IMPORTANT INFORMATION ABOUT
NEW STATE HEALTH PLAN OPTIONS

2014 OPEN ENROLLMENT

OCTOBER 1 – 31, 2013
**CHANGE IS COMING TO THE STATE HEALTH PLAN**

*With incentives for healthy choices*

Few things are more important than your health, and the State Health Plan wants you to have the information and resources you need to lower your risk for illness and live a healthy and productive life. The Plan’s Board of Trustees has approved new options for 2014 that give you more choices for coverage and financial incentives for taking steps to improve your health.

**Open Enrollment Will Be in October**

The State Health Plan is conducting Open Enrollment from **Oct. 1-31, 2013**, in order to move the benefit year to a calendar year. The choices you made during Annual Enrollment in May remain in effect through Dec. 31, 2013. The choices you make during October become effective Jan. 1, 2014.

Besides offering more options for 2014, the Plan provides opportunities in two of the options to lower your premium and receive Affordable Care Act (ACA) preventive care services and medications covered at 100%—which means no charge to you. Plus, these options include incentives for choosing certain health care providers.

**Your 2014 Plan Options**

- **Enhanced 80/20 Plan:** the current Standard 80/20 Plan with a new name, enhanced benefits and incentives to encourage decisions that are good for your health
- **Consumer-Directed Health Plan:** a new option that includes a high deductible health plan, a Health Reimbursement Account (HRA) and incentives to encourage decisions that are good for your health
- **Traditional 70/30 Plan:** the current Basic 70/30 Plan with a new name but no other changes

---

**If you do not choose an option by Oct. 31, 2013, you and any enrolled dependents will be enrolled in the Traditional 70/30 Plan for 2014.**

---

**Learn about Your Options**

If you have questions and want more information, the Plan is here to help. You will have several other resources to help you make an informed decision:

- **Online videos:** Go to the State Health Plan website at [www.shpnc.org](http://www.shpnc.org) and click on **2014 Open Enrollment** to watch videos about your new Health Plan options. You will find both informational and interactive videos to guide your Plan decision.
- **Online premium calculator:** You can use an online tool (available in September) at [www.shpnc.org](http://www.shpnc.org) to determine your premium for each option and coverage tier (for example, employee/retiree only). You can also see how completing the wellness activities described on page 3 can lower your premiums for the Enhanced 80/20 and Consumer-Directed Health Plan options.
- **Decision Guide:** The Decision Guide, mailing in early September, will include details about your Plan options, instructions for enrolling, a glossary of health care terms and a chart that provides a side-by-side comparison of your 2014 State Health Plan options.
- **Attend an enrollment event:** Events will take place across the state during the month of October. A schedule listing dates, times and locations will be included in the Decision Guide you receive in September.
OVERVIEW OF YOUR STATE HEALTH PLAN OPTIONS

The Enhanced 80/20 Plan

The Enhanced 80/20 Plan is the current Standard 80/20 Plan with improved benefits. It is a preferred provider organization (PPO) plan administered by Blue Cross and Blue Shield of North Carolina (BCBSNC). With the Enhanced 80/20 Plan, you can seek care from providers in the BCBSNC Blue Options network or go out-of-network. However, if you stay in-network, the Plan pays a greater portion of the cost. Services identified as preventive care by the Affordable Care Act (ACA) and performed by an in-network provider are covered at 100%, which means there is no charge to you, as long as medical management requirements are met. Also, some preventive medications are offered at no charge. Please refer to the ACA Preventive Medications list located on the Plan’s website at www.shpnc.org.

The New Consumer-Directed Health Plan (CDHP)

The Consumer-Directed Health Plan (CDHP) takes a different approach to health insurance. Since it is a new option in 2014, it is important that you understand how it works. Here are the details.

