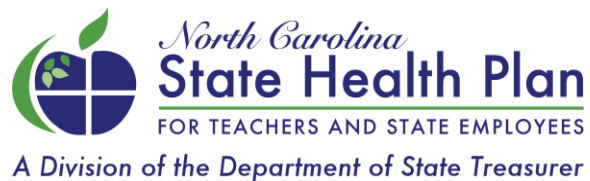




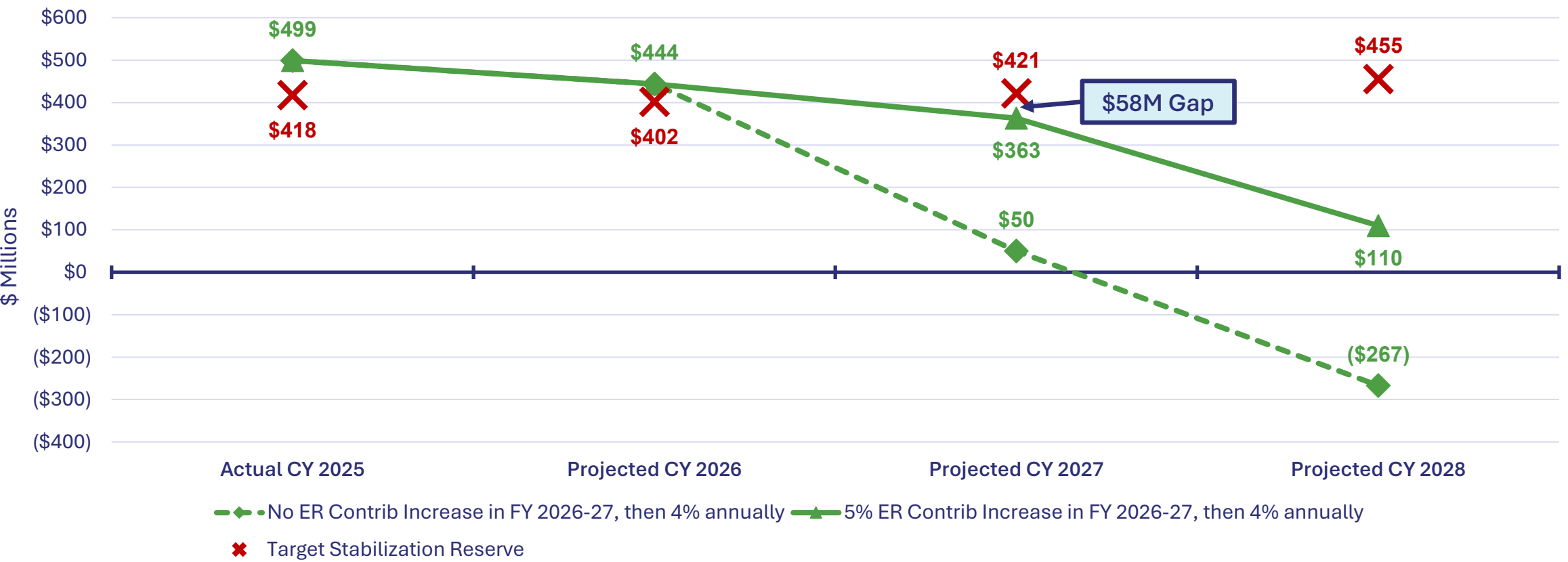
State Health Plan UPDATE

SUMMER 2026



Current State

Chart compares projected cash balances **WITH** and **WITHOUT LEGISLATION** enactment to adjust employer contribution in CY 2027



Medical Cost Trend

Medical cost trend is expected to hit 9%, highest in 17 years.

- PwC recently released their annual Behind the Numbers report, which estimates a 9% medical cost trend for the group market in 2027, the highest trend in over 15 years.
- Pointing to coding intensity (AI), inflation and provider consolidation, pharmacy costs, Behavioral Health use, and the No Surprises Act, many of which were inflators in 2026 and what the Plan is experiencing.

Behind the numbers 2027

Medical cost trend is expected to hit 9%, highest in 17 years.



