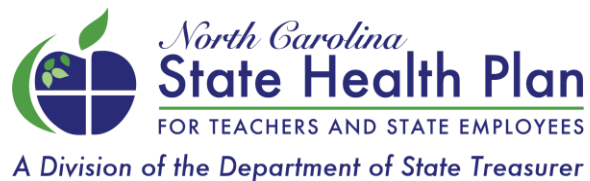




State Health Plan HBR Webinar

June 2025



Presentation Overview

- How We Got Here
- 2026 Benefit Changes
- Aetna Transition



Challenges Inherited: How We Got into a Financial Challenge

- Medical and Pharmacy trend have exceeded growth in employer contributions and employee premiums.
- Unchanged premiums and benefits.
- The employer contribution, while growing, hasn't fully offset the difference between trend and lack of changes to premiums and benefit changes.
- Unintended consequences of the Clear Pricing Project (CPP).
- Lack of population health focus.
- The State Health Plan has a \$500M shortfall in 2026 and an additional \$800M shortfall in 2027.
- In recent years, the state budget has averaged an increase of around 3.3% annually toward the State Health Plan cost.
- Current budget proposals would represent about 5% more than was contributed last fiscal year- which signifies a priority on state employee health in a year that there is so much need in our state with Hurricane Helene, the Legislature provided much needed support to help with our current deficit.
 - The Plan did request funding for GLP-1 coverage, but until the budget is final, we don't have a clear path to a program.

Evaluating Solutions

Balancing Impact and Feasibility

To address the budget shortfall responsibly, every proposed change is evaluated with a holistic view of its impact. We are committed to making changes that consider member needs, operational capacity, and financial sustainability.

- **MEMBER IMPACT**

- Will this change maintain or enhance member access to quality care?
- Are potential financial benefits worth any trade-offs in member experience?

- **OPERATIONAL IMPACT**

- Can this change be implemented efficiently within existing systems and resources?
- Will it introduce complexity or risk that could unnecessarily disrupt services or create unintended challenges?

- **FINANCIAL IMPACT**

- Will this change meaningfully contribute to closing the budget gap?
- Are the financial gains substantial enough to justify potential impacts on members or operations?

State Health Plan Strategy

2025



LONG-TERM / ONGOING

ADDRESS THE FISCAL CLIFF

- Premiums
- Plan Design
- Formulary

ENSURE THE CLIFF WON'T COME BACK

- Price/Quality Transparency
- Be the partner of choice to improve price and access
- Bring back population health
- Support screenings

EMPOWER LONG-TERM HEALTH

- Member-friendly structures to improve health and reduce chronic disease
- Quality first network
- Strengthen rural health access (especially specialty care)

Clear Pricing Project Evolution

The Clear Pricing Project taught the Plan a lot about contract direction, and those learnings are the framework going forward.



Members benefited from lower out-of-pocket costs and better access and was easy to understand.

Providers received financial sustainability and predictability and there were certainly high-quality providers in the network. **HOWEVER**, the incentive was designed around volume.

The Plan has concrete evidence that positive member steerage works **BUT** the Plan carried the full financial risk that led to a **\$450M** variance from stated projections and actual results.

CPP Will Evolve Into Preferred Providers

Focus remains on patient steerage, improving financials, but adding quality and access specificity.

CURRENT STRUCTURE

Anyone eligible who will take 160% of Medicare

Reduced member cost share

PREFERRED PROVIDERS

Focus on PCP, Behavioral Health, and multi-disciplinary specialty

Enhanced payment from Aetna fee schedule through care management fees, shared saving, steerage bonuses

Enhanced data access for decision making

No Medical Prior Authorization

Clear Pricing Project Termination - Other Programs

With the current version of the
Clear Pricing Project ending Dec. 31, 2025;



the State Health Plan continues its COMMITMENT
to PROVIDING OUR MEMBERS access to

HIGH QUALITY and AFFORDABLE
BEHAVIORAL HEALTH SERVICES.

Chiropractor / Physical Therapy /
Occupational Therapy:
IN PROGRESS to develop an
alternative path forward
(likely 2027).

Other services: ENDING



2026 Plan Changes

 *North Carolina*
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer

Plan Design Summary



GOAL: Eliminate the ~ \$500M shortfall.



NEW PLAN NAMES will be introduced in an effort to move away from numerical/actuarial plan names.

70/30 Plan → Standard PPO Plan

80/20 Plan → Plus PPO Plan

Humana® Group Medicare Base and Enhanced Plans

→ Humana® Medicare Advantage & Humana® Prescription Drug Base (PPO) and Enhanced (PPO) Plans

