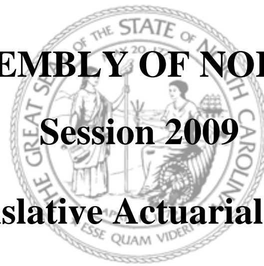

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

Legislative Actuarial Note

HEALTH BENEFITS

BILL NUMBER: Senate Bill 287 (Ratified Bill)

SHORT TITLE: State Health Plan$/Good Health Initiatives.

SPONSOR(S):

SYSTEM OR PROGRAM AFFECTED: State Health Plan for Teachers and State Employees (Plan).

FUNDS AFFECTED: State General Fund, State Highway Fund, other State employer receipts; premium payments for dependents of active employees and retired employees of State agencies and universities, local public schools and local community colleges; premium payments for coverages selected by eligible former employees; premium payments for coverages selected by firefighters, rescue squad workers, members of the National Guard, and certain authorized local governments.

BILL SUMMARY: Senate Bill 287 (Ratified) appropriates funds from various sources, authorizes annual premium rate increases, makes various benefit and provider related changes to achieve financial savings, and directs other various changes to the Plan. The bill also generally establishes a Blue Ribbon Task Force to conduct a comprehensive review of the Plan

EFFECTIVE DATE: Sections 1(b), 1(c), 1(d), 2(c), 2(f), 2(h) become effective July 1, 2009. Section 4(d) (as relates to NC Health Choice) applies to applications for the purchase of extended coverage made on and after July 1, 2008. The remainder of the act is effective when it becomes law or as specified in a particular section of the act.

ESTIMATED IMPACT ON STATE:

Current FY 2008-2009

Appropriated Funds

Section 1(a) appropriates the sum of $250 million from the Savings Reserve Account ("Rainy Day Fund") of the General Fund for the 2008-09 fiscal year. These funds are to be used to finance a shortfall in funds available to pay health care benefits, administrative costs, and adequately fund the Plan's beginning cash balance on July 1, 2009.

2009-2011 Biennium

Increased Premium Contributions

Appropriated Funds

Sections 1(b), (c), and (d) appropriate the estimated required funds to support increased employer contributions to continue non-contributory benefit coverage for eligible employees and retired employees enrolled in the Plan for the 2009-2011 Biennium. These appropriations correspond to an annual 8.9%

premium increase in non-contributory premium rates for the fiscal year beginning July 1, 2009, and an additional annual premium increase of 8.9% for the fiscal year beginning July 1, 2010. Historically, the Plan has applied a premium increase in October of the first fiscal year of a biennium; however, the premium increases in the bill change that methodology to an annual increase at the beginning of each fiscal year of a biennium. The table below reflects the allocation of appropriated funds by fund source:

Additional Employer Contributions
Appropriated Funds

Fund Source	FY 2009-10	FY 2010-11	Biennium
General Fund	$132,214,752	$276,179,709	$408,394,461
Highway Fund	$6,170,022	$12,888,386	$19,058,408
Other Funds	$27,276,062	$56,976,206	$84,252,268
Total	$165,660,836	$346,044,301	$511,705,137

Employee Funds

Section 2(g) of the bill authorizes an annual 8.9% premium increase in contributory premium rates for the fiscal year beginning July 1, 2009, and an additional annual premium increase of 8.9% for the fiscal year beginning July 1, 2010. The estimated additional premium contributions from this change are listed below:

Additional Employee Contributions
For Contributory Dependent Coverage

Fund Source	FY 2009-10	FY 2010-11	Biennium
Employee Contributions	$33,915,132	$70,844,373	$104,759,505

Total Increased Premium Contributions From Appropriated and Employee Funds

The table below reflects the total additional premium contributions projected to be received by the Plan over the 2009-2011 Biennium as a result of the authorized premium rate increase:

Total Additonal Premium Contributions
From Appropriated and Employee Funds

Fund Source	FY 2009-10	FY 2010-11	Biennium
Appropriated			
General Fund	$132,214,752	$276,179,709	$408,394,461
Highway Fund	$6,170,022	$12,888,386	$19,058,408
Other Funds	$27,276,062	$56,976,206	$84,252,268
Sub-total	$165,660,836	$346,044,301	$511,705,137
Employee Contributions	$33,915,132	$70,844,373	$104,759,505
Total	$199,575,968	$416,888,674	$616,464,642

Financial Savings for the 2009 Biennium

Per the requirements of Senate Rule 42.2, House Rule 36.2, and G.S. 120-114 actuarial analyses have been prepared with respect to the bill's authorized benefit and other changes that are estimated to affect the financial condition of the Plan. A summary of the authorized changes are described below including the estimated actuarial impact of these changes.

