Plan Integration Updates

Board of Trustees Meeting

February 8, 2018
Tobacco Usage Update
Open Enrollment: Self-Reported Tobacco Usage

Tobacco Attestation is part of the online enrollment process for:
- All subscribers enrolling in the 80/20 Plan
- 70/30 Plan subscribers who are not enrolled through the Retirement Systems

<table>
<thead>
<tr>
<th>Attestation</th>
<th>2017*</th>
<th>2018</th>
<th>Percent Change</th>
<th>Tobacco User</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not a Tobacco User</td>
<td>294,921</td>
<td>311,086</td>
<td>6% Increase</td>
<td>No</td>
</tr>
<tr>
<td>Tobacco User willing to Enroll in Cessation Program</td>
<td>10,490</td>
<td>9,294</td>
<td>11% Decrease</td>
<td>Yes</td>
</tr>
<tr>
<td>Tobacco User</td>
<td>3,804</td>
<td>2,927</td>
<td>-23% Decrease</td>
<td>Yes</td>
</tr>
<tr>
<td>Did Not Respond</td>
<td>31,070</td>
<td>18,505</td>
<td>40% Decrease</td>
<td>Maybe?</td>
</tr>
</tbody>
</table>

Total Subscribers Eligible to Attest:
- 2017 – 340,285
- 2018 – 341,812

Self-Reported Tobacco Users:
- 2017 – 14,294 (4%)
- 2018 – 12,221 (4%)

*All CDHP attested as well.
Open Enrollment: Self-Reported Tobacco Usage

- **Tobacco Premium Credit** - Whether the subscriber says he/she is a tobacco user or skips the attestation, the outcome is the same. The tobacco surcharge is applied.

- **Tobacco Users** - Should we assume that some of those that take no action, are actually tobacco users?
  - According to the Centers for Disease Control & Prevention (CDC), 15% of Americans smoked cigarettes in 2015.
  - If we assume a majority of the non-responders are actually tobacco users, our numbers are more in line with the CDC.

<table>
<thead>
<tr>
<th>Attestation</th>
<th>2017*</th>
<th>2018</th>
<th>Tobacco User</th>
<th>Premium Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not a Tobacco User</td>
<td>294,921 (87%)</td>
<td>311,086 (91%)</td>
<td>No</td>
<td>$60 Reduction</td>
</tr>
<tr>
<td>Tobacco User Willing to Enroll in Cessation Program</td>
<td>10,490 (3%)</td>
<td>9,294 (3%)</td>
<td>Yes</td>
<td>$60 Reduction</td>
</tr>
<tr>
<td>Tobacco User</td>
<td>34,874 (10%)</td>
<td>21,432 (6%)</td>
<td>Yes</td>
<td>No Reduction</td>
</tr>
<tr>
<td>Did Not Respond</td>
<td></td>
<td></td>
<td>Yes</td>
<td>No Reduction</td>
</tr>
</tbody>
</table>

*All CDHP attested as well.*
Tobacco Cessation Program Enrollment

- 5520 Subscribers (59.4%) Enrolled in the QuitlineNC by the deadline, December 31, 2017
- 3774 Subscribers (40.6%) took no action; therefore, their credit has been removed
- Plan staff will continue to explore strategies to ensure the validity of the attestations.

<table>
<thead>
<tr>
<th>Attestation</th>
<th>2018 Original</th>
<th>2018 Adjusted</th>
<th>Tobacco User</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not a Tobacco User</td>
<td>311,086 (91%)</td>
<td>311,086 (91%)</td>
<td>No</td>
</tr>
<tr>
<td>Tobacco User willing to Enroll in Cessation Program</td>
<td>9,294 (3%)</td>
<td>5,520 (1.6%)</td>
<td>Yes</td>
</tr>
<tr>
<td>Tobacco User</td>
<td>2,927 (less than 1%)</td>
<td>6,695 (2%)</td>
<td>Yes</td>
</tr>
<tr>
<td>Did Not Respond</td>
<td>18,505 (5%)</td>
<td>18,505 (5%)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*All CDHP attested as well.
Third Party Administrator (TPA) Implementation Updates
# 2019 TPA Contract Implementation Update: Program Evaluations