2026 Plan Design Changes *Active and Non-Medicare*

SERVICES	2025		2026	
	70/30	80/20	STANDARD	PLUS
Annual Deductible	\$1,500 / \$4,500	\$1,250 / \$3,750	\$3,000 / \$9,000	\$1,500 / \$4,500
Out-of-Pocket Maximum (Combined Medical and Pharmacy)	\$5,900 / \$16,300	\$4,890 / \$14,670	\$6,500 / \$16,300	\$5,000 / \$15,000
In-Patient Hospital / Emergency Room	\$337 +ded/coins	\$300 +ded/coins	\$600 +ded/coins	\$500 +ded/coins
Out-Patient Surgical Copay	ded/coins	ded/coins	\$350 +ded/coins	\$300 +ded/coins
Primary Care Provider Office Visit	\$45 / \$30 / CPP \$0	\$25 / \$10 / CPP \$0	\$50 / \$40 / \$15*	\$40 / \$30 / \$10*
Specialist Visits	\$94 / CPP \$47	\$80 / CPP \$40	\$94 / \$50*	\$80 / \$40*
Behavioral Health Provider	\$45 / CPP \$0	\$25 / CPP \$0	\$15	\$10
Speech, Occupational, Chiropractic and Physical Therapy	\$72 / CPP \$36	\$52 / CPP \$26	\$62	\$42
Rx Tier 1	\$16	\$5	\$25	\$15
Rx Tier 2	\$47	\$30	\$75	\$55
Rx Tier 4	\$200	\$100	\$200	\$100
Rx Tier 5	\$350	\$250	\$600**	\$500**
Actuarial Value	79.8%	84.6%	74.8%	81.5%

*Lowest copay for preferred providers. **Manufacturer's coupons would generally cover increased copay. ***Premiums to be determined in Aug.

2026 Benefit Changes

Through the process the Plan has identified some wins for members.

- The tobacco attestation credit will be removed, and members will receive the credit.
- Projections are looking more like a \$5 increase in premiums instead of \$20 for the lowest salary band.
 - Reminder, bands and premiums are not yet available. Once the vote occurs, an HBR Alert will be sent.

Point Solution Considerations to Improve Member Experience and Health Where Access is Limited or Based on Feedback

SOLUTION



RATIONALE



Provide rural members with tool to monitor Blood Pressure daily and receive coaching and assistance.

Ventricle health

Provide rural members with a Cardiovascular Care Physician after discharge (focus on low access communities).



Provides in home option to support MSK Health.



Works to identify geographies with food diseases. Provide high quality food to improve health and reduce Emergency Room use. (PILOT PROGRAM)

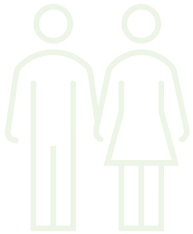
Bundle Program for surgical/ortho is in the works as well.

2026 Medicare Advantage Changes

CMS made some policy changes for 2026. These changes improved the flexibility of Medicare Advantage plans making it easier to split how companies, like Humana administer medical and pharmacy benefits.

THE SAVINGS IS MEANINGFUL, which allows the State Health Plan to keep benefits stable for members.

Splitting the Medicare Advantage (Medical) and Prescription Drug Plan (Pharmacy) while running them concurrently with Humana is really all done on the back end with members not experiencing a lot of change.



POSSIBLE MEMBER IMPACT INCLUDES:

- 2 ID cards – one for medical, one for pharmacy
- 2 confirmations of enrollment – one for medical, one for pharmacy (these are CMS required, and system generated)
- Some duplicated mandated notices
- Extra communication will need to occur on the pharmacy side of things.

This change allows for **only one slight change to benefits** for **BOTH Humana® Medicare Advantage Plans** for 2026.

While possible duplicative mailings and two ID cards may cause some confusion, the ability to hold benefits largely steady and create savings for the Plan with little disruption is encouraging.

2026 Plan Design *Medicare Advantage Plans*

SERVICES	2025		2026	
	Humana® GROUP MEDICARE Advantage		Humana® Medicare Advantage & Humana® Prescription Drug	
	BASE PLAN	ENHANCED PLAN	BASE PLAN	ENHANCED PLAN
Annual Deductible	\$0		\$0	
Out-of-Pocket Maximum (Medical)	\$4,000	\$3,300	\$4,000	\$3,300
Out-of-Pocket Maximum (Pharmacy)	\$2,000		\$2,100	
In-Patient Hospital / Emergency Room	Days 1-10: \$160/day Days 11+: \$0 / \$65 ER	Days 1-10: \$125/day Days 11+: \$0 / \$65 ER	Days 1-10: \$160/day Days 11+: \$0 / \$65 ER	Days 1-10: \$125/day Days 11+: \$0 / \$65 ER
Out-Patient Surgical Copay	\$250		\$250	
Primary Care Provider Office Visit	\$20	\$10	\$20	\$10
Specialist Visits	\$40	\$35	\$40	\$35
Chiropractic Visits	\$20		\$20	
Rx Tier 1	\$10		\$10	
Rx Tier 2	\$40		\$40	
Rx Tier 4	25% coins up to \$100		25% coins up to \$100	
Rx Tier 5	N/A		N/A	
Actuarial Value	90.2%	91.0%	90.2%	91.0%

Only one benefit adjustment: to OOP per CMS requirement.

Next Steps



COMMUNICATE,
COMMUNICATE,
COMMUNICATE.



PARTNER WITH
a bundle provider
to fill out our
network across
N.C. and launch
pilots to generate
savings
early.



FINALIZE primary
care and specialty
terms.



TRAIN and ROLLOUT
price transparency
for providers in
2025.

HBR OE Training



August 15
SET PREMIUMS
for 2026.



October 13-31
OPEN ENROLLMENT
for 2026.



Aetna Transition Update

- Formulary Changes/Specialty (Limited Distribution Drugs)
- Clear Pricing Project Evolution
- Lab & X-Ray Copays
- Provider Contracting Differences
- Bundled Services