Sections 2(c), (d), and (e) of the bill authorizes various benefit changes to include increased annual deductibles, annual co-insurance maximums, increased office visit co-pays, increased outpatient prescription drug co-pays, a new mid-tier co-pay for chiropractor, mental health, substance abuse and physical, occupational, and speech therapies, a new specialty drug co-pay and utilization of a specialty drug vendor. Effective January 1, 2010, the bill also eliminates the current in-network routine eye examination benefit offered under the Plan.

A summary of the out-of-pocket changes for medical benefit related services are summarized in the table below:

Medical Benefits	PPO Basic		PPO Standard	
Plan Member Co-pays (per visit)	**Current**	**New Co-pay**	**Current**	**New Co-pay**
Primary Care	$25	$30	$20	$25
Specialty Care	$50	$70	$40	$60
Urgent Care	$75	$75	$50	$75
Inpatient Hospital	$200	$250	$150	$200
New mid-tier Co-pay for Chiropractor, Physical-Occupational-Speech Therapy, and Mental Health/Substance Abuse	$50	$55	$40	$45
Annual Deductible				
In-network	$600	$800	$300	$600
Out-of-network	$1,200	$1,600	$600	$1,200
Coinsurance Maximum				
In-network	$2,500	$3,250	$1,750	$2,750
Out-of-network	$5,000	$6,500	$3,500	$5,500

For acute and maintenance prescription drugs, the co-pay for brand drugs increases from $30 per script to $35 per script, brand drugs with a generic equivalent from $40 per script to $10 plus the difference in the Plan's gross allowed cost of the brand drug and the Plan's cost of the generic equivalent drug, and from $50 per script to $55 per script for non-preferred brand drugs.

The bill authorizes a new co-pay tier for specialty prescription drugs determined to be "biotech" medications or other select costly medications that cost the Plan in excess of $400 per prescription. The new per script co-pay will be equal to 25% of the Plan's cost for the drug or a maximum of $100. The current co-pays for specialty drugs range from $30 to $50 per script. The bill also authorizes the Plan to contract with a specialty drug vendor through which to channel plan member purchases of specialty drugs on an outpatient basis or in a professional office or institution setting.

Aon Consulting, the consulting actuary for the State Health Plan for Teachers and State Employees, estimates that implementation of the benefit changes included in the bill will yield the following projected savings:

Aon Consulting
Projected Financial Savings
Benefit and Provider Related Changes

Category	FY 2009-10	FY 2010-11	Biennium
Medical Benefits	$110,464,129	$129,971,359	$240,435,488
Outpatient Prescription Drugs (acute drugs)	$22,162,147	$24,092,234	$46,254,381
Specialty Drugs	$3,086,315	$3,396,887	$6,483,202
Total	$135,712,591	$157,460,480	$293,173,071

Hartman & Associates, the consulting actuary for the General Assembly's Fiscal Research Division, estimates that implementation of the benefit changes included in the bill will yield the following projected savings:

Hartman & Associates
Projected Financial Savings
Benefit and Provider Related Changes

Category	FY 2009-10	FY 2010-11	Biennium
Medical Benefits	$111,266,000	$135,041,000	$246,307,000
Outpatient Prescription Drugs (acute drugs)	$24,015,000	$24,225,000	$48,240,000
Specialty Drugs	$3,026,000	$3,292,000	$6,318,000
Total	$138,307,000	$162,558,000	$300,865,000

Provided below is a comparison table reflecting the specific results of each consulting actuary by the type of benefit and provider change included in the bill:

