



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Analysis of Incurred Claims Trend and Provider Payments

Board of Trustees Meeting

May 24, 2013

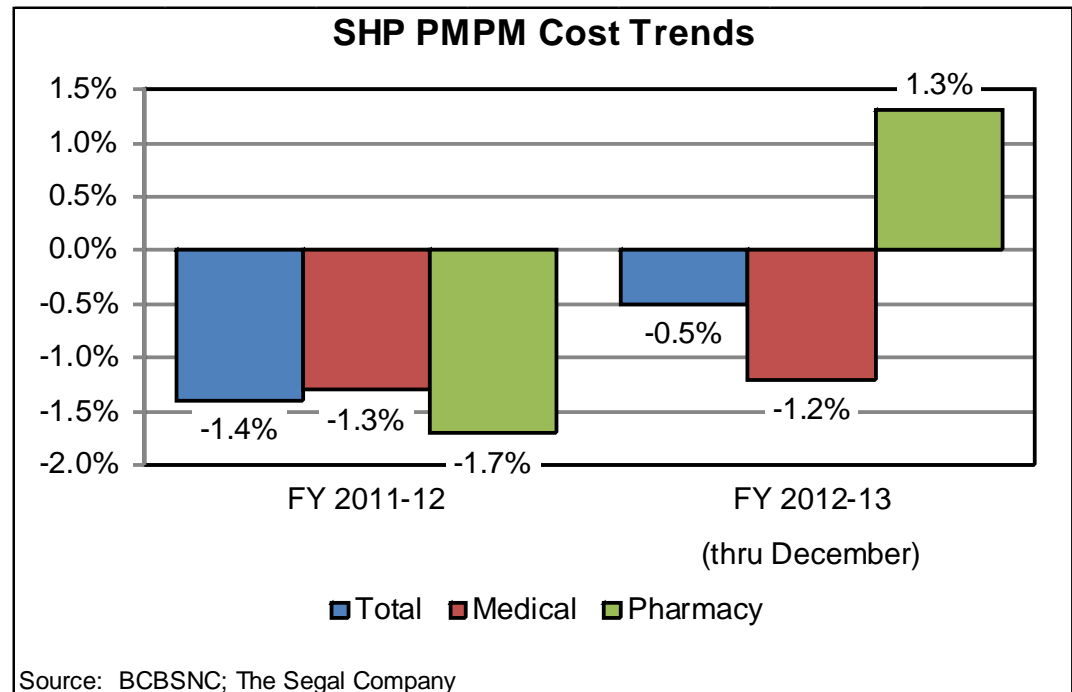
A Division of the Department of State Treasurer

Presentation Overview

- Trends in Incurred Claims Paid through March 31, 2013
 - Per Member Per Month (PMPM)
 - By Service Category
- State Health Plan Provider Rates
 - Comparison to Medicare Provider Rates
 - Comparison of Medicare and Medicaid Provider Rates

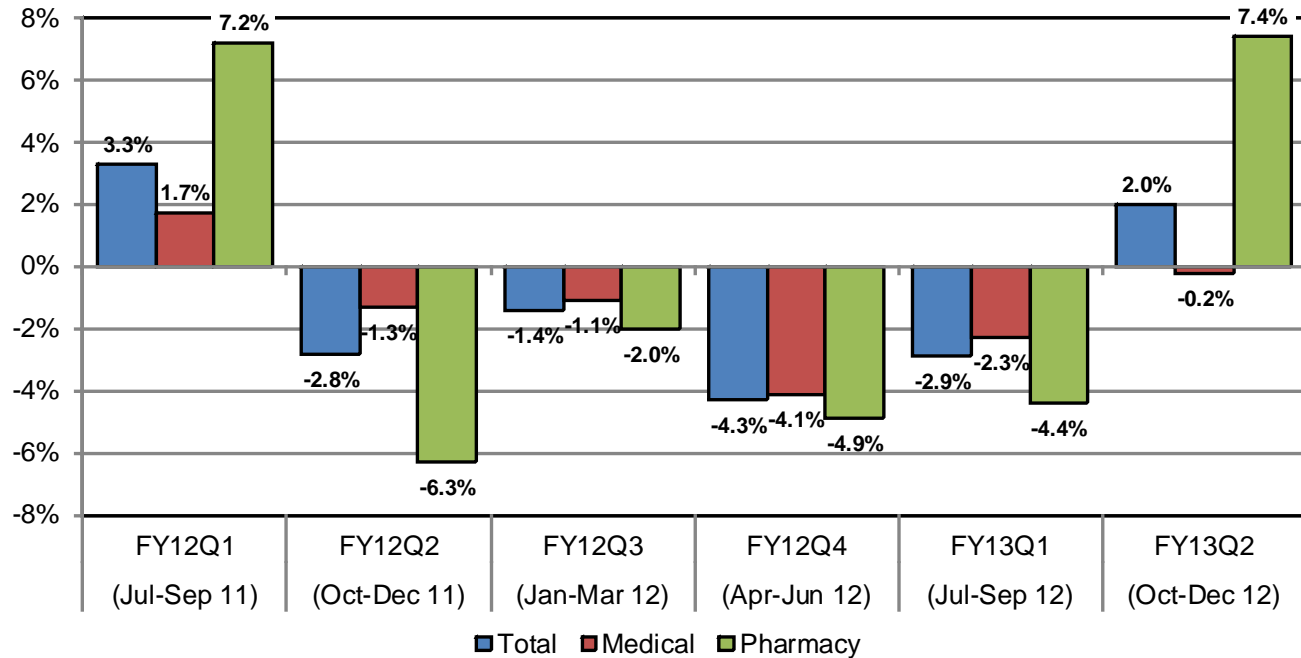
Per Member Per Month (PMPM) Claims Trends