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2027 Benefits

2027 Plan Options: Active & Non-Medicare



The State Health Plan will continue to offer **TWO PLAN OPTIONS** to active employees and non-Medicare retirees for 2027:

Standard PPO Plan

Members pay **30% COINSURANCE** for eligible in-network services after meeting a deductible.

For some services (i.e., office visits, urgent care or emergency room visits), members pay a copay.

Plus PPO Plan

Members pay **20% COINSURANCE** for eligible in-network services after meeting a deductible.

Similar to the Standard Plan, members pay a copay for some services (i.e., office visits, urgent care or emergency room visits).

For Both Plan Options: Preventive Services performed by an in-network provider are covered at 100% by the Plan, at no cost to the member.

ACTION REQUIRED: for Active Employees

All Active employees, including dependents, will be **AUTOMATICALLY ENROLLED** in the Standard PPO Plan, for the 2027 benefit year.

Subscribers **MUST TAKE ACTION** during Open Enrollment if they would like to enroll in the Plus PPO Plan or if they need to make any changes regarding dependents.





Preferred Providers Tier Structure

Aligning COST, ACCESS and movement toward VALUE across all provider tiers.

PREFERRED PROVIDERS

- Focuses on reducing total cost of care and improving health outcomes
- Not all providers can be included in a given geography
- Provides lowest copay for members

ACCESS PROVIDERS

- Maintains essential access points in rural areas and outside of NC with limited provider options
- Cost neutral for members or in some cases may be lower out-of-pocket costs

NON-PREFERRED PROVIDERS

- These providers elected or were not selected to participate in PPP
- Members will see a significant cost increase when seeing these providers

OUT-OF-NETWORK PROVIDERS

- There is little member impact as the Plan's TPA, Aetna, has a broad, national network

Tiered Network Providers

Preferred Providers

- UNC Health
- Novant Health
- Iredell Health Systems

Non-Preferred Providers

- Atrium Health and partners (except Levine and Cleveland)
- **Some** Duke LifePoint Facilities
- Granville Health