Two Components

The CDHP is made up of two components: a high deductible health plan and a Health Reimbursement Account, or HRA. The high deductible health plan covers the same medical services as the Enhanced 80/20 and Traditional 70/30 Plans—plus prescription drugs. As with the other Plans, you can seek care from providers in the Blue Cross and Blue Shield of North Carolina (BCBSNC) Blue Options network or go out-of-network. If you stay in-network, you pay less out of your own pocket for your care. Services identified as preventive care by the Affordable Care Act (ACA) and performed by an in-network provider are covered at 100%, which means there is no charge to you, as long as medical management requirements are met. Also, some preventive medications are offered at no charge. Please refer to the ACA Preventive Medications list located on the Plan’s website at www.shpnc.org.

Your Deductible

With the CDHP (as with the Enhanced 80/20 and Traditional 70/30 Plans), you must first meet an annual deductible before the Plan pays benefits for most health care. The CDHP in-network deductible is $1,500 for an individual or $4,500 for a family. Out-of-network, the deductible is $3,000 for an individual or $9,000 for a family.

Your Health Reimbursement Account (HRA)

Your HRA is one of the features that distinguishes the CDHP from your other Plan options. The State Health Plan will set up an account to help you meet the deductible and coinsurance. You are not allowed to contribute any of your own money to your HRA.

At the start of 2014, the value of your HRA will be:

- $500 if you have employee/retiree coverage
- $1,000 if you have employee/retiree + 1 coverage
- $1,500 if you have employee/retiree + 2 or more coverage

The CDHP also includes wellness activities that lower your premiums, plus additional incentives to reduce your out-of-pocket costs each time you receive health care.
You use the money in your HRA to pay for eligible medical expenses and prescription drugs. If you make money-saving decisions, such as using in-network providers, your account may last through the year and you will not pay anything out-of-pocket. In addition, any money left in your account at the end of the year will remain in your account for the following year to help you meet that year’s deductible and coinsurance.

**Your Coverage**

If your annual health care expenses exceed your deductible, the CDHP will start paying benefits. If you use in-network providers, your coinsurance will be 15%, and the most you will pay out-of-pocket annually for medical and pharmacy expenses (including the deductible) will be $3,000 ($9,000 for a family).

If you go out-of-network, you will pay 35% of the allowed amount plus 100% of the difference between the allowed amount and the actual charge. The most you will pay out-of-pocket annually toward the allowed amount (including the deductible) will be $6,000 ($18,000 for a family). You will always be responsible for the difference between the allowed amount and the actual charge.

**Preventive Care Covered at 100%**

Since maintaining good health is critical to managing health care costs, the CDHP covers in-network preventive care at 100% as long as medical management requirements are met. You pay nothing—no deductible or coinsurance—and the value of your HRA is not reduced.

**The CDHP Covers Prescription Drugs**

Under the CDHP, prescription drugs are covered just like any other medical service or product. However, you must pay the pharmacy for the prescription drug in full before being reimbursed by the HRA account. Your prescription drugs count toward your annual deductible. Once you have met the deductible, you pay 15% of the cost for prescription drugs purchased in-network and 35% for drugs purchased out-of-network. Certain ACA preventive medications are available at no cost to you. Other preventive medications require 15% coinsurance but are not subject to the deductible. You can find lists of these medications on the Plan’s website at [www.shpnc.org](http://www.shpnc.org).

**The Traditional 70/30 Plan**

The Traditional 70/30 Plan is identical to the current Basic 70/30 Plan. It is a preferred provider organization (PPO) plan administered by Blue Cross and Blue Shield of North Carolina (BCBSNC). With the Traditional 70/30 Plan, you can seek care from providers in the BCBSNC Blue Options network or go out-of-network. However, if you stay in-network, the Plan pays a greater portion of the cost.
HOW WELLNESS TIES INTO YOUR HEALTH PLAN OPTIONS

In 2014, the State Health Plan is providing financial incentives to active employees and non-Medicare Primary retirees who focus on wellness and make informed health care decisions all year long. To be eligible for these incentives, you must enroll in the Enhanced 80/20 Plan or the new CDHP. (Incentives are not offered under the Traditional 70/30 Plan.) With either the Enhanced 80/20 Plan or the CDHP, you are empowered to take steps to live a healthier life and save money at the same time.