- Using incurred claims data from BCBSNC, Segal analyzed trends in the Plan's claims costs paid through March 31, 2013
- PMPM claims costs were down 1.4% from FY 2010-2011 to FY 2011-12, including negative trends for medical and pharmacy claims
- PMPM claims were down 0.5% from the first six months of FY 2011-12 to the first six months of FY 2012-13
- A 1.2% decrease in PMPM medical claims was partially offset by a 1.3% increase in pharmacy claims



PMPM Claims by Quarter

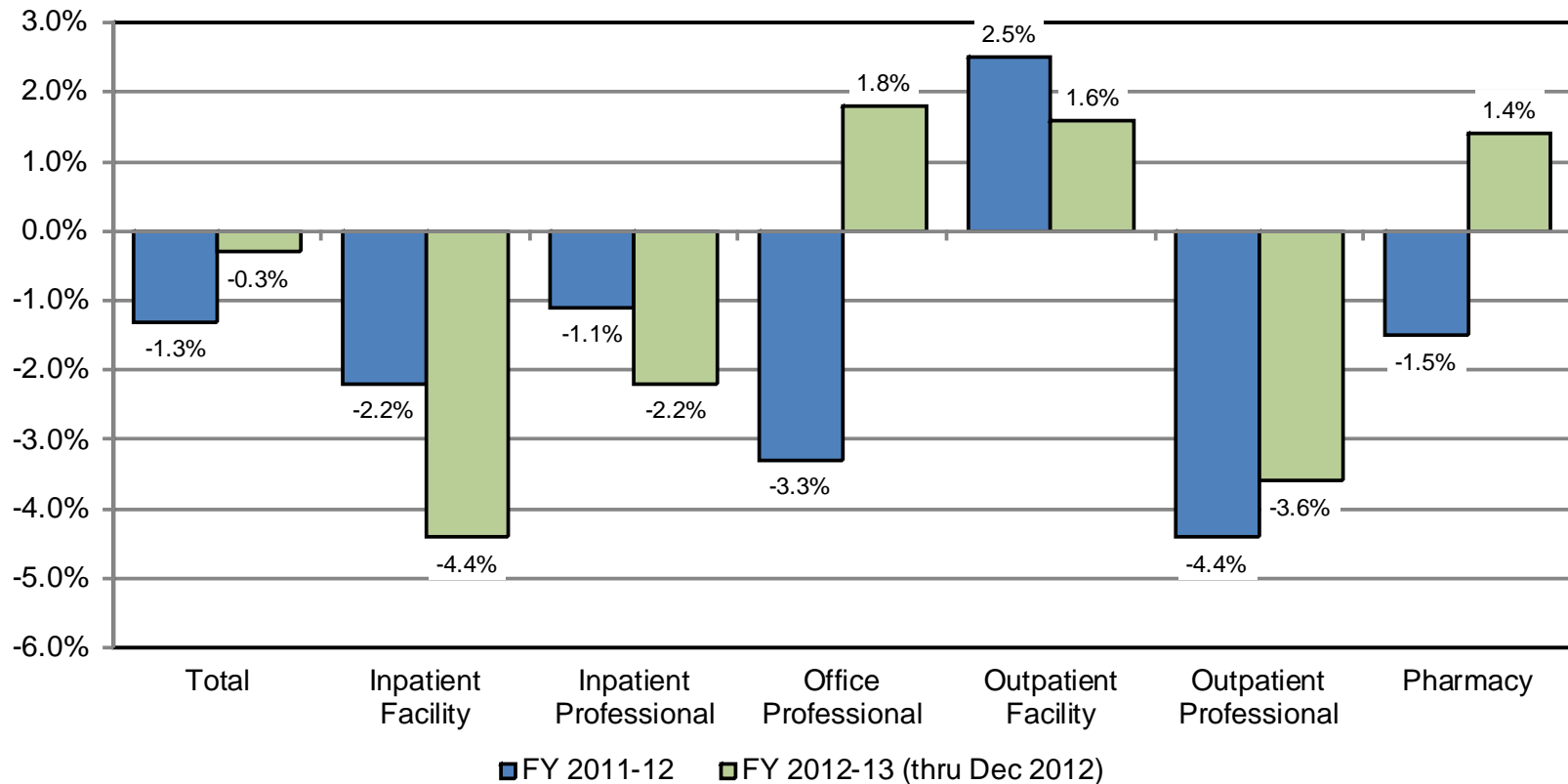
- Quarterly claims trends compare Plan costs in each quarter with costs from the same quarter of the prior year
- Quarterly claims show mostly negative trend over the last 18 months



