

State Health Plan Board of Trustees Meeting

February 25, 2021

Benefit Changes

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Possible Benefit Changes Presented at Last BOT Meeting

Plan Design Feature	80/20 Plan	70/30 Plan
Behavioral Health Copay	\$0 copay for CPP Provider \$25 copay for other Behavioral Health Providers	\$0 copay for CPP Provider \$45 copay for other Behavioral Health Providers
Non-Preventive (diagnostic) Colonoscopy in an ASC	\$40 copay for CPP Provider \$80 copay for other Specialists	\$47 copay for CPP Provider \$94 copay for other Specialists
Hospital Copay & Coinsurance	\$300 copay for CPP Hospital \$300 copay, deductible and 20% coinsurance for non-CPP Hospital	\$337 copay and 10% coinsurance for CPP Hospital \$337 copay, deductible and 30% coinsurance for non-CPP Hospital
Hearing Aids for members 22 years of age and older	\$1,500 per hearing-impaired ear, every 36 months up to \$3,000 a lifetime.	\$1,500 per hearing-impaired ear, every 36 months up to \$3,000 a lifetime.

ASC: Ambulatory Surgical Center

Possible Benefit Changes Presented at Last BOT Meeting

- Since we met in December, Plan staff have evaluated the proposed changes and recommend making one change effective **January 1, 2021**.
 - Update the Behavioral Health copay to mirror the Primary Care Provider copay changes implemented for 1/1/2021 for other CPP providers.
 - \$0 copay for CPP Behavioral Health Office Visit
 - \$25 copay for non-CPP Behavioral Health Office Visit on 80/20 PPO Plan
 - \$45 copay for non-CPP Behavioral Health Office Visit on 70/30 PPO Plan

Proposed Revised 2021 Benefits

2021 Plan Options						
PLAN DESIGN FEATURES	80/20 PLAN		70/30 PLAN		HDHP (For non-Permanent FTEs)	
	IN-NETWORK	OUT-OF- NETWORK	IN-NETWORK	OUT-OF- NETWORK	IN-NETWORK	OUT-OF- NETWORK
Affordable Care Act (ACA) Preventive Services	\$0 (covered at 100%)	Dependent on service	\$0 (covered at 100%)	Dependent on service	\$0 (covered at 100%)	Dependent on service
Primary Care Office Visits	\$0 for CPP PCP on ID Card; \$10 if you use non-CPP PCP on ID card; \$25 for PCP	40% after deductible is met	\$ for CPP PCP on ID card: \$30 if you use non-CPP PCP on ID card; \$45 for any other PCP	50% after deductible is met	50% of eligible expenses after deductible is met	60% of eligible expenses after deductible is met
Behavioral Health Office Visits	\$0 for CPP Provider; \$25 for other Behavioral Health Specialists	40% after deductible is met	\$0 for CPP Provider; \$45 for other Behavioral Health Specialists	50% after deductible is met	50% of eligible expenses after deductible is met	60% of eligible expenses after deductible is met
Specialists	\$40 for CPP Provider; \$80 for other specialists	40% after deductible is met	\$47 for CPP Specialist; \$94 for other specialists	50% after deductible is met	50% of eligible expenses after deductible is met	60% of eligible expenses after deductible is met
Speech, Occupational and Physical Therapy	\$26 CPP Provider \$52 Other Network provider	40% after deductible is met	\$36 CPP Provider \$72 Other Network provider	50% after the deductible is met	50% of eligible expenses after deductible is met	60% of eligible expenses after deductible is met

Now all Office Visits will have a CPP Copay Reduction Component

2022 Benefit Changes

- Plan Staff recommend moving forward with adding a copay on diagnostic colonoscopies done in an ambulatory surgical center (ASC).

Benefit	80/20 PPO Plan	70/30 PPO Plan
Diagnostic Colonoscopy performed in ASC	\$40 for CPP Provider \$80 for other Specialists	\$47 for CPP Provider \$94 for other Specialists

2022 Benefit Changes

- Plan Staff does **not** recommend moving forward with the hearing coverage for 2022.
- Instead, the Plan will promote the various hearing aid discount programs already available to Plan members via Blue Cross NC's Blue365 program.
- See example of two current offerings below:



Beltone

Free Hearing Screening and Set
Discounted Prices on Hearing Aids



HearUSA

30% to 73% Off Hearing Aids

Board Vote

The Board will vote on one change for 2021:

- Update the Behavioral Health copay to mirror the Primary Care Provider copay changes; apply change retroactively to 1/1/2021.