EVERYONE ELSE IS ACCESS

Duke Health
ECU
Cone
Mission
Cape Fear
FirstHealth



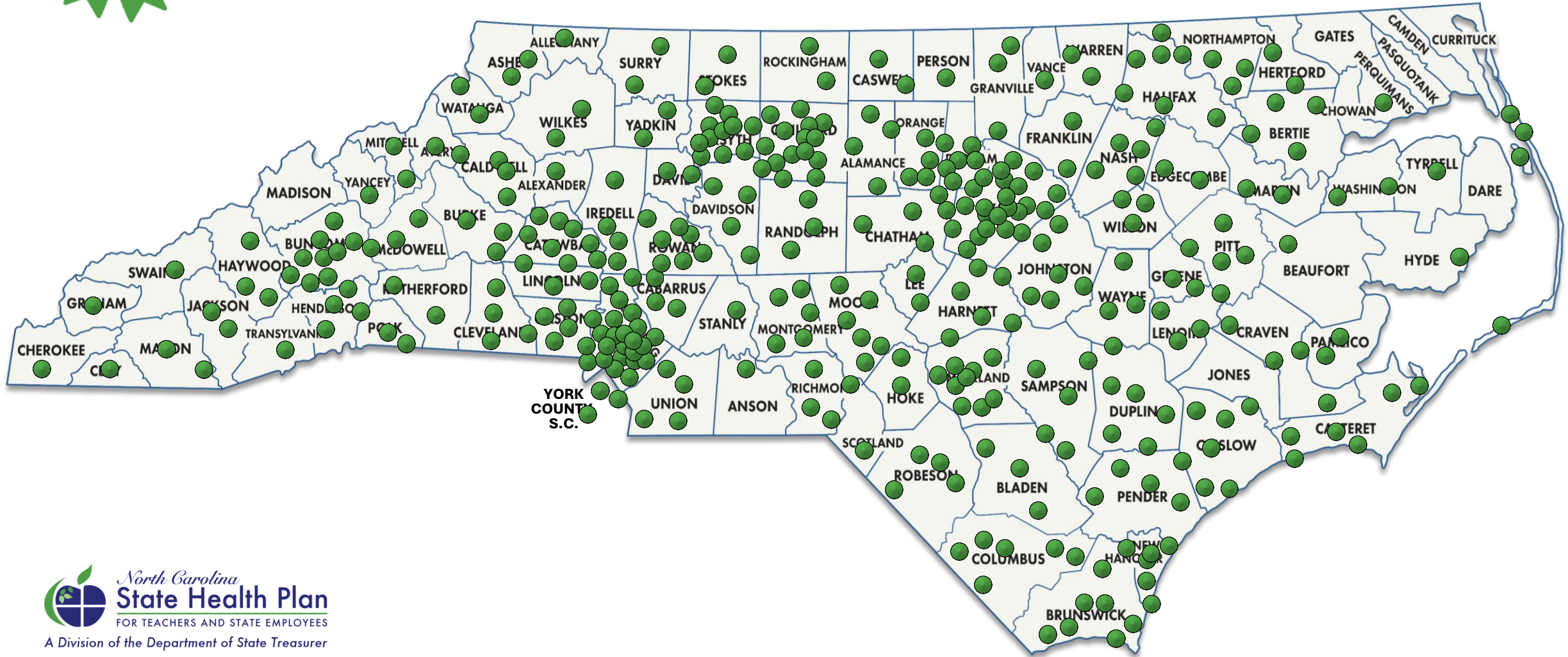
Additional Preferred Providers

- Current Primary Care Provider Program – over 4,500 independent physicians
 - *These are available today and are badged as such in the Find a Doctor Tool*
- Lantern – includes EmergeOrtho, OrthoCarolina, Pinehurst Surgical, Carolina ENT and Raleigh Neurosurgery Clinic
- Specialty Clinically Integrated Networks (CINs) – in place and features 6 independent specialty practices across North Carolina.



Preferred Providers

Primary Care **PRACTICE LOCATIONS** for those participating in the preferred provider program.



2027 Benefit Changes

	STANDARD PPO Plan				PLUS PPO Plan			
	Preferred	Access	Non-Preferred	Out-of-Network	Preferred	Access	Non-Preferred	Out-of-Network
ANNUAL DEDUCTIBLE	\$1,500 Ind \$4,500 Fam	\$3,000 Ind \$9,000 Fam	\$5,000 Ind \$15,000 Fam	\$15,000 Ind \$45,000 Fam	\$1,000 Ind \$3,000 Fam	\$1,500 Ind \$4,500 Fam	\$4,000 Ind \$12,000 Fam	\$12,000 Ind \$36,000 Fam
OUT-OF-POCKET MAX (combined medical & pharmacy)	\$4,000 Ind \$12,000 Fam	\$6,500 Ind \$16,300 Fam	\$12,000 Ind ACA LIMIT \$24,000 Fam ACA LIMIT	\$36,000 Ind \$72,000 Fam	\$3,000 Ind \$9,000 Fam	\$5,000 Ind \$15,000 Fam	\$10,000 Ind \$20,000 Fam	\$30,000 Ind \$60,000 Fam
WALK-IN CLINIC	\$40 other PCP on ID card \$50 other PCP			50% after ded	\$30 other PCP on ID card \$40 other PCP			40% after ded
SPECIALISTS	\$40	\$65	30% after ded	50% after ded	\$25	\$50	20% after ded	40% after ded
HIGH-COST IMAGING	\$400	30% after ded	\$1,000, then 30% after ded	50% after ded	\$250	20% after ded	\$500, then 20% after ded	40% after ded
EMERGENCY ROOM	\$600, then 30% after deductible				\$500, then 20% after deductible			
INPATIENT HOSPITAL	\$750	\$600, then 30% after ded	\$1,500, then 30% after ded	50% after ded	\$500	\$500, then 20% after ded	\$1,000, then 20% after ded	40% after ded
OUTPATIENT SURGERY	\$600	\$350, then 30% after ded	\$1,000, then 30% after ded	50% after ded	\$300	\$300, then 20% after ded	\$500, then 20% after ded	40% after ded
AMBULATORY	\$400	30% after ded	\$1,000, then 30% after ded	50% after ded	\$250	20% after ded	\$500, then 20% after ded	40% after ded
LANTERN SURGICAL BENEFIT	Lantern Surgical Benefit \$0 Member Cost				Lantern Surgical Benefit \$0 Member Cost			