Source: BCBSNC; The Segal Company

Total Claims Cost Trends by Service

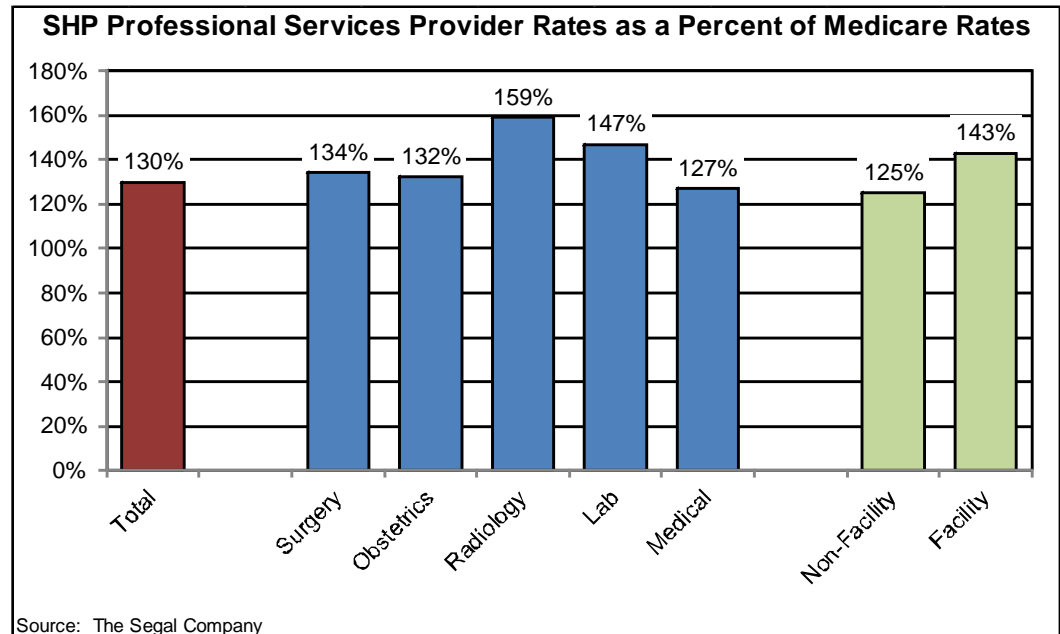
- Claims trends by category of service show some variation, but again, most of trends are negative