Plan Design Feature	80/20 Plan	70/30 Plan
Behavioral Health Copay	\$0 copay for CPP Provider \$25 copay for other Behavioral Health Providers	\$0 copay for CPP Provider \$45 copay for other Behavioral Health Providers

Board Vote

The Board will vote on one change for 2022:

- Change the Diagnostic Colonoscopy performed in an ASC to mirror other CPP Specialist copay changes; apply change 1/1/2022.

Benefit	80/20 PPO Plan	70/30 PPO Plan
Diagnostic Colonoscopy performed in ASC	\$40 for CPP Provider \$80 for other Specialists	\$47 for CPP Provider \$94 for other Specialists

Pilot 2021 Information

- Through our current pilot for bundled payments for certain orthopedic procedures, the Plan has determined additional changes need to be made to impact steerage.
- Instead of rolling out new member cost-shares for CPP hospitals next year, Plan staff will be piloting the changes this year so that tweaks can be made as needed to address pilot findings.
- On the next few pages, we will review the various plan design element “levers” and the impact they have to member and Plan paid amounts.

Current Plan Design Features: Ortho Bundle

Current Plan Design Features that Impact **Non-Office** Visit Services

Place of Service	80/20 PPO				70/30 PPO			
	Copay	Deductible	Coinsurance	OOP	Copay	Deductible	Coinsurance	OOP
Outpatient	\$0	\$1,250	20%	\$4,890	\$0	\$1,500	30%	\$5,900
Inpatient	\$300	\$1,250	20%	\$4,890	\$337	\$1,500	30%	\$5,900
ER	\$300	\$1,250	20%	\$4,890	\$337	\$1,500	30%	\$5,900
Ortho Bundle	\$0	Waived	20%	\$4,890	\$0	Waived	30%	\$5,900

Current Plan Design Features: Ortho Bundle

- Depending on where a member is in their out-of-pocket accumulations, waiving a copay or deductible may have little impact to their cost-share.
- In the scenario below, it's the member's first claim of the year and the allowed amount of the claim is \$25,000.

Place of Service	Copay	Deductible	Coinsurance	Member Pays	Plan Pays
	Member Pays until OOP Met	Member Pays until Deductible is Met	20% of the Allowed Amount less the copay and deductible paid by member	Copay + Ded + Coinsurance	Allowed amount minus Member Pays
Outpatient	\$0	\$1,250	\$3,640	\$4,890	\$20,110
Inpatient	\$300	\$1,250	\$3,340	\$4,890	\$20,110
Emergency Room	\$300	\$1,250	\$3,340	\$4,890	\$20,110
Ortho Bundle	\$0	Waived	\$4,890	\$4,890	\$20,110

Regardless of the plan design feature, the member pays the full OOP.

Plan Design Features: Ortho Bundle

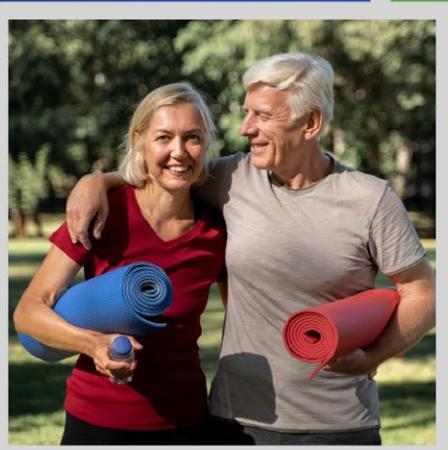
- **The member's cost share is more predictable if only a copay is applied, but is it in line with other copays?** (Using the same 80/20, \$25,000 allowed amount scenario).