Preferred Provider



Access Provider
Same as 2026



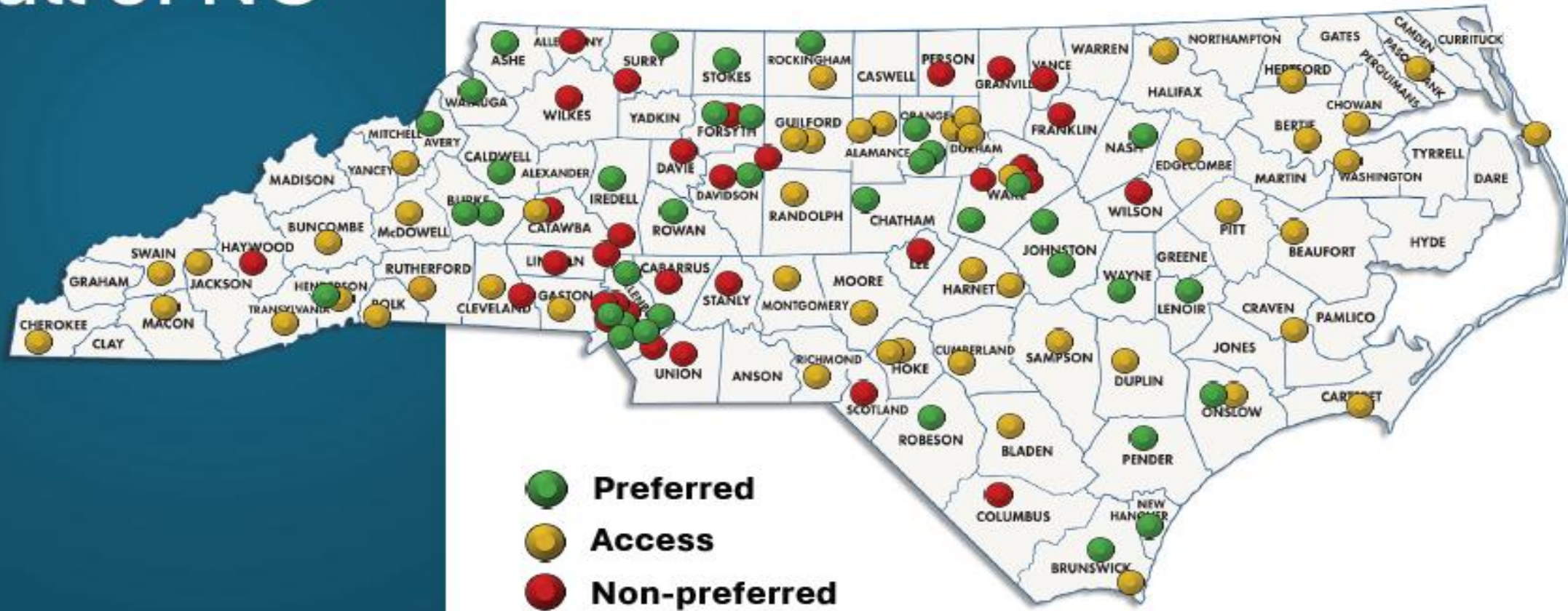
Non-Preferred Provider

PCP=Primary Care Provider

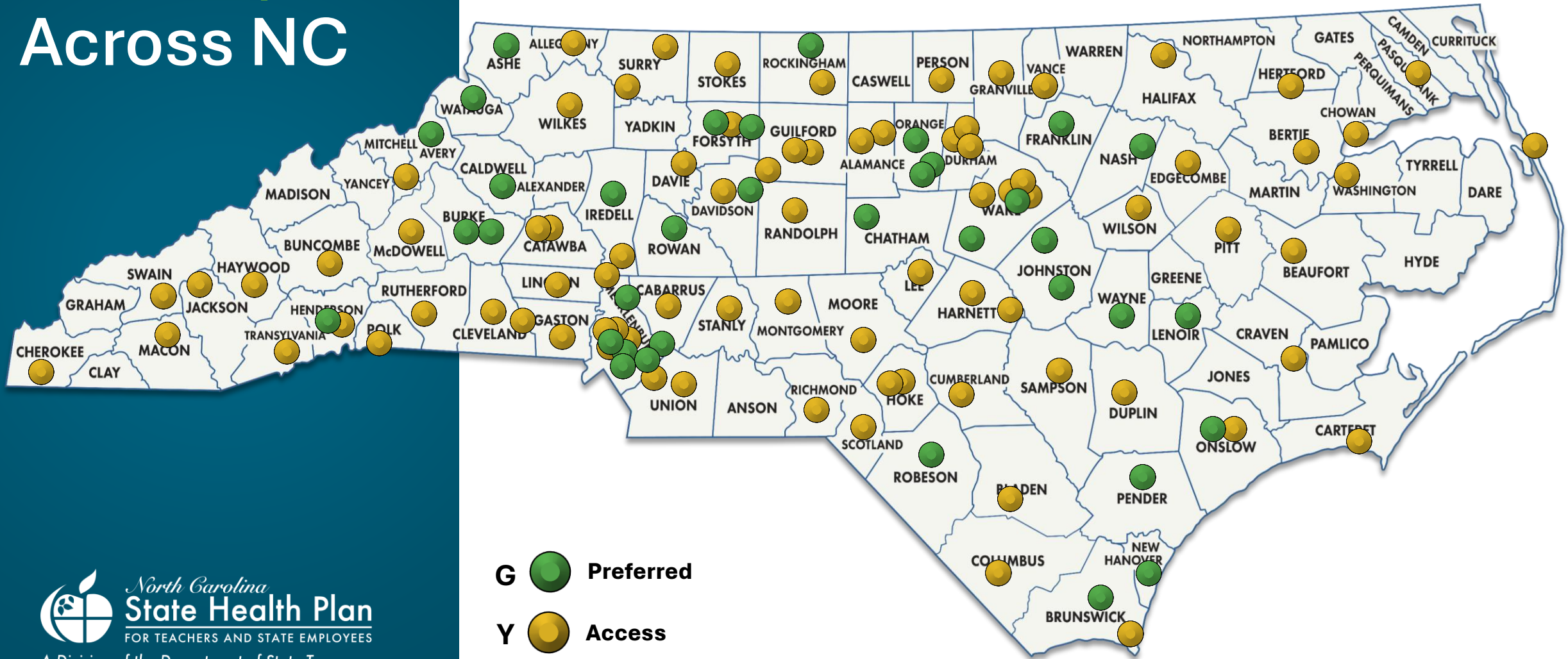
In-Network (deductible & OOP max cross-accumulates)

Hospitals | Across all of NC

HOSPITAL LOCATIONS and TIERS
for those participating in the Preferred
Provider Program.



Emergency Rooms Across NC



Important Call Outs

- Holding the emergency department copay consistent **and associated admissions** across all three tiers mitigates members financial exposure.
- PCP copays are staying the same regardless of tier.
- Behavioral Health copays stay the same regardless of tier.
- Pharmacy copays are staying the same.

Supporting Members

Transition of care procedures WILL BE FOLLOWED to ensure that any claims for members in a course of treatment with a Non-Preferred provider for conditions outlined below are processed at the Access benefit level:

- Maternity / NICU
- Oncology / Cancer
- Transplants

The Transition of Care TIMELINE WILL VARY depending on the individual members' case.