Source: BCBSNC; The Segal Company

Plan and Medicare Provider Rates: Professional Services

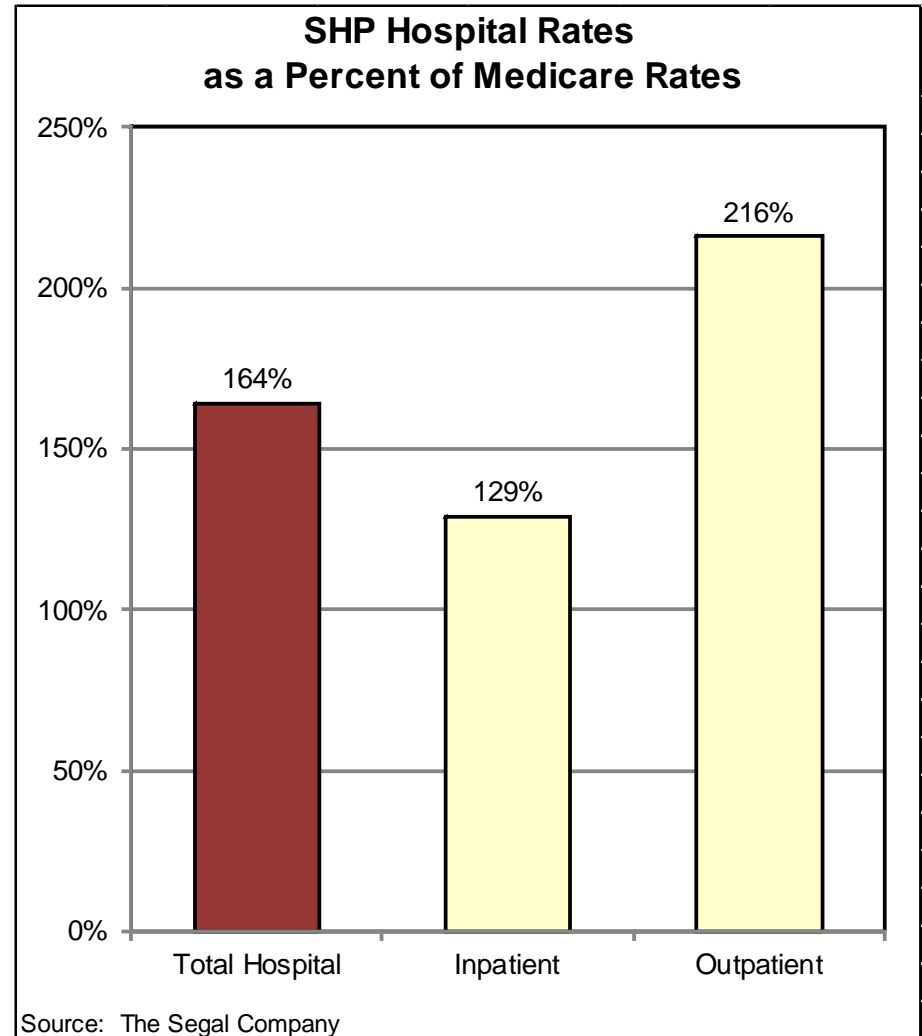
- Using data from BCBSNC, Segal analyzed 2012 Plan and Medicare provider rates for specific professional procedure codes
- Professional services were divided into five categories with Plan rates ranging from 127% to 159% of the corresponding Medicare provider rates



- Professional fees also differ based on the location of the professional service being provided. The Plan pays:
 - 143% of Medicare rates for professional services provided in facilities (generally-speaking, hospitals), and
 - 125% of Medicare rates for professional services provided in other settings (non-facilities)
- In total, Segal concluded that **the Plan pays 130% of Medicare** for professional services