Wellness Activities

During Open Enrollment, you can complete up to three wellness activities. When you do, you receive wellness premium credits that lower your monthly premium. (See “Wellness Premium Credits” on page 4 for how much you can save.) You can do one, two or all three activities. The more you do, the lower your premium will be.

Wellness Activity #1: Quit Smoking

Tobacco use is the leading preventable cause of death. According to the Centers for Disease Control and Prevention (CDC), it causes more than five million deaths a year worldwide. In the U.S. alone, tobacco is responsible for about one in five deaths. If you smoke, no one needs to tell you how bad it is. It causes cancer, heart disease, stroke and lung disease (which includes emphysema, bronchitis and chronic airway obstruction). It also costs the U.S. almost $200 billion a year (split about equally between health care spending and lost productivity). Secondhand smoke costs add another $10 billion or so to the national bill.

If you smoke, the State Health Plan provides an incentive for you to quit (provided you enroll in the Enhanced 80/20 Plan or the CDHP). If you do not smoke, the same incentive is available. In either case, you need to complete an attestation during Open Enrollment that you (and your spouse, if applicable) either do not smoke or will commit to a smoking cessation program by January 1, 2014. Follow the instructions for completing your attestation when you log into your enrollment system.

Need help quitting? Go to www.QuitlineNC.org

Wellness Activity #2: Take a Health Assessment

Whether you smoke or not, the first step toward a healthier lifestyle is self-awareness, and yet many of us know very little about the most basic indicators of good (or bad) health. That is why the Enhanced 80/20 Plan and the CDHP are providing a financial incentive to take a Health Assessment. It is a quick, easy and confidential questionnaire that identifies potential health risks and suggests steps you can take to lessen those risks. The questions deal with your overall health and lifestyle, your health history, work and daily life routines and barriers that may be preventing you from turning unhealthy behaviors into healthy ones. You are asked to provide certain measures, such as your height and weight, blood pressure, total cholesterol, LDL (low-density lipoprotein), HDL (high-density lipoprotein), triglycerides and blood sugar level. To get the most out of your Health Assessment, you should know these numbers in advance. Keep in mind that the information you provide on the Health Assessment is confidential. Federal law prohibits the Plan from using your personal health information to discriminate against you in any way or from giving this information to your employing agency/school or other unauthorized third party, except as allowed by law.
Complete your Health Assessment now. It will save you time when you make your enrollment elections in October. If you have completed a Health Assessment since Nov. 1, 2012, it will count toward your wellness premium credit. You can call 800-817-7044 to find out when you last completed the Health Assessment and/or to complete it by phone.

Wellness Activity #3: Select a PCP
A Primary Care Provider (PCP) typically provides preventive care and guidance for maintaining a healthy lifestyle. He or she also assesses the seriousness of a medical condition, manages all of your medications, refers you to specialists when needed and recommends the best place for care.

The Enhanced 80/20 Plan and CDHP provide wellness premium credits for choosing a PCP because having one gives you a trusting, ongoing relationship with one medical professional over time. Your PCP can be a general practitioner (family doctor), internist, obstetrician/gynecologist, pediatrician, nurse practitioner or physician’s assistant.

Wellness Premium Credits
The amount you save on your premium by completing wellness activities depends on whether you enroll in the Enhanced 80/20 Plan or the CDHP.

Wellness Activity #1: Quit Smoking
Attest that you do not smoke, or if you do, that you will commit to a smoking cessation program by Jan. 1, 2014. If your spouse is enrolled in the State Health Plan, you must also attest for him or her. If you complete wellness activity #1, your premium is reduced for the:

- Enhanced 80/20 Plan by $20 a month, or
- CDHP by $20 a month.