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Member Scenarios

Member Scenario 1

Harry's Experience:

Coverage: Individual

Income: Low

Harry is generally healthy.

STANDARD PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		\$420	\$441		
Annual Well Visit	1	\$0	\$0	\$0	\$0
Other Primary Care Visit	1	\$15	\$15	\$15	\$15
Specialist Visit	1	\$94	\$40	\$65	\$200
Urgent Care	1	\$100	\$100	\$100	\$100
Pharmacy – Tier 1	4	\$100	\$100	\$100	\$100
Pharmacy - Tier 2	2	\$150	\$150	\$150	\$150
Out-of-Pocket Cost		\$459	\$405	\$430	\$565
Total Member Cost		\$879	\$846	\$871	\$1,006

PLUS PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		\$792	\$832		
Annual Well Visit	1	\$0	\$0	\$0	\$0
Other Primary Care Visit	1	\$10	\$10	\$10	\$10
Specialist Visit	1	\$80	\$25	\$50	\$200
Urgent Care	1	\$70	\$70	\$70	\$70
Pharmacy – Tier 1	4	\$60	\$60	\$60	\$60
Pharmacy - Tier 2	2	\$110	\$110	\$110	\$110
Out-of-Pocket Cost		\$330	\$275	\$300	\$450
Total Member Cost		\$1,122	\$1,107	\$1,132	\$1,282

Illustrative Example ONLY.