Projected Financial Savings by Type						
	Aon Consulting (Plan)			Hartman & Assoc. (General Assembly)		
Category	**FY 2009-10**	**FY 2010-11**	**Biennium**	**FY 2009-10**	**FY 2010-11**	**Biennium**
Medical Benefits						
Primary Care Co-pay (Increase)	$8,518,038	$9,571,177	$18,089,215	$8,116,000	$9,257,000	$17,373,000
Specialist Co-pay (Increase)	$29,077,025	$32,672,003	$61,749,028	$27,125,000	$31,713,000	$58,838,000
Urgent Care Co-pay (Increase)	$739,560	$830,997	$1,570,557	$854,000	$994,000	$1,848,000
Inpatient Co-pay (Increase)	$2,158,037	$2,424,849	$4,582,886	$1,970,000	$2,247,000	$4,217,000
Routine Eye Exam (Eliminate Benefit) {Eff. 1/2010}	$2,158,693	$7,193,591	$9,352,284	$2,540,000	$7,039,000	$9,579,000
Deductible and Coinsurance Max (Increase)	$76,215,565	$86,849,600	$163,065,165	$78,079,000	$92,463,000	$170,542,000
Mid-tier Specialty Co-pay (New co-pay)	($8,402,789)	($9,570,858)	($17,973,647)	($7,418,000)	($8,672,000)	($16,090,000)
Sub-total	$110,464,129	$129,971,359	$240,435,488	$111,266,000	$135,041,000	$246,307,000
Outpatient Prescription Drugs (acute drugs)						
Brand Drug Co-pay (Increase)	$11,734,884	$12,173,684	$23,908,568	$12,010,000	$11,741,000	$23,751,000
Brand Drug with Generic Equivalent (Increase)	$4,632,720	$5,644,491	$10,277,211	$6,285,000	$6,536,000	$12,821,000
Non-Preferred Brand Drug Co-pay (Increase	$3,089,092	$3,204,602	$6,293,694	$3,530,000	$3,671,000	$7,201,000
Reduce from 34-Day supply to 30-Day Supply	$2,705,451	$3,069,457	$5,774,908	$2,190,000	$2,277,000	$4,467,000
Sub-total	$22,162,147	$24,092,234	$46,254,381	$24,015,000	$24,225,000	$48,240,000
Specialty Drugs						
Establish a Specialty Drug vendor	$1,682,177	$1,835,102	$3,517,279	$1,555,000	$1,762,000	$3,317,000
Specialty Drug Copay (Establish)	$1,404,138	$1,561,785	$2,965,923	$1,471,000	$1,530,000	$3,001,000
Sub-total	$3,086,315	$3,396,887	$6,483,202	$3,026,000	$3,292,000	$6,318,000
Grand Total	$135,712,591	$157,460,480	$293,173,071	$138,307,000	$162,558,000	$300,865,000

Other Changes Affecting the Plan

Section 2(a) of the bill eliminates the PPO Plus benefit alternative for plan members effective July 1, 2009. Employees currently in this plan will be provided the option to enroll in the remaining PPO Basic or PPO Standard plans. The PPO Plus alternative currently offers 90/10 coverage for an additional premium charge paid by the plan member.

Section 2(b) of the bill implements a "Comprehensive Wellness Initiative" to focus on smoking cessation and weight management efforts.

The smoking cessation program will commence July 1, 2010 and will require all non-Medicare plan members to be enrolled in the PPO Basic plan unless the subscribing employee or retired employee can attest that they or any enrolled dependent do not smoke or otherwise use tobacco products. For eligible employees or retired employees who have attested that neither they nor their enrolled dependents use tobacco products, or if their medical provider certifies that a plan member is in a smoking cessation program, they will have the option to enroll in the PPO Standard plan.

Aon Consulting, consulting actuary for the Plan, estimates the smoking cessation program will save approximately $3.4 million in claims cost for the FY 2010-11. However, the administrative costs to begin implementation are estimated by Aon to offset any first year savings. Aon consulting noted that until further administrative costs and program implementation issues are determined, estimating future savings to the Plan is not possible at this time. Hartman and Associates, consulting actuary for the General Assembly's Fiscal Research Division, does not project any financial impact to the Plan from the smoking cessation program. According to Hartman and Associates, the lack of program parameters and specific administrative costs prevents any reasonable analysis to be conducted.

