



NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

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FOR IMMEDIATE RELEASE
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STATE HEALTH PLAN BOARD HOLDS INAUGURAL MEETING

Board saves state \$19 million annually by implementing a Medicare Prescription Drug Program

RALEIGH -- The Board of Trustees for the State Health Plan for Teachers and State Employees held its inaugural meeting Thursday, Jan. 5, and Friday, Jan. 6.

During its first meeting following the Plan's transition to the Department of State Treasurer, the Board approved a recommendation to implement an Employer Group Waiver Program (EGWP) for retirees on Medicare. The move is expected to save the state approximately \$19.3 million in Medicare retiree prescription drug costs and reduce the state's unfunded liability related to Other Post-Employment Benefits (OPEB) by 19 percent, or approximately \$6 billion. The reduction of unfunded liability has a positive impact on the state's AAA bond rating.

"The Board's first meeting was marked by much discussion and deliberation about some of the state's most pressing health issues," said State Treasurer Janet Cowell, who chairs the Board. "Though addressing the unfunded liability ultimately rests with the General Assembly, it is important that we continue to take decisive action as a Board to help promote cost savings for the state. The Board looks forward to building upon this step in future meetings and to laying out a strategic vision for the State Health Plan."

The State Health Plan is currently participating in the Retiree Drug Subsidy Program, which reimburses employers for a portion of their expenses for retiree drug benefits. However, as a result of health care reform, participation in the EGWP would provide several financial advantages, including subsidies for low-income members.

The transition to EGWP will take place Jan. 1, 2013. The program will preserve members' current drug benefits, but will shift the calculation of benefits to a calendar year instead of a fiscal year. A concerted communication effort to Medicare-eligible retirees will take place throughout this year.

During the meeting, the Board approved an additional recommendation to cap the maximum amount members must pay to cover the difference between brand and generic medications when a generic equivalent is available. Under the new provision, members would pay no more than \$100 per a 30-day supply of brand medication.

The Board also affirmed the health plan design and premium structure enacted by the General Assembly in May.



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The State Health Plan for Teachers and State Employees provides health care coverage to more than 664,000 teachers, state employees, retirees, current and former lawmakers, state university and community college personnel, state hospital staff and their dependents. For more information on the Board and State Health Plan programs, visit www.shpnc.org.