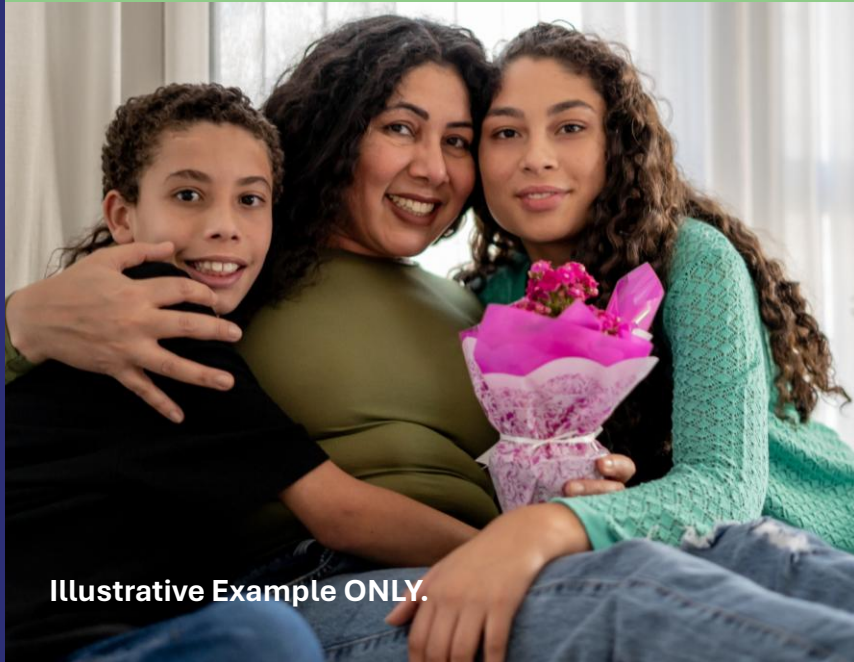
Member Scenario 2

Molly's Experience:

Coverage: Mom + Children

Income: Med-Low

Molly needs OP surgery.



Illustrative Example ONLY.

STANDARD PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		\$2,400	\$2,520		
Annual Well Visit	3	\$0	\$0	\$0	\$0
Other Primary Care Visit	5	\$75	\$75	\$75	\$75
Specialist Visit	4	\$376	\$160	\$260	\$800
Urgent Care	2	\$200	\$200	\$200	\$200
Outpatient Knee Surgery	1	\$5,045	\$600	\$5,045	\$6,900
Pharmacy – Tier 1	15	\$375	\$375	\$375	\$375
Pharmacy - Tier 2	12	\$900	\$900	\$900	\$900
Out-of-Pocket Cost		\$6,971	\$2,310	\$6,855	\$9,250
Total Member Cost		\$9,371	\$4,830	\$9,375	\$11,770
Total Member Cost if Lantern Utilized		\$4,326	\$4,230	\$4,330	\$4,870

PLUS PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		\$3,648	\$3,831		
Annual Well Visit	3	\$0	\$0	\$0	\$0
Other Primary Care Visit	5	\$50	\$50	\$50	\$50
Specialist Visit	4	\$320	\$100	\$200	\$800
Urgent Care	2	\$140	\$140	\$140	\$140
Outpatient Knee Surgery	1	\$3,240	\$300	\$3,240	\$5,420
Pharmacy – Tier 1	15	\$225	\$225	\$225	\$225
Pharmacy - Tier 2	12	\$660	\$660	\$660	\$660
Out-of-Pocket Cost		\$4,635	\$1,475	\$4,515	\$7,295
Total Member Cost		\$8,283	\$5,305	\$8,345	\$11,126
Total Member Cost if Lantern Utilized		\$5,043	\$5,005	\$5,105	\$5,706

Member Scenario 3

Jack's Experience:

Coverage: Indv + Spouse

Income: Med-High

Both members have a chronic condition, anticipate hospitalizations.