Place of Service	Copay	Deductible	Coinsurance	Member Pays	Plan Pays
	Member Pays until OOP Met	Member Pays until Deductible is Met	20% of the Allowed Amount less the copay and deductible paid by member	Copay + Ded + Coinsurance	Allowed Amount Minus Member Pays
Bundle Payment Current	\$0	Waived	\$4,890	\$4,890	\$20,110
Bundled Payment with copay only	\$500	\$0	\$0	\$500	\$24,500
Outpatient (how non-bundled procedures are covered)	\$0	\$1,250	\$3,640	\$4,890	\$20,110
Inpatient	\$300	\$1,250	\$3,340	\$4,890	\$20,110

Plan Design Features: CPP Hospital

- Could apply a copay only, or waive the deductible,
- Example: Same procedure performed 22 times - CPP Hospital Allowed Amount \$21,000 vs. Non CPP Hospital Allowed Amount \$33,500

Place of Service	Copay	Deductible	Coinsurance	Member Pays	Plan Pays – CPP Hospital (\$21k)	Plan Pays – Non CPP Hospital (\$33.5k)
	Member Pays until OOP Met	Member Pays until Deductible is Met	20% of Allowed Amount less copay and deductible paid up to OOP	Copay + Ded + Coinsurance but no more than OOP	Allowed amount Minus Member Pays	Allowed amount Minus Member Pays
CPP Hospital	\$300	\$0	\$ 0	\$300	\$20,700	\$33,200
CPP Hospital	\$300	Waived	\$4,590	\$4,890	\$16,110	\$28,610
Outpatient	\$0	\$1,250	\$3,640	\$4,890	\$16,110	\$28,610
Non-CPP Inpatient	\$300	\$1,250	\$3,340	\$4,890	\$16,110	\$28,610
Emergency Room	\$300	\$1,250	\$3,340	\$4,890	\$16,110	\$28,610



Financial Update

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Financial Results: Actual vs. Budgeted Calendar Year to Date December 2020

Calendar Year 2020	Actual thru DEC 2020	Authorized Budget (per Segal 4-02-19)	Variance Fav/(Unfav) Budget
Beginning Cash Balance	\$1.403b	\$1.250b	\$153.3m
Plan Revenue	\$3.824b	\$3.856b	(\$31.6m)
Net Claims Payments	\$3.326b	\$3.456b	\$130.0m
Medicare Advantage Premiums	\$219.9m	\$ 229.9m	\$10.0m
Net Administrative Expenses	\$142.5m	\$ 188.0m	\$45.5m
Total Plan Expenses	\$3.688b	\$3.874b	\$185.4m
Net Income/(Loss)	\$135.9m	(\$17.9m)	\$153.8m
Non-Operating Cash Transfer	\$475.2m	\$0	(\$475.2m)
Ending Cash Balance	\$1.064b	\$1.232b	(\$168.1m)

Financial Results: Calendar Year to Date December 2020 [CY19/CY20]

Calendar Year 2020	Actual thru DEC 2020	Actual thru DEC 2019	Variance Fav/(Unfav)
Beginning Cash Balance	\$1.403b	\$1.118b	\$285.5m
Plan Revenue	\$3.824b	\$3.740b	\$83.9m
Net Claims Payments	\$3.326b	\$3.152b	(\$174.1m)
Medicare Advantage Premiums	\$219.9m	\$169.6m	(\$50.3m)
Net Administrative Expenses	\$142.5m	\$133.4m	(\$9.1m)
Total Plan Expenses	\$3.688b	\$3.455b	(\$233.5m)
Net Income/(Loss)	\$135.9m	\$285.5m	(\$149.6m)
Non-Operating Cash Transfer	\$475.2m	\$0	(\$475.2m)
Ending Cash Balance	\$1.064b	\$1.403b	(\$339.3m)

