



**NEWS RELEASE**

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## **BLUE CROSS NC FILES TO LOWER ACA RATES BY AVERAGE OF 4.1 PERCENT**

*Rate decrease means \$120 million reduction in health care costs for 2019*

*First individual market rate decrease in Blue Cross NC history*

*Blue Cross NC expects to be only insurer to offer ACA Plans in all 100 counties*

**Durham, N.C.** – Blue Cross and Blue Shield of North Carolina (Blue Cross NC) announced today it requested an overall average rate decrease of 4.1 percent for 2019 Affordable Care Act (ACA) plans offered to individuals. The reduction marks the first rate decrease in the history of Blue Cross NC since entering the current individual market more than 25 years ago.

**“This is the first individual market rate decrease in Blue Cross NC history and will benefit people across North Carolina. We’re moving in the right direction, but even with a lower rate, premiums are still too high – particularly for those who don’t get a subsidy,”** said Dr. Patrick Conway, President and CEO of Blue Cross NC. **“With more certainty from Washington, rates would be 15 percent or more lower. We must address both market instability and the rising price of health care.”**

During the first three years of the ACA, Blue Cross NC lost more than \$450 million dollars on the plans. Despite these losses, the insurer remained committed to offering coverage in all 100 of North Carolina’s counties. Those losses, however, necessitated rate increases. Now, for the first time since entering the ACA marketplace in 2014, Blue Cross NC is able to reduce rates by an average of 4.1 percent. The rate decrease will reduce health care costs by \$120 million in 2019. Blue Cross NC is proud to serve over 475,000 ACA customers and expects to once again be the only ACA insurer in all 100 counties.

Federal tax credits known as premium subsidies are still available for customers with household incomes between 100 and 400 percent of the Federal Poverty Level. About 90 percent of Blue Cross NC current customers with ACA plans qualify this year. Subsidies vary by plan and household income. Open enrollment begins on November 1, 2018.

As always, rates vary based on location, age, subsidy amount, and plan. Blue Cross NC will make regional rates public after North Carolina Department of Insurance (NCDOI) approval, in

late August or early September. For competitive reasons, Blue Cross NC is not releasing specific pricing information at this time. Individual premiums will be available in October. Although some areas may see a rate increase, all requested county increases are less than 10 percent.

Blue Cross NC will continue offering transitional plans in 2019. These were purchased between March 2010, when the ACA was signed, and October 2013 when regulations went into effect. Transitional plans do not meet ACA requirements but are allowed by federal law. The plans cannot be sold to new customers. Blue Cross NC has 41,500 members with transitional plans.

### **Items Impacting Rates**

Many factors went into the Blue Cross NC's rate filing:

- After several years in the ACA marketplace, Blue Cross NC has gained substantial information about the pool of customers, including how to help manage their care, reduce their medical expenses and price health plans to fit their needs.
- Blue Cross NC used tax savings from the 2017 Tax Cuts and Jobs Act to lower rates by an additional 0.5 percent.
- Congress' one-year suspension of the ACA's Health Insurer Tax (HIT) for 2019 helped lower rates by an additional 3 percent. Rates for 2020 will need to be approximately 3 percent higher unless Congress extends the suspension or ends this tax altogether.
- Had the federal government not eliminated the individual mandate penalty, requested rates would be another 4 percent lower.
- If federal Cost Sharing Reduction (CSR) payments to insurers that were eliminated as of October 2017 were still in place, requested rates would be another 14 percent lower.
- Requested rates assume that transfers of funds among insurers under the Risk Adjustment Program will take place as normal for 2019.
- Blue Cross NC has entered into new arrangements with health systems that will reduce costs in 2019. Blue Cross NC thanks these health systems for their partnership on behalf of consumers.

### **New Provider Arrangements Lower Costs**

Through new arrangements with regional providers, Blue Cross NC will be reducing pre-subsidy premiums in Charlotte and Gastonia. Blue Local with Atrium Health and Blue Value with Novant and Caromont will continue to be offered.

Rates are also being reduced in the Triangle due to a new agreement with UNC Health Alliance, UNC Health Care's physician-led clinically integrated network that includes independent and UNC Health Care providers, which share a common goal of delivering high quality, cost effective care. Clinical integration brings together the different parts of care for the patient – primary care, specialists, urgent care and hospitals – to ensure patients receive coordinated care across a wide variety of care settings.

This collaboration between Blue Cross NC and UNC Health Alliance will allow a reduction in pre-subsidy premiums, while keeping benefits similar.

Pre-subsidy premiums will be less, but some customers will need to change providers. Through our Blue Value Plan, UNC Health Alliance will be the exclusive in-network provider for Blue

Cross ACA plans in the Triangle. Blue Value with UNC Health Alliance will be available in Wake, Johnston, Franklin, Lee, Chatham, Alamance, Orange, Durham, Caswell and Person Counties. Blue Value with UNC Health Alliance customers will have access to a statewide, limited network of high-quality, lower-cost providers.

Blue Cross NC will no longer offer its Blue Local product with Duke Health and WakeMed. Blue Cross NC has about 50,000 customers residing in 12 counties currently enrolled in the product.

Customers in Granville and Vance Counties with Blue Local will have access to Blue Advantage and Blue Select plans. These plans have a broader network that includes UNC Health Alliance, Duke Health, WakeMed and multiple other providers. While premiums for these two plans may be higher than what Blue Local currently costs, subsidies are available for those who qualify.

Duke Health and WakeMed remain close partners with Blue Cross NC. Both providers are still in-network for other Blue Cross NC products, such as Medicare Advantage, FEP, State Health Plan, and the majority of Blue Advantage, Blue Select and group plans.

Blue Local with Duke Health and WakeMed will stay in place through the end of 2018. Blue Local customers can continue seeing their current doctor until the end of the year.

More information on this transition is available at [www.BlueCrossNC.com/ReadyToRenew](http://www.BlueCrossNC.com/ReadyToRenew).

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