Illustrative Example ONLY.

STANDARD PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		\$7,260	\$7,623		
Annual Well Visit	2	\$0	\$0	\$0	\$0
Other Primary Care Visit	6	\$30	\$90	\$60	\$90
Specialist Visit	8	\$376	\$320	\$160	\$1,040
Urgent Care	2	\$0	\$200	\$0	\$200
Inpatient Stay (3 days/stay)	2	\$10,944	\$1,500	\$11,040	\$14,540
Pharmacy – Tier 1	28	\$250	\$700	\$300	\$700
Pharmacy - Tier 2	24	\$600	\$1,800	\$640	\$1,800
Pharmacy - Tier 4	4	\$800	\$800	\$800	\$800
Out-of-Pocket Cost		\$13,000	\$5,410	\$13,000	\$19,170
Total Member Cost		\$20,260	\$13,033	\$20,623	\$26,793

PLUS PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		\$9,624	\$10,105		
Annual Well Visit	2	\$0	\$0	\$0	\$0
Other Primary Care Visit	6	\$60	\$60	\$60	\$60
Specialist Visit	8	\$630	\$200	\$400	\$960
Urgent Care	2	\$140	\$140	\$140	\$140
Inpatient Stay (3 days/stay)	2	\$7,200	\$1,000	\$7,200	\$11,360
Pharmacy – Tier 1	28	\$360	\$420	\$420	\$420
Pharmacy - Tier 2	24	\$1,210	\$1,320	\$1,320	\$1,320
Pharmacy - Tier 4	4	\$400	\$400	\$400	\$400
Out-of-Pocket Cost		\$10,000	\$3,540	\$9,940	\$14,660
Total Member Cost		\$19,624	\$13,645	\$20,045	\$24,765

NOTE: Costs for the couple's care assume a specific ordering of services before they reach their out-of-pocket maximums in some scenarios.

Member Scenario 4

June’s Experience:

Coverage: Family

Income: High

Relatively healthy,
mom is pregnant.



Illustrative Example ONLY.

STANDARD PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		\$7,440	\$7,812		
Annual Well Visit	5	\$0	\$0	\$0	\$0
Other Primary Care Visit	12	\$75	\$180	\$75	\$180
Specialist Visit	6	\$376	\$240	\$260	\$920
Urgent Care	4	\$400	\$400	\$400	\$400
Inpatient Maternity/Childbirth	1	\$6,192	\$750	\$6,250	\$8,770
Pharmacy – Tier 1	24	\$600	\$600	\$600	\$600
Pharmacy - Tier 2	15	\$1,050	\$1,125	\$1,125	\$1,125
Out-of-Pocket Cost		\$8,693	\$3,295	\$8,635	\$11,995
Total Member Cost		\$16,133	\$11,107	\$16,447	\$19,807

PLUS PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		\$10,080	\$10,584		
Annual Well Visit	5	\$0	\$0	\$0	\$0
Other Primary Care Visit	12	\$70	\$120	\$110	\$120
Specialist Visit	6	\$400	\$150	\$300	\$880
Urgent Care	4	\$280	\$280	\$280	\$280
Inpatient Maternity/Childbirth	1	\$4,600	\$500	\$4,600	\$6,680
Pharmacy – Tier 1	24	\$360	\$360	\$360	\$360
Pharmacy - Tier 2	15	\$825	\$825	\$825	\$825
Out-of-Pocket Cost		\$6,535	\$2,235	\$6,475	\$9,145
Total Member Cost		\$16,615	\$12,819	\$17,059	\$19,729

NOTE: Costs for June’s care reflect a specific ordering of services before she reaches her out-of-pocket maximum in some scenarios.