The weight management program authorized in the bill will begin effective July 1, 2011. Under this program all non-Medicare plan members will be enrolled in the PPO Basic plan unless the subscribing employee or retired employee attests that the ratio of weight and height of the employee or retired employee, or for any of their enrolled dependents, meets certain evidence-based healthy weight clinical

guidelines. A plan member who cannot meet the Plan's weight and height ratio guidelines will remain in the PPO Basic plan unless a medical provider certifies the plan member has a medical condition that prevents them from attaining a specified ration of weight and height, or if the member is actively participating in a Plan-approved weight management program.

Neither the Plan's consulting actuary, Aon Consulting, nor the General Assembly's consulting actuary, Hartman and Associates, have estimated any financial impact due to the weight management program. The July 1, 2011 implementation date and yet to be developed administrative costs and program implementation requirements do not allow for any reliable financial projection at this time.

Section 2(h) of the bill directs the Plan to achieve a reduction of $18 million in FY 2009-10 and $20 million in FY 2010-11 in pharmacy provider costs through its existing contract authority with the Plan's Pharmacy Benefit Manager. These savings are based on the Plan's actuarial projection dated March 20, 2009 which makes specific assumptions about enrollment, estimated costs and utilization trends. Total savings under this authority may increase or decrease without adjustment based on a change in total enrollment provided that the rate of savings achieved on a per member per month basis remains constant. Adjustments to total savings may be made within 60-days after each six-month period of a fiscal year if savings exceed 105% of the specified savings.

Reconciliation of Plan's Financial Requirements

According to available information from the Executive Administrator of the Plan, the Plan needs an immediate appropriation of $250 million for the current 2008-2009 fiscal year to operate through June 30, 2009, and to provide for an adequate beginning cash balance to begin operations for the new fiscal year commencing July 1, 2009. In addition, for the new biennium beginning July 1, 2009 the Plan is estimated to require over $1.2 billion in additional financial support to remain solvent and maintain minimum claim stabilization reserves for the 2009-2011 biennium. If the Plan were to maintain current benefit levels and assuming a 9% per capita claims trend, the Plan would require an estimated 30.8% premium increase for the biennium (effective October 1, 2009).

The bill addresses the projected shortfall by authorizing the following changes:

1. Authorizing a 8.9% annual premium increase on July 1 of each fiscal year of the biennium for non-contributory and contributory premium rates; this change moves the historical date to increase premium rates from October 1 in the first year of a biennium, and moves to an annual premium increase;

2. Eliminating the current PPO Plus option benefit alternative;

3. Increase plan member out-of-pocket requirements for certain medical and prescription drug benefits; and

4. Directing the Plan to achieve a reduction of $18 million in FY 2009-10 and $20 million in FY 2010-11 in pharmacy provider costs through its existing contract authority with the Plan's Pharmacy Benefit Manager.

A financial summary table provided below provides a projected reconciliation of the financial related changes authorized under the bill assuming the Plan's consulting actuary's estimate of projected financial need for the 2009-2011 biennium, their projected financial savings due to benefit and other provider related changes, and their estimate of additional premium contributions:

State Health Plan
Summary of Financial Changes
Amendment to Senate Bill 287 (3rd Edition)
($ Million)

