

August 8, 2019

Dear State Senators:

As leaders of our state's hospitals, health systems and associated physician groups caring for our communities and providing essential healthcare services to all North Carolinians, we are calling on you to support our efforts to provide uninterrupted access to care to our state's teachers and other state employees and retirees by passing HB 184.

We have significant concerns about how the State Health Plan Clear Pricing Project would seriously harm the health and financial wellbeing of North Carolinians covered by the State Health Plan. They deserve to know the truth about how this pricing plan will likely affect them.

As you are fully aware, nearly every hospital and health system in the state has independently concluded that participation in Treasurer Folwell's proposed plan is not sustainable. The fact is that this plan does nothing to improve the health of its beneficiaries, or to reduce the long-term cost of care. More importantly, it is not focused on value-based care, a model in which purchasers of health care hold providers accountable for both quality and costs of care, which is where we as a state need to be headed. Instead, it is built on an arbitrary reimbursement model -- one with known deficiencies in trying to adapt it to a large health insurance plan. This plan will erode the already fragile healthcare safety-net in the state.

Based on the most current information from the State Health Plan, an overwhelming majority of beneficiaries would be out of network for acute inpatient and outpatient care. This means, for example, that there are no in-network Level 1 trauma centers, teaching hospitals, children's hospitals, Level 4 NICUs, or NCI-Designated Comprehensive Cancer Centers. The lack of these services in the new network places a crippling burden on patients and families through significant increases to their out-of-pocket expenses. Members will also experience severely limited choice and access to their preferred medical providers. In the bigger picture, the plan's impact may result in economic hardship as hospitals and physician practices across the state may be forced to lay off workers or cut back on mission-based services due to abrupt declines in revenue.

Your hospitals and physicians are trusted community partners who work tirelessly to improve the lives of people we care for. We are using best practices and data to lead value-based care efforts that have saved millions of dollars for the Centers for Medicare and Medicaid Services (CMS). We have proposed a similar approach as an alternative to the treasurer's plan and we are committed to working with you, the treasurer, and others, to help craft a common-sense, value-based care solution.

The Senate has the opportunity, through HB 184, to direct key stakeholders to work together to develop and deliver a State Health Plan that works for all. We need a plan that helps people and does not harm communities -- especially those most at risk. Help us provide accessible in-network healthcare by passing HB 184.

Sincerely,



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