We Have TWO Paths

Premium Increases

(21% premium increases for active employees)

Benefit Reductions

+\$800/+\$2400 individual/family deductibles,
+\$500/+\$1500 on individual/family OOP maxes,
+\$100 to copays for OP surgery and IP hospital

OR

Members Utilize Tiered Network Strategy

OUR COMMITMENT

The State Health Plan is committed to a multi-year journey to make this benefit better and more affordable. It will take work from our members to be more informed consumers of health care to make this work.

OOP= Out-of-Pocket Max

OP= Outpatient

IP= In Patient



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2027 Premiums

Member Premiums: Monthly/Annual Change

	Individual Coverage		Non-Medicare Family Coverage		Medicare Primary Family Coverage	
	LOWEST	HIGHEST	LOWEST	HIGHEST	LOWEST	HIGHEST
Change in Monthly Premium Cost						
Active Employee	\$1.76	\$8.04	\$28.76	\$42.04	\$26.00*	\$32.28*
Non-Medicare Retiree	0.00	3.32	28.76	60.44	(32.76)	7.32
Medicare Primary Retiree	0.00	2.00	28.76	38.20	(32.76)	6.00
Change in Annual Premium Cost						
Active Employee	\$21.12	\$96.48	\$345.12	\$504.48	\$312.00*	\$387.36*
Non-Medicare Retiree	0.00	39.84	345.12	725.28	(393.12)	87.84
Medicare Primary Retiree	0.00	24.00	345.12	458.40	(393.12)	72.00

*There are limited situations in which the dependents of an active employee would qualify as Medicare primary.

2027 Active Employee Premiums

SALARY BAND	2026 STANDARD PPO Premiums	2027 STANDARD PPO Premiums	2026 PLUS PPO Premiums	2027 PLUS PPO Premiums
\$50,000 + UNDER	\$35.00	\$36.76	\$66.00	\$69.32
\$50,001 - \$65,000	\$50.00	\$52.52	\$94.00	\$98.72
\$65,001 - \$90,000	\$65.00	\$68.28	\$122.00	\$128.12
\$90,001 + OVER	\$80.00	\$84.00	\$160.00	\$168.04

** Non-Medicare Retirees will also pay **\$69.32** for **2027 PLUS PPO** Plan.

2027 Active Employee Premiums

STANDARD PPO & PLUS PPO PLAN for Active Subscribers



Monthly Premium Rates January 1, 2027 to December 31, 2027	STANDARD PPO Plan				PLUS PPO Plan			
	Salary Band				Salary Band			
	\$50,000 + UNDER	\$50,001 - \$65,000	\$65,001 - \$90,000	\$90,001 + OVER	\$50,000 + UNDER	\$50,001 - \$65,000	\$65,001 - \$90,000	\$90,001 + OVER
ACTIVE SUBSCRIBERS								
Subscriber Only	\$36.76	\$52.52	\$68.28	\$84.00	\$69.32	\$98.72	\$128.12	\$168.04
Subscriber + Child(ren)	\$194.28	\$210.04	\$225.80	\$241.52	\$289.84	\$319.24	\$348.64	\$388.56
Subscriber + Spouse	\$603.76	\$619.52	\$635.28	\$651.00	\$783.32	\$812.72	\$842.12	\$882.04
Subscriber + Family	\$603.76	\$619.52	\$635.28	\$651.00	\$783.32	\$812.72	\$842.12	\$882.04

2027 Open Enrollment

- Members will receive communication and education before Open Enrollment.
- Updated provider directories, online tools and dedicated support resources will help members understand their options and make informed health care decisions.
- **Please note new TPA & PBM Contract Award Announcements are for 2028.**

2027 OPEN ENROLLMENT

October 12-30, 2026



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Stay Connected with State Health Plan News

It's important to **STAY ENGAGED** so you can be in the know on what you need to do prior to and during Open Enrollment!

- **SUBSCRIBE** to the Plan's monthly e-newsletter **HBR UPDATE** by visiting www.shpnc.gov.
- **FOLLOW** the State Health Plan on  **@SHPNC** and  **@nchealthplan**.
- **LOOK FOR** your Open Enrollment Decision Guide, which will arrive in mailboxes prior to Open Enrollment.
- **ENCOURAGE** employees to verify that their mailing address, email, and phone number are correct in eBenefits, the Plan's enrollment system.