		FY 2009-10	FY 2010-11	Biennium
1)	Projected Financial Support Required Before Any Adjustments	$528.1	$704.2	$1,232.3
2)	Adjust for Proposed FY 2008-09 Special Appropriation of $250M	($107.1)	($142.9)	($250.0)
3)	Adjust for Elimination of PPO Plus (Net Adjustment)	($14.4)	($24.4)	($38.8)
4)	Adjusted Financial Support Required for the 2009-11 Biennium	$406.6	$536.9	$943.5
5)	Benefit Reductions Effective July 1, 2009			
	Medical			
	Primary Care Co-pay (Increase)	($8.5)	($9.6)	($18.1)
	Specialist Co-pay (Increase)	($29.1)	($32.7)	($61.8)
	Mid-tier Specialist Co-pay (New)	$8.5	$9.6	$18.1
	Urgent Care Co-pay (Increase)	($0.7)	($0.8)	($1.5)
	Inpatient Co-pay (Increase)	($2.2)	($2.4)	($4.6)
	Deductible and Coinsurance Maximum (Increase)	($76.2)	($86.9)	($163.1)
	Routine Eye Exam (Eliminate Benefit) {Effective January 1, 2010}	($2.2)	($7.2)	($9.4)
	Sub-total	($110.4)	($130.0)	($240.4)
	Outpatient Acute and Specialty Prescription Drugs			
	Brand Drug Co-pay (Increase)	($11.8)	($12.2)	($24.0)
	Brand Drug with Generic Equivalent (Increase)	($4.6)	($5.6)	($10.2)
	Non-Preferred Brand Drug Co-pay (Increase	($3.1)	($3.2)	($6.3)
	Reduce from 34-Day supply to 30-Day Supply per script	($2.7)	($3.1)	($5.8)
	Specialty Drug Copay (Establish)	($1.4)	($1.6)	($3.0)
	Establish a Specialty Drug vendor	($1.7)	($1.8)	($3.5)
	Sub-total	($25.3)	($27.5)	($52.8)
	Total -- Benefit Reductions	($135.7)	($157.5)	($293.2)
6)	Additional Pharmacy Discounts to be Implemented by the Plan	($18.0)	($20.0)	($38.0)
7)	Appropriations by the General Assembly			
	Premium increase for Employing Agencies (July 1, 2009 = 8.9%, July 1, 2010 = 8.9%)			
	General Fund	($132.2)	($276.1)	($408.3)
	Highway Fund	($6.2)	($12.9)	($19.1)
	Other Employer Funds	($27.3)	($57.0)	($84.3)
	Total Employer Funds	($165.7)	($346.0)	($511.7)
8)	Premium increases for Dependent Coverage (July 1, 2009 = 8.9%, July 1, 2010 = 8.9%) Paid by Employees and Retirees for Enrolled Spouses and Dependent Children			
	Total Employee Funds	($33.9)	($70.9)	($104.8)
9)	Plan's Other Operating Adjustments	$0.1	$6.1	$6.2
10)	Balance	$53.4	($51.4)	$2.0

Note**:** The $2.0 balance remaining at the end of the biennium is a product of rounding error and a difference in projected ending cash balances between financial projections estimating total financial requirements and final requirements after the authorized premium increases, benefit changes, and other program changes. This difference is not expected to have an adverse effect on the Plan's finances.

ASSUMPTIONS AND METHODOLOGY:

The actuarial analyses used by each respective consulting actuary are on file with the Fiscal Research Division. Copies of each respective consulting actuary's analysis, including assumptions, are also attached to the original copy of this Legislative Actuarial note.

Summary Information and Data about the Plan

The Plan administers health benefit coverage for active employees from employing units of State agencies and departments, universities, local public schools, and local community colleges. Eligible retired employees of authorized employing units may also access health benefit coverage under the Plan. Eligible dependents of active and retired employees are authorized to participate in the Plan provided they meet certain requirements. Employees and retired employees of selected local governments may also participate in the Plan under certain conditions. Members of fire, rescue squads, and the National Guard may also obtain coverage under the Plan provided they meet certain eligibility criteria.

As of July 1, 2008, the State finances the Plan on a self-funded basis and administers benefit coverage under a Preferred Provider Option (PPO) arrangement. The Plan's receipts are derived through premium contributions, investment earnings and other receipts. Premiums for health benefit coverage are paid by (1) employing agencies for active employees, (2) the Retiree Health Benefit Fund for retired employees, and (3) employees and retirees who elect dependent coverage. Total requirements for the Plan are estimated to be $2.6 billion for FY 2008-09. The Plan's PPO benefit design includes three alternative benefit levels offered to plan members. The three alternative benefit levels include the following:

1) The "Basic" 70/30 plan that offers higher out-of pocket requirements in return for lower fully contributory dependent premiums;

2) The "Standard" 80/20 plan; and

3) The "Plus" 90/10 plan with enhanced benefits via lower out-of pocket requirements as compared to the other PPO plan alternatives offered.