Wellness Activity #2: Take a Health Assessment
You can complete your Health Assessment before Open Enrollment begins. Go online to the State Health Plan website (www.shpnc.org), click on NC HealthSmart and log into your Personal Health Portal. If you have completed a Health Assessment since Nov. 1, 2012, it will count toward your wellness premium credit. You can call 800-817-7044 to find out when you last completed the Health Assessment and/or to complete it by phone. If you complete the Health Assessment, your premium is reduced for the:

- Enhanced 80/20 Plan by $15 a month, or
- CDHP by $10 a month.

Wellness Activity #3: Select a PCP
Select a Primary Care Provider (PCP) for yourself and each family member enrolled in the State Health Plan. If you do not already have a PCP, go to www.shpnc.org and click on “Find a Doctor.” You can also call 888-234-2416 if you need help. Then follow the instructions for entering your PCP(s) when you log into your enrollment system. If you select a PCP for each enrolled family member, your premium is reduced for the:

- Enhanced 80/20 Plan by $15 a month, or
- CDHP by $10 a month.

In order to receive wellness premium credits for 2014, you must complete your wellness activities by Oct. 31, 2013.
Other Wellness Incentives

If you enroll in the Enhanced 80/20 Plan or CDHP, you can take advantage of additional wellness incentives that lower your out-of-pocket costs for various health care services you receive throughout the year. These incentives encourage you to save money. For example, you will receive in-network ACA preventive care covered at 100% under either Plan. In addition, you have incentives to use the PCP you selected or Blue Options Designated providers when you need health care.

<table>
<thead>
<tr>
<th>Things you can do to reduce your costs</th>
<th>If you enroll in the Enhanced 80/20 Plan</th>
<th>If you enroll in the CDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit the PCP listed on your ID card</td>
<td>Your copay is reduced by $15</td>
<td>$15 is added to your HRA</td>
</tr>
<tr>
<td>Visit a Blue Options Designated specialist</td>
<td>Your copay is reduced by $10</td>
<td>$10 is added to your HRA</td>
</tr>
<tr>
<td>Receive inpatient care in a Blue Options Designated hospital</td>
<td>Your $233 copay is not applied</td>
<td>$50 is added to your HRA</td>
</tr>
</tbody>
</table>

What Is a Blue Options Designated Provider?

Under the Enhanced 80/20 Plan and CDHP, you can save money when you use Blue Options Designated providers for certain services. These providers have been “designated” because they provide both quality and cost-effective care. To find a Designated Blue Options provider, visit the Plan’s website at [www.shpnc.org](http://www.shpnc.org) and click on Member Services or call BCBSNC at 888-234-2416.

NC HealthSmart is your go-to resource for health and wellness information, tools and support. As a member of the State Health Plan, you have access to this healthy living initiative 24/7. Most of the NC HealthSmart wellness programs are provided to you at no cost. Regardless of your personal health goals, NC HealthSmart can help you build confidence, develop a plan you can stick to and stay motivated and committed to a healthier you. Here are some of the programs:

- A Personal Health Portal to help you manage your overall health and track progress
- Health coaches to help you set goals and develop a plan for meeting them
- Maternity coaches for support and information during a pregnancy
- 24-hour nurse line for medical advice any hour of the day or night
- Tobacco-cessation support to help you quit smoking
- Nutrition and weight loss support to get you on track to a healthier diet

For more information, visit the State Health Plan website ([www.shpnc.org](http://www.shpnc.org)) and click on NC HealthSmart or call 800-817-7044.
# Frequently Asked Questions About Your New State Health Plan Options