## Completed: Clinical Programs

- ✓ Medical Management
- ✓ Medical Specialty Pharmacy Management
- ✓ Population Health Management

## Completed: Operational

- ✓ Claims
- ✓ Claims Recovery
- ✓ Banking

## Under Way: Customer Experience Programs

<table>
<thead>
<tr>
<th>Secure Member Portal</th>
<th>Vendor Portal Integration</th>
<th>Customer Service</th>
</tr>
</thead>
</table>

In addition to evaluating Blue Cross’ customer service tools, we are also evaluating how these integrate with other Plan vendors’ web tools to ensure the best member experience.
2019 TPA Contract Implementation Update: ID Cards

New ID Card design is in development

- Blue Cross logo moved to back of card
- More prominent Plan logo

Member: Mary Doe  
Subscriber: John Doe  
Member ID: YPYW12345678

Phone
Benefits & Claims: 888-234-2416  
Eligibility & Enrollment: 888-859-0966  
Find Non-NC Providers: 800-810-2583  
Provider Service: 800-214-4844  
Prior Review/Certification: 800-672-7897

Mail
Blue Cross and Blue Shield of North Carolina  
PO Box 30087  
Durham, NC 27702-0035  
Providers send claims to their local Blue Cross Blue Shield Plan

In-Network Member Copay
- Selected PCP: $10
- Designated Specialist: $45
- Specialist: $85
- Physical/Occupational/ Speech Therapy, Chiropractic: $52
- Urgent Care: $70*
- ER: $300 + Ded** + 20%*

* same for out-of-network
** Deductible

Paid by YOU and other NC Taxpayers
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Vendors Impacted</th>
<th>Customer Impacted</th>
<th>Complexity, Savings or Compliance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Move High Deductible Health Plan (HDHP) Administration to Blue Cross NC</td>
<td>• Blue Cross NC • Benefitfocus • CVS • iTEDİUM</td>
<td>Members and HBRs</td>
<td>• Reduces enrollment and premium billing complexity by consolidating all group premium billing under Blue Cross NC • Saves $120k/year</td>
<td>✓ Requirements Complete ✓ System Development Under Way ✓ Employing Unit Communications Under Way ✓ HBR Training in Development</td>
</tr>
<tr>
<td>Add Leave of Absence and Workers Comp Direct Billing Functionality</td>
<td>• Blue Cross NC • Benefitfocus • iTEDİUM</td>
<td>Members and HBRs</td>
<td>• Reduces complexity for HBRs because the Plan will assume premium collection for members on LOA • Ensures employing units are in compliance with statutory requirements around eligibility and premium for members who are not actively at work. We believe many EUs carry members who are no longer eligible for coverage. • No additional ongoing cost to Plan</td>
<td>✓ Requirements Complete ✓ System Development Under Way ▪ Final Rollout is TBD – we want to implement HDHP first, then roll out LOA processing</td>
</tr>
</tbody>
</table>
## TPA Contract: Vendor Infrastructure Changes

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Vendors Impacted</th>
<th>Customer Impacted</th>
<th>Complexity, Savings or Compliance</th>
<th>Status</th>
</tr>
</thead>
</table>
| Group Transfer Functionality              | • Blue Cross NC  
• Benefitfocus  
• CVS                                      | Members and HBRs        | • Reduces enrollment complexity for members. Currently when members move from one employing unit to another they must re-enroll in Plan benefits. With this process improvement, coverage and documents would be transferred and members would have 30 days from their hire date to make changes. Not enrolling within 30 days of hiring is our No. 1 exception outside of Open Enrollment.  
• No additional ongoing cost to the Plan | Benefitfocus has not delivered an estimate for the full solution.  
✓ Document Transfers  
- Requirements complete  
- Development Under Way  
- Deploys in March   
Full functionality - TBD |
| New Medicare ID Number                    | • Blue Cross NC  
• Benefitfocus  
• CVS  
• iTEDIUUM  
• UHC                                      | Medicare Primary Members and Vendors | • The conversion is complex and the impact to members will be complex and confusing  
• May impact our ability to auto-enroll new Medicare members into Medicare Advantage  
• There is no savings or ongoing cost to Plan | ✓ Requirements Complete  
✓ Development Under Way  
✓ Go-live is April 1, 2018 |
TPA Implementation Timeline