Financial Results: Actual vs. Budgeted Fiscal Year to Date December 2020

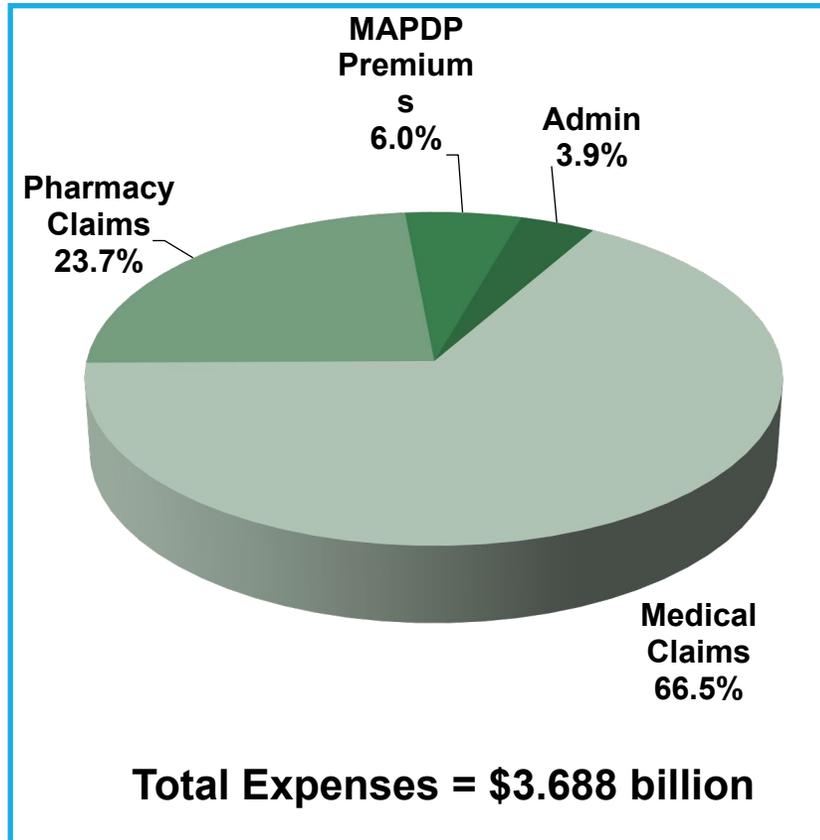
Fiscal Year 2020	Actual thru DEC 2020	Authorized Budget (per Segal 4-02-19)	Variance Fav/(Unfav) Budget
Beginning Cash Balance	\$1.032b	\$1.032b	\$0
Plan Revenue	\$1.939b	\$1.930b	\$8.6m
Net Claims Payments	\$1.747b	\$1.782b	\$35.5m
Medicare Advantage Premiums	\$91.2m	\$111.3m	\$20.2m
Net Administrative Expenses	\$69.9m	\$95.4m	\$25.5m
Total Plan Expenses	\$1.908b	\$1.989b	\$81.1m
Net Income/(Loss)	\$31.5m	(\$ 58.2m)	\$89.7m
Ending Cash Balance	\$1.064b	\$974.2m	\$89.7m

Financial Results: Fiscal Year to Date December 2020 [FY20/FY19]

Fiscal Year 2020	Actual thru DEC 2020	Actual thru DEC 2019	Variance Fav/(Unfav)
Beginning Cash Balance	\$1.032b	\$1.297b	(\$264.3m)
Plan Revenue	\$1.939b	\$1.909b	\$29.9m
Net Claims Payments	\$1.747b	\$1.651b	(\$95.8m)
Medicare Advantage Premiums	\$91.2m	\$84.6m	(\$6.5m)
Net Administrative Expenses	\$69.9m	\$67.3m	(\$2.6m)
Total Plan Expenses	\$1.908b	\$1.803b	(\$104.9m)
Net Income/(Loss)	\$31.5m	\$106.5m	(\$75m)
Ending Cash Balance	\$1.064b	\$1.403b	(\$339.3)

