
NCHA REQUEST FOR ASSISTANCE RE: STATE HEALTH PLAN

NCHA is asking the legislature to pump the brakes on the state treasurer's plan to change the reimbursement policy of the State Health Plan. The treasurer is not able to grasp the overall impact that this change will have on state employees, retirees, and *all* North Carolinians. NCHA is asking for the legislature to convene a study commission to address designing a state health plan that better meets the needs of North Carolina's state employees and continues its stewardship of tax dollars.

Here's why North Carolina hospitals need your help:

- Hospitals are not against reductions in the State Health Plan spending, but this idea would cut in the wrong places when other methods have been proven to work better.
- Threatened reductions in payments from the State Health Plan will *result in reductions in services* to communities and barriers to access for state employees, teachers, retirees and all North Carolinians because the reduction in payments and support will impact local operations and services in every single hospital across the state. Our hospitals and health systems cannot take a \$450 million hit and continue to operate at the same level as they operate today.
- The proposed plan will *jeopardize access* to health care for millions of North Carolinians — not just state employees and retirees. In addition to closing essential service lines, community programs like school nurses, community college healthcare professional training, and physical exams for high school athletic programs will be impacted; prevention and wellness efforts will fall behind.
- Tying State Health Plan payments directly to Medicare edicts and rate setting is turning decision-making about the plan over to the federal government. *How will we ensure that lawmakers in Washington are looking out for North Carolina state employees and retirees?*
- This plan ignores the high-cost drivers of the plan: chronic conditions like diabetes. 80 percent of the spend is on 17 percent of the population, and this proposal does not address that. Most large employers, like many hospitals, are using technology and data to identify and manage chronic diseases as a way to manage costs and improve health.
- The treasurer has refused to discuss value-based care, though his own professional staff has recommended it as a viable path forward for the State Health Plan. State Health Plan leadership wisely outlined strategies for managing costs in a February 2018 article in the *NC Medical Journal*. These strategies are consistent with best practices for most health plans, yet none of these are being proposed by the treasurer: targeted care management through analytics, better management of pharmacy spend, outcomes-based payment models, SHP member education that will empower members to better manage their health.
- The federal government, which runs the Medicare program, has endorsed value-based care and it is paying off. Earlier this fall, the Accountable Care Organization run by **Duke Health** reported that it saved the federal government more than \$21 million dollars in caring for more than 50,000 Medicare patients. Coastal Plains Network, LLC — made up of health care providers in **Vidant Health and ECU Physicians**, the faculty practice of ECU's Brody School of Medicine — saved Medicare more than \$8.9 million last year on the health care provided to their 24,574 assigned beneficiaries.



Cone Health's Triad HealthCare Network saved Medicare \$21.5 million in costs in its first 18 months of operation.