Urgent Care	\$70	\$70	\$70
ER <i>(Copay waived w/ admission or observation stay)</i>	\$300, then Ded/Coins.	\$300, then Ded/Coins.	\$300, then Ded/Coins.
Drugs			
Tier 1 (Generic)	\$5	\$5	\$5
Tier 2 (Preferred Brand & High-cost Generic)	\$30	\$25	\$25
Tier 3 (Non-preferred Brand)	Deductible/Coinsurance	Deductible/Coinsurance	Deductible/Coinsurance
Tier 4 (Low-cost/Generic Specialty)	\$100	\$100	\$100
Tier 5 (Preferred Specialty)	\$250	\$250	\$250
Tier 6 (Non-preferred Specialty)	Deductible/Coinsurance	Deductible/Coinsurance	Deductible/Coinsurance

(Includes Deductible)

April 27, 2016 Proposal with Modifications – Enhanced 80/20

<i>B.O.D = Blue Options Designated Provider</i>	April 27, 2016 Proposed Value Based Design Non-Grandfathered	Modified Option #1 April 27, 2016 Proposed Value Based Design Non-Grandfathered	Modified Option #2 April 27, 2016 Proposed Value Based Design Non-Grandfathered
Base Premium (increase)	\$24.20	\$25.96 (\$1.76)	\$28.76 (\$4.56)
Deductible	\$1,250	\$1,250	\$1,250
Coinsurance Percentage	20%	20%	20%
ACA Preventive Coverage	Covered at 100%	Covered at 100%	Covered at 100%
Medical Coinsurance Max Pharmacy Max Out-of-Pocket Max <i>(Includes Deductible)</i>	N/A N/A \$6,400	N/A N/A \$6,000	N/A N/A \$5,500
Selected PCP Non-selected PCP	\$10 \$25	\$10 \$25	\$10 \$25
B.O.D. Specialist. Non-B.O.D. Specialist	\$45 \$85	\$45 \$85	\$45 \$85
Inpatient Hospital B.O.D Non-B.O.D.	\$0, then Ded/Coins. \$450, then Ded/Coins.	\$0, then Ded/Coins. \$450, then Ded/Coins.	\$0, then Ded/Coins. \$450, then Ded/Coins.
Outpatient Hospital	Ded/Coins.	Ded/Coins.	Ded/Coins.
Urgent Care	\$70	\$70	\$70
ER <i>(Copay waived w/ admission or observation stay)</i>	\$300, then Ded/Coins.	\$300, then Ded/Coins.	\$300, then Ded/Coins.
Drugs Tier 1 (Generic) Tier 2 (Preferred Brand & High-cost Generic) Tier 3 (Non-preferred Brand) Tier 4 (Low-cost/Generic Specialty) Tier 5 (Preferred Specialty) Tier 6 (Non-preferred Specialty)	\$5 \$25 Deductible/Coinsurance \$100 \$250 Deductible/Coinsurance	\$5 \$25 Deductible/Coinsurance \$100 \$250 Deductible/Coinsurance	\$5 \$25 Deductible/Coinsurance \$100 \$250 Deductible/Coinsurance

Caveat Regarding Base Premium Modifications

- The increases in the Enhanced 80/20 Plan base premium referenced on the previous pages are relative to the current base premium rate in effect for CY 2016.
- If the General Assembly allocates funds for FY 2016-17 to increase the employer contribution by 3.43% then Plan staff will likely recommend a 3.43% across the board premium increase that would further impact the Enhanced 80/20 base premium as well as all of the dependent tiers.

Forecast Scenarios: Open Formulary* & Design Options

	No Additional Action Grandfathered		Alternate Across the Board Increases in Cost Sharing Grandfathered		April 27, 2016 Proposed Value Based Design Non-Grandfathered		Alternate Value Based Design Non-Grandfathered	
	ER	EE	ER	EE	ER	EE	ER	EE
CY 2017 Projected Increase	0.00%	0.00%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%
Max Amount Short of 20% Reserve (1st Month short)	\$83.1 M (April 2017)		\$52.5 M (May 2017)		\$49.9 M (May 2017)		\$52.7 M (May 2017)	
CY 2018 Projected Increase	12.71%	12.71%	10.22%	10.22%	9.63%	9.63%	9.97%	9.97%
CY 2019 Projected Increase	12.71%	12.71%	10.22%	10.22%	9.63%	9.63%	9.97%	9.97%
CY 2020 Projected Increase	6.02%	6.02%	7.53%	7.53%	7.91%	7.91%	7.70%	7.70%
CY 2021 Projected Increase	6.02%	6.02%	7.53%	7.53%	7.91%	7.91%	7.70%	7.70%

ER = employer contribution, EE = employee premium

* Assumes 100% of the projected savings for discount guarantees and 50% of the projected savings for pharmacy rebates; savings begin to accrue one month after 1/1/2017 start of contract