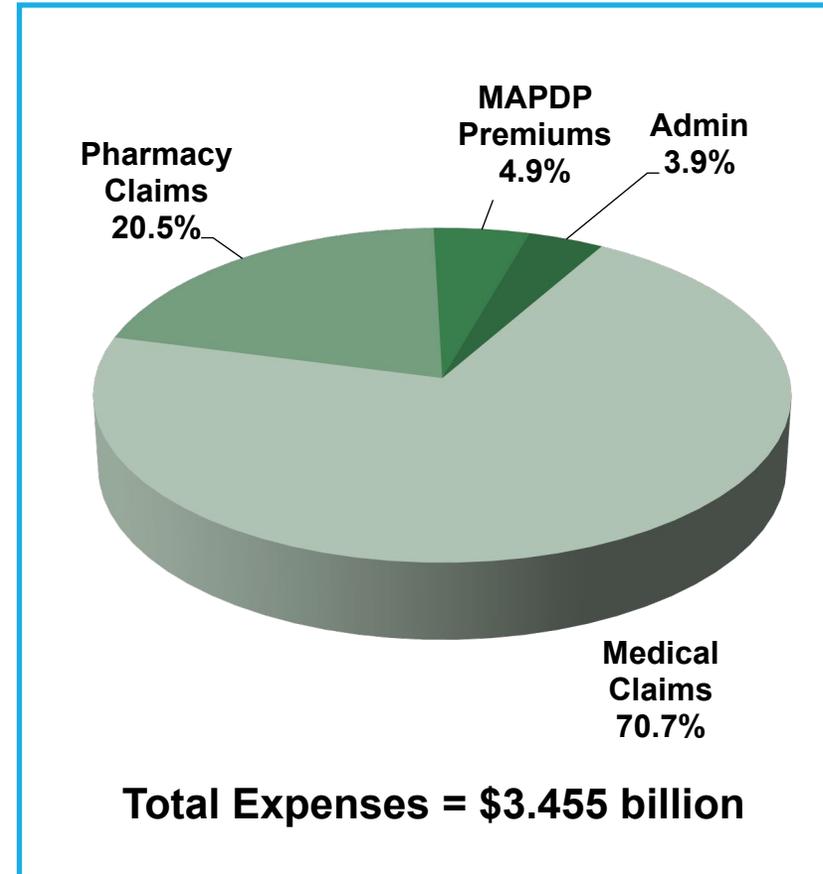
Allocation of Total Expenditures

Calendar Year 2020



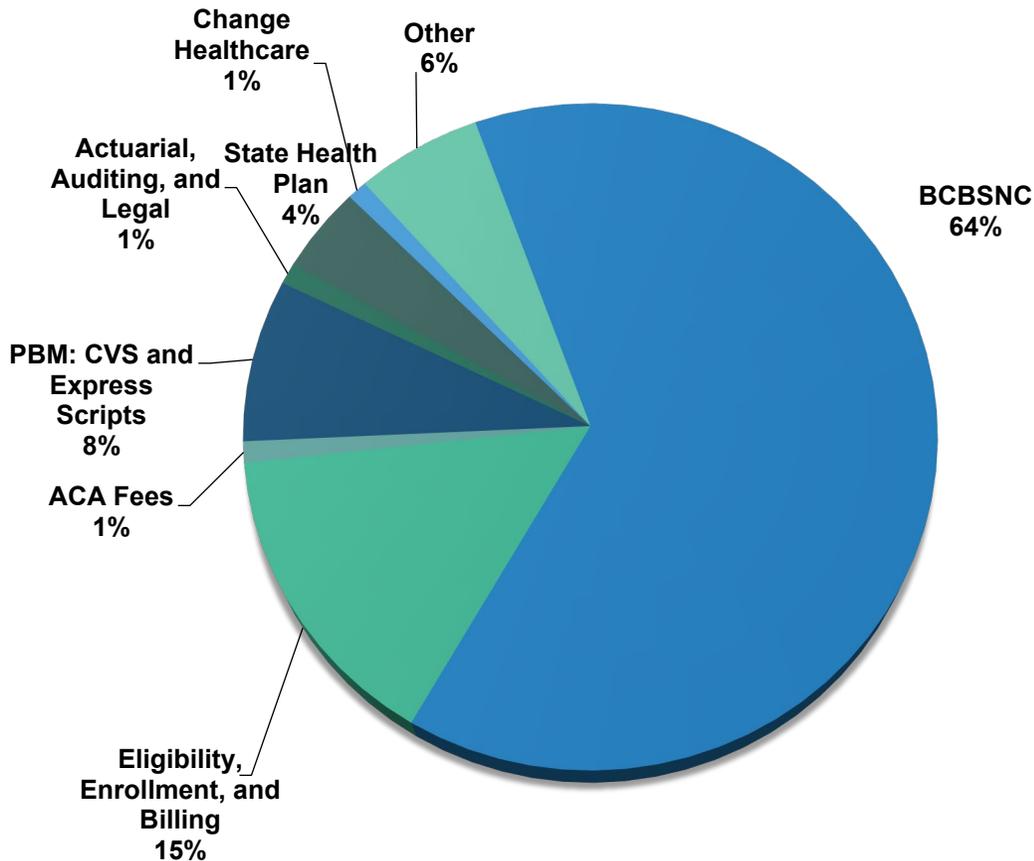
*After rebates

Calendar Year 2019



Calendar Year 2020 Administrative Expenses

Calendar Year 2020
(\$142.5 Million)



Calendar Year 2019
(\$133.4 Million)

