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

State Health Plan Transparency Workgroup

Calendar Year 2015 Report

NC HEALTH
Smart

Background and Workgroup Composition

Section 10.2 of S.L. 2013-382 directed the State Health Plan (Plan) to, "*Establish a workgroup to examine the best way to provide teachers and State employees greater transparency in the costs of health services provided under the State Health Plan. The State Health Plan for Teachers and State Employees shall report the findings and recommendations of the workgroup to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Committee on Governmental Operations on or before December 31, 2013, and annually thereafter through December 31, 2016*."

To comply, the Plan organized and convened a workgroup that consists of 16 members representing various stakeholders, including active and retired Plan members and the provider community. A list of workgroup members is attached; however, multiple members were unable to attend in calendar year (CY) 2015. The Plan intends to revisit the composition of the workgroup for CY 2016 as some of the original CY 2014 members have changed careers/positions and to ensure appropriate representation in the workgroup. Based on schedules and availability, a subsection of the overall workgroup met once in CY 2015 to review Plan progress.

The workgroup reviewed the recommendations from CY 2014 (attached) and progress the Plan made during CY 2015. The group provided high level guidance on which priorities the Plan should continue to focus and potential challenges going forward. The group recommended the Plan continue to engage members during Annual Enrollment and to simplify the messaging to members.

Key Transparency Successes in CY 2015:
- The Plan was able to highlight the availability of the Blue Cross Blue Shield of North Carolina (BCBSNC) transparency tool to members
- BCBSNC garnered national recognition for its transparency tool in CY 2015
- The number of members utilizing the Plan's transparency tool increased from less than 1% to about 5% from CY 2014 to CY 2015
- The Plan implemented a health benefits cost estimator tool to help members during Annual Enrollment that approximately 15,000 members used
- All vendors have added quality components and increased ability to search within their tools
- The Plan has retained a vendor for marketing and communications to refine messaging to members

Key Challenges in CY 2015:
- Changing enrollment and eligibility vendors multiple times limited staff resources to implement and communicate transparency tools
- Communicating how to shop for quality providers remains a challenge
- Members in copay-based plans (96% of members) have less incentive to use transparency tools

Challenges to address in CY 2016 and beyond:
- Aligning incentives to members for use of transparency tools
- Broader promotion of health literacy
- Members in copay-based plans have less incentive to use transparency tools

A. **Current State Health Plan Transparency Tools**
    1. Every Plan member has access to a transparency tool based on their plan selection/enrollment; Medicare Advantage members have access through their Medicare Advantage carrier and all other members have access through BCBSNC and Express Scripts (ESI)
    2. Vendors are continually enhancing their transparency tools; BCBSNC has rolled out a major upgrade in January 2015 for Plan members
    3. On average, less than 1% of members access their transparency tool in any given month
    4. The three available medical tools (BCBSNC, Humana and UnitedHealthcare) all have different approaches to providing cost and quality data
    5. Price data provided to members is either real time or historic averages that may include current data
    6. Quality data is measured differently; however, vendors appear to have consistency in the sources used for quality metrics
    7. Members have the ability to provide feedback on providers in most of the tools
    8. All tools allow members to track their expenditures as they relate to their plan's cost-sharing
    9. There is not a direct link to transparency tools from the Plan website homepage; members have to log in through BCBSNC, UnitedHealthcare (UHC), or Humana.

B. **Transparency Tools Available in the Marketplace**
    1. There are multiple vendors in the marketplace that offer transparency tools
    2. All tools include price transparency, access to quality data (typically from a third party), and ways to engage members to use the tool
    3. The central difference in the transparency tools that were viewed by the workgroup is how the tools engage members and allow members to shop for services
    4. The prices displayed in any external tool is dependent on what data the Plan's TPAs/vendors are willing to share
    5. Several tools can incorporate historic spending to provide guidance on future utilization and finding lower cost providers
    6. Each vendor stated they could incorporate data from all Plan vendors into their tool and provide plan design and vendor specific results
    7. North Carolina hospital data will be available in 2015 through a state-run database through the Department of Health and Human Services (DHHS).

Workgroup Recommendations

1. The definition of transparency should incorporate provider quality information and information presented in an accessible and understandable manner, in addition to price information, to fully encompass true health care price transparency
2. The goal for CY 2016 should be to better educate, communicate and pull members to using current transparency tools, and incent members to utilize the current transparency tools in place and to increase utilization
3. In addition to providing transparency tools, the Workgroup recommends considering adding education materials for how to engage with providers on the cost of care
4. Transparency information needs to be provided to members in a manner that is relatively straightforward and allows members to make informed choices about their health care utilization
5. Where appropriate, transparency tools should eliminate or reduce barriers to care
6. The Workgroup believes that adding an external tool in the short term will not improve transparency for Plan members because members do not access current tools
7. Members should have more information and better communication about where they receive care, how much the care costs, and the quality of the care
8. The Plan should consider incenting members to use transparency tools
9. The Plan should work with vendors to provide direct linkages from the State Health Plan website to member transparency tools
10. Quality data should include definitions and examples that members can understand
11. The key areas where members need to have transparent price data include:
    a. Services where there is a facility fee attached to the visit
    b. Services for which members can be reasonably expected to shop (i.e., primary care providers and specialists versus emergency procedures)
    c. Services where providers charge different rates based on the setting in which providers are actually providing the care, as rates vary by setting
    d. Where possible, include information on services in which out-of-network providers will be billing and/or providing care so that members understand the impact on their cost-sharing
    e. Services where there are lower cost, higher quality alternatives
    f. Highlight services where members can reduce costs through bundled or alternative payments
12. The key areas where members need to have transparent quality data include:
    a. All areas where price information is provided. Plan members need to understand that the lowest cost provider may not be the lowest quality and high cost providers may not be the highest quality.
    b. Descriptions of any accreditations that providers or hospitals receive and when they received them and for what services
    c. Opportunities to provide feedback on the member experience with providers
    d. Volume of procedures performed annually by the provider (where applicable)
    e. Providing members educational tools to understand quality information
13. The Plan should consider engaging members on the type of information and data that they would most likely find helpful in a transparency tool

Membership List (CY 2014 – CY 2015)

Active representation

• Chuck Stone – State Employees Association of North Carolina

• Marge Foreman – North Carolina Association of Educators

• Ray Scerri – Office of State Human Resources & HR Roundtable

• Neal Alexander, Director Office of State Human Resources

• Jane Phillips – North Carolina Community College System

• Ana Martinez – Wake County Public Schools

• Joe Williams – North Carolina State University

Retiree representation

• Ed Regan – North Carolina Retired Governmental Employees Association

• Pam Deardorff – North Carolina Retired School Personnel

• Nina Yeager – retired state employee

• Gina Upchurch – retiree advocate representative

Provider community

• Dr. Richard Bruch, MD

• Dr. Tom White, MD

• Mark Gregory

• Michael Vicario