



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



2018 Benefit Development: Potential Cost Sharing Changes

Board of Trustees

August 5, 2016

A Division of the Department of State Treasurer

Presentation Overview

- Review 2017 Board Strategy to Date (Active/Non-Medicare retirees)
- Potential Cost Sharing Changes to Traditional 70/30
- Board Discussion

High Level Board Strategy to Date

(Active/Non-Medicare Retirees)

- CY 2014
 - Implement Consumer Directed Health Plan 85/15 (CDHP 85/15)
 - Add \$40/\$50 Wellness Premiums to CDHP 85/15 and Enhanced 80/20
 - Plans are identified as Engagement Driven Plans
 - Provide cost-sharing enhancements for use of BlueOptions Designated providers in the CDHP 85/15 and Enhanced 80/20
 - Add 100% preventive coverage to Enhanced 80/20
- CY 2016
 - Increase Wellness premiums to \$80/\$90
 - Across the Board cost-sharing increases in Traditional 70/30 to incent enrollment in Engagement Driven Plans
 - Increase in OOP costs and HRA funds/incentives on CDHP 85/15
 - Implement Health Engagement Program on CDHP 85/15
 - Add Tier 4 Generic Specialty Tier on Traditional 70/30 and Enhanced 80/20

High Level Board Strategy to Date

(Active/Non-Medicare Retirees) Continued

- CY 2017
 - Across the Board cost-sharing increases in Traditional 70/30 to incent enrollment in Engagement Driven Plans
 - Add Tobacco Attestation on Traditional 70/30 for Active employees
 - Reconfigure Enhanced 80/20 plan to better incorporate elements of value-based insurance design
 - Changes also created an incentive for members with significant pharmacy claims to enroll in the Traditional 70/30

CY 2018 Benefit Strategy

- The Plan is on a clear path with the CDHP 85/15 of allowing members the opportunity to earn incentives for improving their health
- The Enhanced 80/20 plan has undergone significant changes and it is unclear on how these will impact enrollment; however, they should help members make better choices on where to seek care
- Currently, the Traditional 70/30 might be the best benefit for members who have significant specialty medication expenses due to low copays
 - This reduces a members incentive to engage in multiple other areas
 - Retaining the current approach doesn't allow for changing course with respect to specialty pharmacy
 - An alternative approach to the Traditional 70/30 could be implemented to address the pharmacy issue while still drawing members to the engagement based plans

History of the Traditional 70/30 Plan

- The benefit design of the Traditional 70/30 Plan was essentially unchanged from 2011 to 2016.
- CY 2016 included the first significant increases in cost sharing since 2011 to incent members to enroll in engagement driven plans.
 - The Traditional 70/30 Plan continues to provide members with a premium-free option.
- For plan years 2016 and 2017, the Traditional 70/30 Plan includes increases in cost sharing up to the ceiling to remain a Grandfathered Plan under the Affordable Care Act (ACA).

Recent Iterations of the Traditional 70/30 Plan

	2014	2015	2016	2017
Deductible	\$933	\$933	\$1,054	\$1,080
Medical Coinsurance Max	\$3,793	\$3,793	\$4,282	\$4,388
Pharmacy Max	\$2,500	\$2,500	\$3,295	\$3,360
Out of Pocket Max	N/A	N/A	N/A	N/A
PCP Copay	\$35	\$35	\$39	\$40
Specialist Copay	\$81	\$81	\$92	\$94
Inpatient Hospital	\$291, then Ded/Coins.	\$291, then Ded/Coins.	\$329, then Ded/Coins.	\$337, then Ded/Coins.
Outpatient Hospital	Ded/Coins	Ded/Coins	Ded/Coins	Ded/Coins
Urgent Care	\$87	\$87	\$98	\$100
ER	\$291, then Ded/Coins.	\$291, then Ded/Coins.	\$329, then Ded/Coins.	\$337, then Ded/Coins.
Drugs				
Tier 1 (Generic)	\$12	\$12	\$15	\$16
Tier 2 (Preferred Brand & High-cost Generic)	\$40	\$40	\$46	\$47
Tier 3 (Non-pref Brand)	\$64	\$64	\$72	\$74
Tier 4 (Low cost/Generic Specialty)	N/A	N/A	N/A	10% up to \$100
Tier 5 (Preferred Specialty)	25% up to \$100	25% up to \$100	25% up to \$100	25% up to \$103
Tier 6 (Non-pref Specialty)	25% up to \$150	25% up to \$125	25% up to \$132	25% up to \$133

Continuation of Grandfathered Plan

- The Traditional 70/30 Plan could continue its current trajectory – which would lead to annual, marginal increases in cost sharing to match ACA Grandfathered plan parameters.

	2017	Estimated 2018
Deductible	\$1,080	\$1,129
Medical Coinsurance Max	\$4,388	\$4,586
Pharmacy Max	\$3,360	\$3,528
Out of Pocket Max	N/A	N/A
PCP Copay	\$40	\$42
Specialist Copay	\$94	\$98
Inpatient Hospital	\$337, then Ded/Coins.	\$352, then Ded/Coins.
Outpatient Hospital	Ded/Coins.	Ded/Coins.
Urgent Care	\$100	\$103
ER	\$337, then Ded/Coins.	\$352, then Ded/Coins.
Drugs		
Tier 1	\$16	\$16
Tier 2	\$47	\$49
Tier 3	\$74	\$77
Tier 4	10% up to \$100	10% up to \$103
Tier 5	25% up to \$103	25% up to \$107
Tier 6	25% up to \$133	25% up to \$139

Potential Non-Grandfathered Alternative

- The Traditional 70/30 Plan could also forgo ACA Grandfather status and transition to a benefit that is fully compliant with ACA coverage rules to address the pharmacy differences
- This would entail full coverage of preventive services and compliance with ACA out-of-pocket limits
- Here's a non-grandfathered plan design that would fit these parameters

	2017	NGF 2018*
Deductible	\$1,080	\$1,300
Medical Coinsurance Max	\$4,388	N/A
Pharmacy Max	\$3,360	N/A
Out of Pocket Max	N/A	\$7,150
PCP Copay	\$40	\$50
Specialist Copay	\$94	\$105
Inpatient Hospital	\$337, then Ded/Coins.	\$400, then Ded/Coins.
Outpatient Hospital	Ded/Coins.	Ded/Coins.
Urgent Care	\$100	\$104
ER	\$337, then Ded/Coins.	\$400, then Ded/Coins.
Drugs		
Tier 1	\$16	\$20
Tier 2	\$47	\$50
Tier 3	\$74	Ded/Coins.
Tier 4	10% up to \$100	25% up to \$105
Tier 5	25% up to \$103	25% up to \$130
Tier 6	25% up to \$133	Ded/Coins.

* There are multiple options for structuring a non-grandfather plan

Questions to Board

- What approach should the Plan take with the Traditional 70/30 Plan?
- What should be the long-term vision for the Traditional 70/30 Plan?