

- The State Health Plan's Board of Trustees adopted a Strategic Plan in August 2014 to support the Plan's mission, which is to improve the health and health care of North Carolina teachers, state employees, retirees, and their dependents, in a financially sustainable manner, thereby serving as a model to the people of North Carolina for improving their health and well-being.
- In the 2015 Budget, the General Assembly required the State Health Plan to take steps to reduce the projected increase to the state contribution for the 2017-19 fiscal biennium while maintaining significant cash reserves.
- The General Assembly also required the State Health Plan to maintain a reserve/cash balance equal to 20% of annual expenses or \$650 million through June 30, 2017. The Plan's Board of Trustees has set a target reserve of 9% of claims costs, which is approximately \$270 million.
- The State Health Plan staff proposal to the Board combined the phase out of the Enhanced 80/20 Plan in 2018 with member premium and cost-sharing increases in an effort to meet the legislative mandate while maintaining the objectives outlined in the Strategic Plan which include: improving members' health, improving members' experience and ensuring a financially stable State Health Plan.
- The State Health Plan's Board of Trustees will be voting on calendar year 2017 benefits on February 5, 2016. The potential benefit changes for 2017 were discussed at the Board's January 26 meeting and include the three plans currently offered to active state employees and teachers: Traditional 70/30, Enhanced 80/20, and the Consumer-Directed Health Plan (CDHP).
- The removal of spousal coverage was presented to the Board as a potential savings strategy. The Board does not have the authority to change eligibility and will not be voting to request or recommend legislation to remove spousal coverage.
- Any further benefit changes beyond 2017, including the discussion regarding phasing out of the 80/20 Plan, will be delayed until a later date.

2015 Appropriations Act, House Bill 97, SL 2015-241

SECTION 30.26.(a) It is the intent of the General Assembly to make funds in the Reserve for Future Benefits Needs available for increasing employer contributions to the State Health Plan for Teachers and State Employees during the 2016-2017 fiscal year only if the General Assembly determines that the State Treasurer and the Board of Trustees established under G.S. 135-48.20 have adopted sufficient measures to limit projected employer contribution increases during the 2017-2019 fiscal biennium, in accordance with their powers and duties enumerated in Article 3B of Chapter 135 of the General Statutes.

SECTION 30.26.(b) During the 2015-2017 fiscal biennium, the State Health Plan for Teachers and State Employees shall maintain a cash reserve of at least twenty percent (20%) of its annual costs. For purposes of this section, the term "cash reserve" means the total balance in the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund established in G.S. 135-48.5 plus the Plan's administrative account, and the term "annual costs" means the total of all medical claims, pharmacy claims, administrative costs, fees, and premium payments for coverage outside of the Plan.