Employees and retired employees electing coverage under the Plus alternative must make a partially contributory premium contribution for their own coverage. The Basic and Standard plans offer coverage to employees and retired employees on a noncontributory basis. Coverage for dependents under all plans is offered on a fully contributory basis.

Financial Condition

Financial Projection (Revised) for FY 2008-09 -- For the fiscal year beginning July 1, 2008, the Plan began its operations with a beginning cash balance of $139.8 million. Receipts for the year are projected to be $2.3 billion from premium collections, $53.9 million from Medicare Part D subsidies, and $2.7 million from investment earnings, for a total of slightly over $2.3 billion in receipt income for the year. Projected disbursements from the Plan are expected to be $2.4 billion in claim-payment expenses and $168.7 million in administration and claims-processing expenses for projected total expenses of nearly $2.6 billion for FY 2008-09. The Plan’s net operating loss is projected to be approximately $264.4 million for the fiscal year, assuming a 9% annual claims growth trend.

Projected operating losses are expected to deplete the Plan’s cash balance of $139.8 million and leave it without sufficient operating resources to continue operations for the fiscal year. It is currently estimated by the Plan’s Executive Administrator that the Plan will not be able to pay claims on a timely basis by March 31, 2009.

Consequently, the reforecast of Plan finances now indicates that the Plan will require up to $300 million in additional resources to operate for the balance of the 2008-09 fiscal year. This amount represents the estimated funds necessary to pay claims and administrative expenses through June 30, 2009, plus funding a minimum stabilization reserve equal to 7.5% of projected claims, and assuming a future premium rate increase effective October 1, 2009.

Other Information

Additional assumptions include Medicare benefit “carve-outs,” cost containment strategies including prior approval for certain medical services, utilization of the "Blue Options" provider network, case and disease management for selected medical conditions, mental health case management, coordination of benefits with other payers, a prescription drug benefit manager with manufacturer rebates from formularies, and fraud detection, and other authorized actions by the Executive Administrator and Board of Trustees to manage the Plan to maintain and improve the Plan's operation and financial condition where possible. Claim cost trends are expected to increase at a rate of 9% annually according to the Plan’s consulting actuary. Investment earnings are based upon a 4.5% return on available cash balances.

Enrollment Data as of December 31, 2008

I.	No. of Participants	Basic	Standard	Plus	Total	Percent of Total
	Actives					
	Employees	11,623	271,243	47,687	330,553	49.6%
	Dependents	20,454	115,875	28,156	164,485	24.7%
	Sub-total	32,077	387,118	75,843	495,038	74.2%
	Retired					
	Employees	1,726	127,081	17,967	146,774	22.0%
	Dependents	1,117	14,935	3,476	19,528	2.9%
	Sub-total	2,843	142,016	21,443	166,302	24.9%
	Former Employees with Continuation Coverage					
	Employees	60	1,349	344	1,753	0.3%
	Dependents	61	501	182	744	0.1%
	Sub-total	121	1,850	526	2,497	0.4%
	Firefighters, Rescue Squad & National Guard					
	Employees	-	3	2	5	0.0%
	Dependents	-	3	-	3	0.0%
	Sub-total	-	6	2	8	0.0%
	Local Governments					
	Employees	72	1,577	319	1,968	0.3%
	Dependents	141	637	218	996	0.1%
	Sub-total	213	2,214	537	2,964	0.4%
	Total					
	Employees	13,481	401,253	66,319	481,053	72.1%
	Dependents	21,773	131,951	32,032	185,756	27.9%
	Grand Total	**35,254**	**533,204**	**98,351**	**666,809**	**100%**
	Percent of Total	**5.3%**	**80.0%**	**14.7%**	**100.0%**	

II.	Enrollment by Contract	Basic	Standard	Plus	Total
	Employee Only	2,684	328,635	49,246	380,565
	Employee Child(ren)	4,958	36,903	8,589	50,450
	Employee Spouse	2,274	18,145	4,469	24,888
	Employee Family	3,565	17,570	4,015	25,150
	Total	**13,481**	**401,253**	**66,319**	**481,053**