<table>
<thead>
<tr>
<th>Question</th>
<th>Enhanced 80/20 Plan</th>
<th>Consumer-Directed Health Plan (CDHP)</th>
<th>Traditional 70/30 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do I pay a premium for my coverage?</td>
<td>Yes, but it can be reduced by completing wellness activities</td>
<td>Yes, but it can be reduced or eliminated by completing wellness activities</td>
<td>No</td>
</tr>
<tr>
<td>Do I pay a premium for dependent coverage?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Can I go to any provider I want?</td>
<td>Yes, but you will pay less if you stay in-network</td>
<td>Yes, but you will pay less if you stay in-network</td>
<td>Yes, but you will pay less if you stay in-network</td>
</tr>
<tr>
<td>How much is my annual deductible if I use in-network providers?</td>
<td>$700 Individual</td>
<td>$1,500 Individual</td>
<td>$933 Individual</td>
</tr>
<tr>
<td></td>
<td>$2,100 Family</td>
<td>$4,500 Family</td>
<td>$2,799 Family</td>
</tr>
<tr>
<td>Do I get a Health Reimbursement Account when I enroll?</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$500 Employee/retiree</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,000 Employee/retiree +1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,500 Employee/retiree +2</td>
<td></td>
</tr>
<tr>
<td>If I stay in-network, how much do I pay after I meet the deductible?</td>
<td>20% of the allowed amount</td>
<td>15% of the allowed amount</td>
<td>30% of the allowed amount</td>
</tr>
<tr>
<td>How much do I pay for ACA preventive care services if I stay in-network?</td>
<td>$0 (as long as medical management requirements are met)</td>
<td>$0 (as long as medical management requirements are met)</td>
<td>$35 for a primary doctor</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$81 for a specialist</td>
</tr>
<tr>
<td>Do I pay a copay for any services?</td>
<td>Yes, for in-network office visits and most prescription drugs</td>
<td>No</td>
<td>Yes, for in-network office visits and most prescription drugs</td>
</tr>
<tr>
<td>Can I earn wellness incentives?</td>
<td>Yes, your copays are reduced if you use your PCP and Blue Options Designated providers</td>
<td>Yes, your HRA balance is increased if you use your PCP and Blue Options Designated providers</td>
<td>No</td>
</tr>
<tr>
<td>Am I required to choose a Primary Care Provider (PCP)?</td>
<td>No, but your monthly premium is reduced $15 a month if you choose one for each enrolled family member</td>
<td>No, but your monthly premium is reduced $10 a month if you choose one for each enrolled family member</td>
<td>No</td>
</tr>
</tbody>
</table>

*Note: The table above summarizes the differences between the Enhanced 80/20 Plan, the Consumer-Directed Health Plan (CDHP), and the Traditional 70/30 Plan. Each column highlights the key differences in coverage, premiums, deductibles, and copays for each plan type.*
YOU MUST TAKE ACTION IN OCTOBER

If you do not choose a Plan option during Open Enrollment, you and your currently enrolled dependents will be assigned to the Traditional 70/30 Plan. If you want a different plan, or if you want to add dependents or delete them from your coverage without a qualifying event, you must take action.

Dependent Eligibility

If you enroll yourself, you can also enroll your eligible family members in health plan coverage. Eligible family members include:

• Your spouse
• Your or your spouse’s biological, legally adopted or foster child up to age 26 (including a child for whom you are the court-appointed guardian and a stepchild if you are married to the child’s biological parent). Dependent verification documentation is required for all.
• A dependent child age 26 or older if he or she is physically or mentally handicapped and incapable of earning a living. The handicap must have developed or begun to develop before the dependent’s 26th birthday and while he or she was covered by the State Health Plan. The State Health Plan requires documentation to verify a dependent’s eligibility for coverage.

Making Changes during the Year

The Plan option and coverage tier you choose during Open Enrollment remain in effect through Dec. 31, 2014, unless you experience a qualifying event during the year. Examples of qualifying events include:

• You change your legal marital status, which includes marriage, death of spouse, divorce, legal separation or annulment.
• Your dependents change due to birth, adoption, legal guardianship, placement for adoption or death of the dependent.
• You, your spouse or your dependents terminate or commence employment, resulting in the loss or gain of health coverage.
• You, your spouse or your dependents reduce or increase their hours of employment, resulting in the loss or gain of health coverage.
• Your dependents cease or commence to satisfy the requirements for coverage due to attainment of age.
• You or your spouse commences or returns from an unpaid leave of absence such as Family and Medical Leave or military leave.
• You receive a court order to provide coverage for your children.
• There is a substantial change (at least $50 per month) in the premiums and/or benefits in the plan covering dependents. Example: If spouse covers dependent child(ren) and the cost of spouse’s coverage increases at least $50 per month, dependents can be added to the State Health Plan.