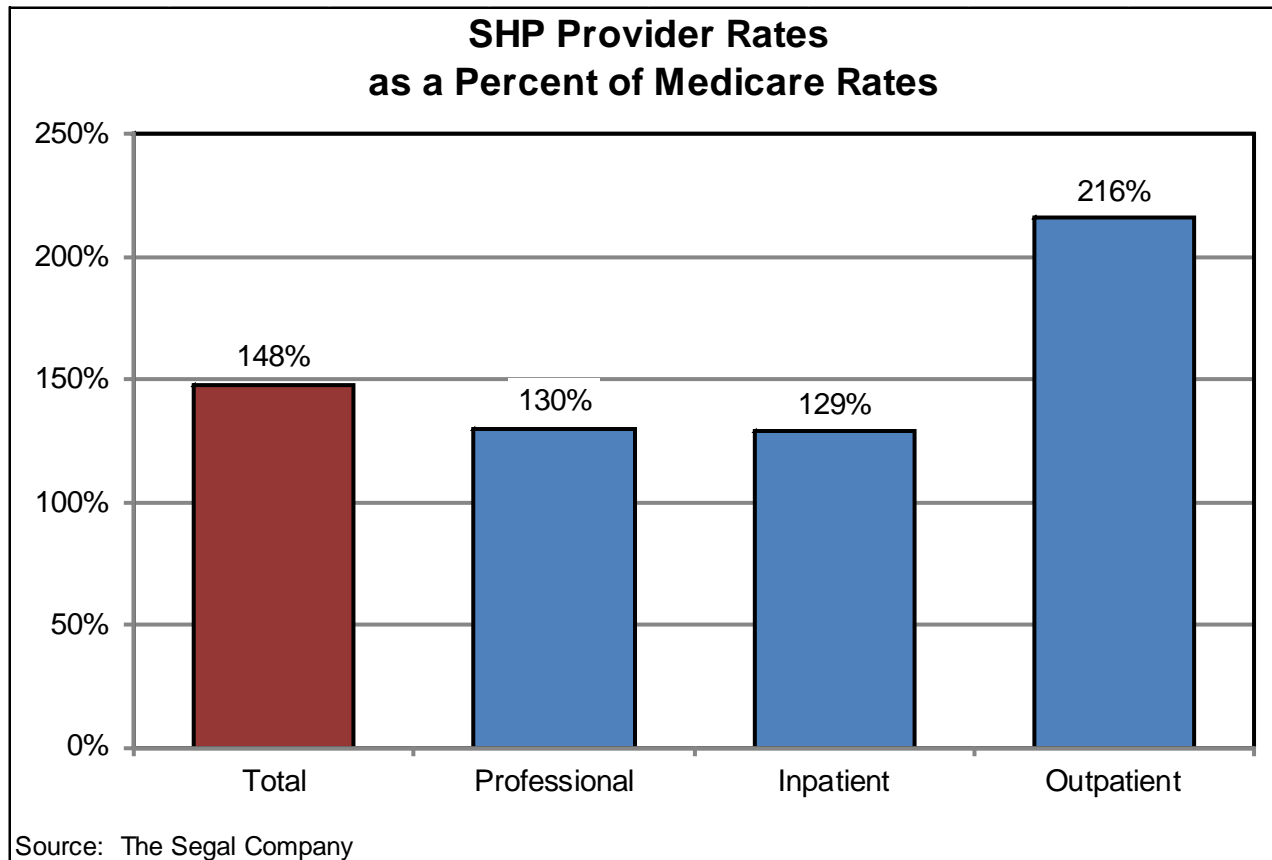
Plan and Medicare Provider Rates: Hospital Services

- Segal also compared Plan provider rates for inpatient and outpatient hospital services using data from BCBSNC and the Healthcare Cost Report Information System (HCRIS)
- The Plan pays 129% of Medicare for inpatient care
- Because Medicare pays for outpatient services at a significant discount, the Plan pays 216% of the Medicare rates
- Overall, Segal found that **the Plan pays 164% of Medicare rates for hospital services**



Plan and Medicare Provider Rates: Medical Services

- Combining professional and hospital rates, Segal concluded that the Plan pays providers at approximately 148% of Medicare rates



Comparing NC Medicare and Medicaid Provider Rates

- Physicians
 - Medicaid pays 100% of Medicare rates for primary care physicians (PCPs) in 2013-14
 - For specialists, Medicaid pays 95% of Medicare rates for office visits and 86% of Medicare rates for procedures
 - After 2014, PCPs will be reimbursed at the same percentages (95%/86%) as specialists
- Inpatient Hospital
 - Medicaid has its own hospital rates that, in theory, pay 100% of Medicare rates after including supplemental payments
 - However, these supplemental payments are funded through the imposition of hospital assessments that increase hospital costs
 - The net effect of rates, supplemental payments, and assessments is that hospitals receive on average 75% to 95% of Medicare rates
- Outpatient Hospital
 - Medicaid reimburses hospitals at 80% of cost, as reported by each hospital
 - A later “true up” payment, funded with hospital assessments, gets the hospitals up to 100% of cost
 - In general, Medicaid pays more than Medicare

Note: This slide was prepared with the assistance of the Fiscal Research Division of the North Carolina General Assembly.

Comparison of Provider Rates Relative to Medicare

Category	Medicaid	Medicare	Plan
Physician/Professional	86% - 100%	100%	130%
Inpatient	75% - 95%	100%	129%
Outpatient	>100%	100%	216%
Total	Est. 90%	100%	148%

- If we estimate that, in total, Medicaid pays approximately 90% of the Medicare provider rates, the Plan's rates would be about 164% of Medicaid rates