Percent Enrollment by Contract	Basic	Standard	Plus	Total
Employee Only	19.9%	81.9%	74.3%	79.1%
Employee Child(ren)	36.8%	9.2%	13.0%	10.5%
Employee Spouse	16.9%	4.5%	6.7%	5.2%
Employee Family	26.4%	4.4%	6.1%	5.2%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Enrollment Data Continued

III. Enrollment by Sex	Basic	Standard	Plus	Total
Female	18,837	334,917	61,752	415,506
Male	16,417	198,287	36,599	251,303
Total	**35,254**	**533,204**	**98,351**	**666,809**

Percent Enrollment by Sex	Basic	Standard	Plus	Total
Female	53.4%	62.8%	62.8%	62.3%
Male	46.6%	37.2%	37.2%	37.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

IV. Enrollment by Age	Basic	Standard	Plus	Total
29 & Under	17,390	136,277	27,211	180,878
30 to 44	8,125	107,375	17,315	132,815
45 to 54	5,164	94,548	18,277	117,989
55 to 64	3,195	102,901	23,452	129,548
65 & Over	1,380	92,103	12,096	105,579
Total	**35,254**	**533,204**	**98,351**	**666,809**

Percent Enrollment by Age	Basic	Standard	Plus	Total
29 & Under	49.3%	25.6%	27.7%	27.1%
30 to 44	23.0%	20.1%	17.6%	19.9%
45 to 54	14.6%	17.7%	18.6%	17.7%
55 to 64	9.1%	19.3%	23.8%	19.4%
65 & Over	3.9%	17.3%	12.3%	15.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

V. Retiree Enrollment by Category	Employee	Dependents	Total
Non-Medicare Eligible	49,534	12,080	61,614
Medicare Eligible	97,240	7,448	104,688
Total	**146,774**	**19,528**	**166,302**

Percent by Category (Retiree)	Employee	Dependents	Total
Non-Medicare Eligible	33.7%	61.9%	37.0%
Medicare Eligible	66.3%	38.1%	63.0%
Total	**100.0%**	**100.0%**	**100.0%**

SOURCES OF DATA:

Aon Consulting, North Carolina State Health Plan, Financial Projections – October 2008, Total For All Plans – 9% Trend, October 10, 2008.

Aon Consulting, North Carolina State Health Plan, Financial Projections – October 2008, Total For All Plans – 9% Trend, July 2009 & 2010 Rate Increases, $250 Million Grant, No Plus Option – July 2009, Benefit Option, Pharmacy Initiatives, March 20, 2009.

Aon Consulting, North Carolina State Health Plan, Financial Projections – October 2008, Total For All Plans – 9% Trend, July 2009 & 2010 Rate Increases, $250 Million Grant, No Plus Option – July 2009, Benefit Option, Pharmacy Initiatives, Chiro PT/OT/ST MH/CD Middle Tier April 21, 2009.

Medco Health Solutions, various outpatient acute, specialty, and maintenance drug data and discount assumptions, March 2009.

State Health Plan, various summarized claims reports for medical claims by category and purpose and time period, December 2008, January 2009.

-Actuarial Note, Hartman & Associates, "Senate Bill 287 Proposed Conference Committee Substitute (S287-PCCS35293-LN-3): An Act to Appropriate Funds for the State Health Plan and to Make Other Changes to the State Health Plan", April 22, 2009, original of which is on file in the General Assembly's Fiscal Research Division.

-Actuarial Note, Aon Consulting, "Senate Bill 287 Proposed Conference Committee Substitute, S287-PCCS35293-LN-3, State Health Plan $/Good Health Initiatives", April 22, 2009, original of which is on file with the Comprehensive Major Medical Plan for Teachers and State Employees and the General Assembly's Fiscal Research Division.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Mark Trogdon

APPROVED BY:

Marilyn Chism, Director
Fiscal Research Division

DATE: April 24, 2009

Signed Copy Located in the NCGA Principal Clerk's Offices