When one of these events occurs, you need to complete online enrollment within 30 days of the event. If you do not process the request within 30 days, you must wait until the next enrollment period to make your coverage change.

If you or your dependents have received notification of the loss of coverage or premium assistance under a State Children’s Health Insurance Program (CHIP) or Medicaid, you must request enrollment within 60 days of notification.
**LEGAL NOTICES**

**Notice Regarding Wellness Incentives**
Your health plan is committed to helping you achieve your best health. Rewards for participating in a wellness program are available to all employees. A reasonable alternative to smoking status (participation in a smoking cessation program) has been provided to you. If your physician recommends a different alternative because he or she believes the program we make available is not medically appropriate, that recommendation may be accommodated to enable you to achieve the reward. Contact us at 855-859-0966 to make an accommodation request.

**Notice of Grandfather Status**
The State Health Plan believes the Traditional 70/30 and the Enhanced 80/20 Plans are "grandfathered health plans" under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits. Questions regarding which protections apply and which protections do not apply to a grandfathered health plan status can be directed to Customer Service at 888-234-2416. You may also contact the U.S. Department of Health and Human Services at [www.healthcare.gov](http://www.healthcare.gov). As a plan “grandfathered” under the Affordable Care Act, cost sharing for preventive benefits may continue as it does currently and be based on the location where the service is provided.

**Enrollment in the Flexible Benefit Plan (under IRS Section 125) for the State Health Plan**
If you are an active employee, you are eligible to participate in the Flexible Benefit Plan and have your health benefit plan premium payments deducted on a pre-tax basis. Retirees and members with COBRA continuation coverage are not eligible to participate because they must have current payroll earnings from which the premium payments can be deducted.

The Flexible Benefit Plan allows any premiums you pay for health benefit coverage to be deducted from your paycheck before Federal, State, and FICA taxes are withheld. By participating, you will be able to lower your taxable income and lower your taxable liability, thereby in effect, lowering the net cost of your health plan coverage. The Flexible Benefit Plan is designed so that your participation will be automatic unless you decline. If you wish to decline participation and have your contributions paid on an “after tax” basis, you must do so in the BEACON or eEnroll system. You will have the opportunity to change your participation election during each Annual Enrollment period.
The Flexible Benefit Plan offered by the State is for the payment of health benefit plan premiums on a before tax basis only and is separate and distinct from NCflex, which is administered by the Office of State Personnel. If you elect to have your premiums paid on a before tax basis, your health benefit coverage can only be changed (dependents added or dropped) during the Annual Enrollment period or mid-year, when one of the qualifying events listed on page 7 occurs. In all cases, the requested change in coverage must be consistent with the status change event that you experienced (e.g., add new dependent to coverage due to birth).

Your request for a change in coverage due to a status change event must be completed online within 30 days of the event. If you do not process the request within 30 days, you must wait until the next Annual Enrollment to make the coverage change (unless you experience another status change event during the year). Employees who terminate a dependent’s coverage mid-year may only re-enroll their dependent during that year if another status change event occurs mid-year, or at the next Annual Enrollment.

**Notice Regarding Mastectomy-Related Services**

As required by the Women’s Health and Cancer Rights Act of 1998, benefits are provided for mastectomy related services including all stages of reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy, including lymphedema. For more information, contact Customer Service at 888-234-2416.

This newsletter is a brief summary of plan benefits. Refer to the applicable plan benefits booklet for a full description of benefits, which will be available on the Plan’s website in December 2013. In the event of a discrepancy between the information in this newsletter and the plan benefits booklet, the information provided in the benefits booklet will govern.
IMPORTANT INFORMATION ABOUT NEW STATE HEALTH PLAN OPTIONS

2014 OPEN ENROLLMENT

OCTOBER 1 – 31, 2013

www.shpnc.org