- **Integration Team and Vendor Technical Teams**
- **Plan Senior Leadership & OST** Requires Board Vote
- **Customer Experience, Plan Integration, OST**
- **Plan Senior Leadership Group & OST** Requires amendment

**Each vendor and payroll group will have their own deployment schedule that will have to be worked into the timeline**
Dependent Eligibility Verification Audit (DEVA)
Dependent Eligibility Verification Audit: Timeline

Project Goals:

• Confirm eligibility of all dependents

• Attach verified documents to dependents’ electronic records so that future audits are not required

• Terminate dependents who are not eligible

May 8 & May 12, 2017
Initial HBR Alerts sent

May 18, 2017
Initial letters mailed to members

May 22, 2017
Audit begins

July 1, 2017
Outbound calls to retirees begin

July 11, 2017*
Follow up letter mailed to non-responders

July 17, 2017
Outbound calls to active members in state agencies

July 26, 2017
Reminder Postcard mailed to Non-responders

July 31, 2017
Documentation submission deadline

August – December 2017
Emailed, mailed, and where possible, called non-responders

January 1, 2018
Dependents terminated effective February 1, 2018

* Letters were delayed due to mail vendor error
Dependent Eligibility Verification Audit: Initial Audit Phase Results

The audit population included 187,791* covered dependents under the age of 75.

<table>
<thead>
<tr>
<th>Entity</th>
<th>Dependent Count</th>
<th>Verified</th>
<th>Invalid Documents</th>
<th>No response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Schools</td>
<td>87,390</td>
<td>79,813 / 91%</td>
<td>817 / 0.9%</td>
<td>6,760 / 8%</td>
</tr>
<tr>
<td>Universities</td>
<td>33,187</td>
<td>31,674 / 95%</td>
<td>191 / 0.6%</td>
<td>1,322 / 4%</td>
</tr>
<tr>
<td>State Agencies</td>
<td>31,363</td>
<td>28,957 / 92%</td>
<td>323 / 1%</td>
<td>2,083 / 7%</td>
</tr>
<tr>
<td>Retirees</td>
<td>19,176</td>
<td>16,901 / 88%</td>
<td>386 / 2%</td>
<td>1,889 / 10%</td>
</tr>
<tr>
<td>Community Colleges</td>
<td>8,702</td>
<td>8,256 / 95%</td>
<td>63 / 1%</td>
<td>383 / 4%</td>
</tr>
<tr>
<td>Local Governments</td>
<td>4,417</td>
<td>3,806 / 86%</td>
<td>45 / 1%</td>
<td>566 / 13%</td>
</tr>
<tr>
<td>Charter Schools</td>
<td>2,592</td>
<td>2,347 / 90%</td>
<td>13 / 1%</td>
<td>232 / 9%</td>
</tr>
<tr>
<td>COBRA Participants</td>
<td>778</td>
<td>248 / 32%</td>
<td>4 / 1%</td>
<td>526 / 67%</td>
</tr>
<tr>
<td>Direct Bill Members</td>
<td>186</td>
<td>145 / 78%</td>
<td>5 / 3%</td>
<td>36 / 19%</td>
</tr>
</tbody>
</table>

*Original audit population: 193,791 – Number decreased to 187,791 through routine attrition.
Dependent Eligibility Verification Audit Results: Final Audit Results

Of the original 187,791* covered dependents under the age of 75 that were audited, 1,314 were terminated effective 2/1/2018.

