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North Carolina State Health Plan's Provider Reimbursement Strategy

Health Care Roundtable Annual Conference: "Spark Rounds" Presentation

November 9, 2018

A Division of the Department of State Treasurer

Objective

- Introduction to the North Carolina State Health Plan (Plan)
- Recognition of the Plan's Challenges
- Implementation of the Reference-Base Pricing Initiative

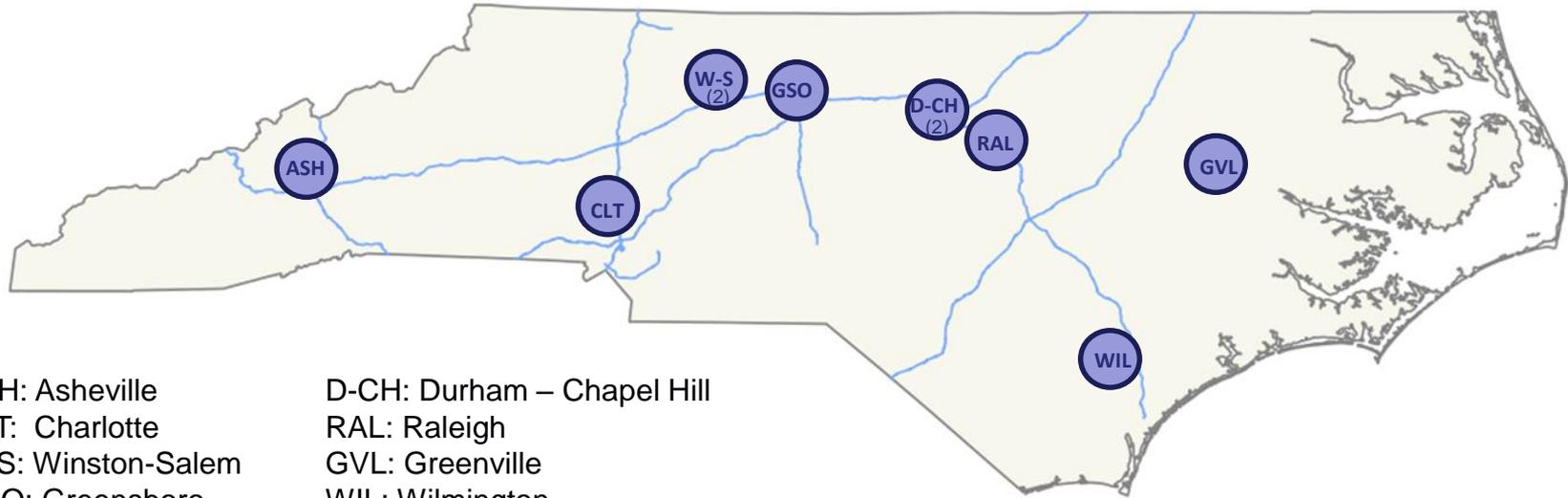
Background: N.C. Demographics & Membership

Population: 10.2 Million (significantly rural)

Metropolitan areas: 10

Counties: 100

Major Health Care Systems: 10



ASH: Asheville

CLT: Charlotte

W-S: Winston-Salem

GSO: Greensboro

D-CH: Durham – Chapel Hill

RAL: Raleigh

GVL: Greenville

WIL: Wilmington

- More than 725,000 subscribers (active employees & retirees) and dependents.
- Members are spread across all 100 N.C. counties and every state in the U.S.

Background: State Health Plan Organization

- The State Health Plan organization has approximately 53 employees.