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</tr>
</thead>
<tbody>
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<td>Public Schools</td>
<td>87,390</td>
<td>86,789 / 99%</td>
<td>601 / 1%</td>
</tr>
<tr>
<td>Universities</td>
<td>33,187</td>
<td>33,058 / 99%</td>
<td>129 / 1%</td>
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Dependent Eligibility Verification Audit: January 2018

- The processing of terminations on January 1, 2018, generated termination notices and COBRA offers to impacted members. Such notices resulted in members contacting us to provide the required documentation.
- February began with 1,314 dependents terminated as a result of the audit.

<table>
<thead>
<tr>
<th>Reinstatements By Week</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week ending January 2</td>
<td>150</td>
</tr>
<tr>
<td>Week ending January 8</td>
<td>0</td>
</tr>
<tr>
<td>Week ending January 15</td>
<td>90</td>
</tr>
<tr>
<td>Week ending January 22</td>
<td>87</td>
</tr>
<tr>
<td>Week ending January 29</td>
<td>106</td>
</tr>
<tr>
<td><strong>Total Dependents Reinstated in January</strong></td>
<td><strong>433</strong></td>
</tr>
</tbody>
</table>
Dependent Eligibility Verification: Next Steps

Ongoing Audits
• Since August, Plan staff have developed several tools and reports that have enabled the team to begin auditing:
  • Qualifying Life Event (QLE) Documentation – Documents that support the ability of a subscriber to add dependent(s) outside of initial or Open Enrollment
  • Dependent Verification Documentation – Appropriate documentation accompanies each new dependent that is added

Gap Audit
• Developing an audit plan to audit dependents that:
  • Enrolled after the initial DEVA audit file was created and
  • Before the ongoing audits were implemented

Exceptions
• Process any exceptions submitted on terminated dependents
  • To be approved:
    • Exception must include required documentation
    • Must be retroactively reinstated, which means multiple months of premiums will be collected
Open Enrollment Updates
(Actives & Retirees)
Open Enrollment Results: Non-Medicare Primary Plan Selections

- 315,865, 57%
- 242,455, 43%

*Counts are based on reports run 2/2/18.*
Non-Medicare Primary Enrollment: Month over Month

Non-Medicare Primary Enrollment

<table>
<thead>
<tr>
<th>Month</th>
<th>CDHP</th>
<th>70/30</th>
<th>80/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-17</td>
<td>47,428</td>
<td>229,292</td>
<td>277,714</td>
</tr>
<tr>
<td>Jan-18</td>
<td>0</td>
<td>242,455</td>
<td>315,865</td>
</tr>
<tr>
<td>Feb-18</td>
<td>0</td>
<td>244,094</td>
<td>318,884</td>
</tr>
</tbody>
</table>

Legend:
- CDHP
- 70/30
- 80/20
Open Enrollment Results: Medicare Primary Plan Selections

- Counts are based on reports run 2/2/18
- January and February counts will continue to change
  - Medicare Advantage Enrollment has not been finalized by CMS
  - Not all of the January 1 retirements have been finalized (Jan retirement = Feb. 1, SHP effective date)
Medicare Primary Enrollment: Month over Month

### Medicare Primary Enrollment

<table>
<thead>
<tr>
<th>Month</th>
<th>70/30 PPO</th>
<th>Enhanced Med Adv</th>
<th>Base Med Adv</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-17</td>
<td>41,843</td>
<td>20,817</td>
<td>105,055</td>
</tr>
<tr>
<td>Jan-18</td>
<td>22,264</td>
<td>21,634</td>
<td>127,237</td>
</tr>
<tr>
<td>Feb-18</td>
<td>24,831</td>
<td>21,655</td>
<td>124,833</td>
</tr>
</tbody>
</table>

- **70/30 PPO**
- **Enhanced Med Adv**
- **Base Med Adv**