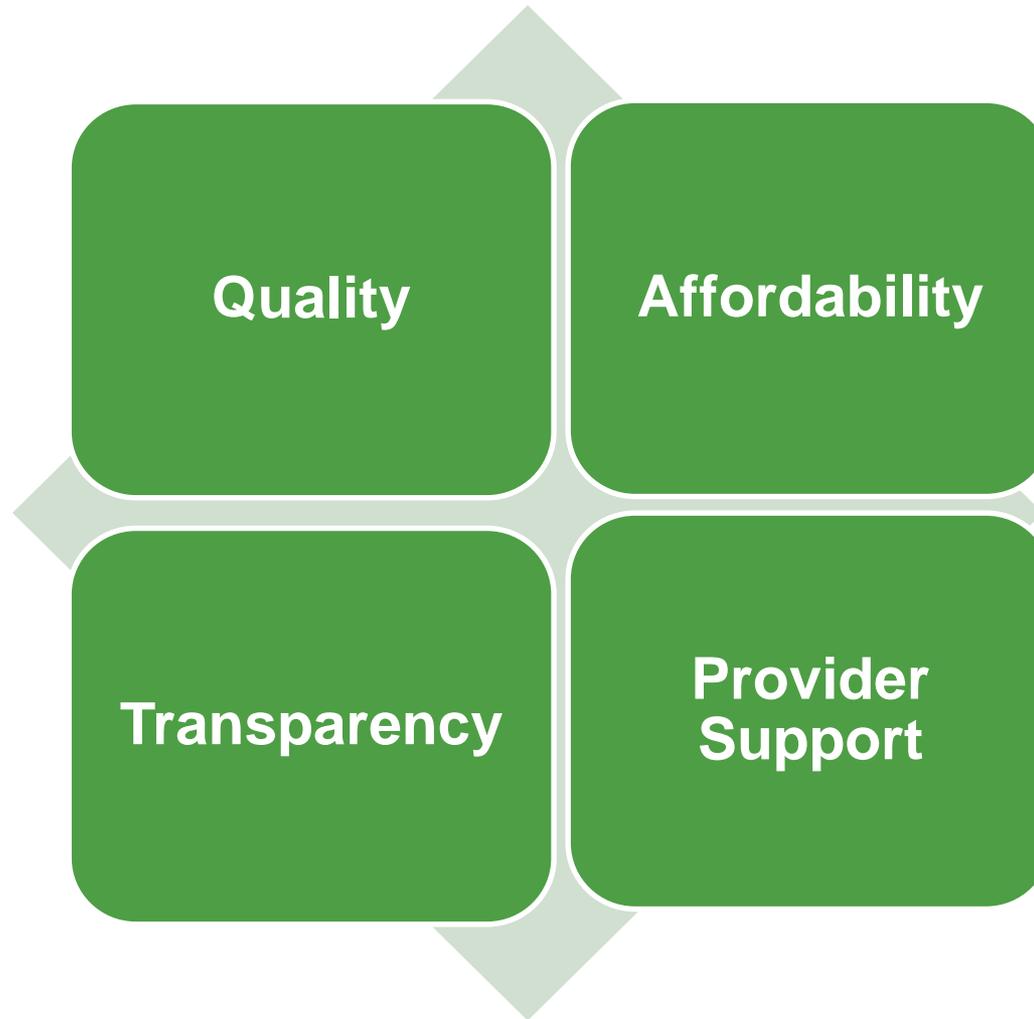


- Self-funded; \$3.3 B annual spend
- Major vendor partnerships
- Large provider network

The Challenge

- Health care costs are rising faster than salaries and the rate of inflation.
 - In North Carolina, health care spending is \$72.1 billion and accounts for approximately 15 percent of state GDP.
 - In 2017, the State Health Plan spent \$2.5 billion providing medical services to more than 550,000 teachers, state employees, non-Medicare retirees, and their dependents.
- Plan funding has not increased, but rather actually decreased over time.
- Transparency is also an issue.
 - The Plan, through Blue Cross NC, utilizes a commercial network, Blue Options, to reimburse providers in North Carolina.
 - However, because provider contracts are marked confidential, rate reimbursement information is not included.

Key Guiding Principles



Referenced-based Pricing

- The Plan, will be moving to a “reference-based” pricing model to reimburse providers and hospitals for their services. This model will use the rates Medicare pays as a reference point and will pay providers a percentage above that rate.
- Reference-based pricing closes the gap in how much different providers get paid for the same services, and will allow the Plan to compare provider pricing to better project expenses from year to year.
- Medicare is the largest health care payer in the country. Medicare provides a standard reimbursement measurement that is publicly available and adjusts for provider differences, such as size, location and services provided. Medicare’s methodology incorporates and covers provider costs.

Communications Strategy

Providers

- Website
- Online Interest Form
- FAQs
- Letter of Interest
- Joint Meetings with Blue Cross NC

External

- Press Release
- Earned Media
- BOT Resolution

Members

- Website
- Videos
- Direct Mail

Timeline

Launch

- October 4, 2018

Process Notice

- January 2019

Contract Dissemination

- February 2019

Termination Letters

- July 2019

Rates Effective

- January 1, 2020



Questions?

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State Health Plan
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