

**State Health Plan  
Frequently Asked Questions  
December, 2009  
(Prepared by UNC General Administration)**

**1. Why are state employees being addressed in such a punitive way with requirements regarding smoking and obesity? How will these requirements work?**

The Comprehensive Wellness Initiative is a healthy living initiative designed to address two leading drivers of health care costs: smoking and obesity. While all of us could probably agree that working towards a healthier employee population is a good thing, much concern has been expressed about the “punitive” way these issues are being addressed.

The State Health Plan will address smoking first. Beginning in July, 2010, employees who smoke or whose dependents smoke will only be allowed to enroll in the 70/30 plan. In fact, the 70/30 plan will be the default option for all employees. At enrollment, if you and your dependents are non-smokers, you will be able to “attest” to that and enroll in the 80/20 plan. Beginning July, 2011, the Plan will begin to address obesity by requiring that employees or dependents with a Body Mass Index of 40 or higher enroll in the 70/30 plan. Under both the smoking and the obesity initiatives, employees who are enrolled in smoking cessation or weight management programs will be allowed to enroll in the 80/20 plan. The State Health Plan will provide a range of supports including nutrition counseling, coverage of prescriptions of support smoking cessation and weight management, coverage of bariatric surgery, etc.

Details about how the State Health Plan will “monitor” under this program are not yet available. We also do not know what will or will not qualify as smoking cessation or weight management programs. The University is actively engaged in providing feedback to the State Health Plan through its HR Council, Benefits Network, representatives on a Steering Committee and individual conversation and discussions with Plan administrators. We have given extensive feedback about the need to increase the “carrot” and decrease the “stick” in the approach.

**2. Why and how was there a “waiver of HIPAA rights?”**

The Health Information Portability and Accountability Act (HIPAA) is a Federal law. Most of us are familiar with the “privacy” provisions of this law that govern transmission of health information and protect individual health information and prevent unauthorized use or disclosure. These provisions CANNOT be waived. A different section (Title I) sets forth provisions about how health care coverage is provided. Because the State Health Plan is self-funded and a non-federal government plan, it has the authority to exempt itself from some provisions. In fact, the State

Health Plan did exempt itself from the health status provisions, allowing it to focus on smoking cessation and obesity programs.

**3. Why doesn't the University have a separate health plan?**

The membership of the State Health Plan is set by statute. North Carolina does have one of the largest state health plans because it covers state government employees, university and community college system employees, public school employees and retirees. Several years ago, UNC General Administration formed a committee to look at whether it was feasible for the university to establish a separate health plan. The committee worked with an external consultant and actually designed and costed out some alternative structural ideas. Overall, the committee struggled with how to separate from the Plan in a way that did not endanger retiree health insurance and did not negatively affect other Plan members.

**4. What is the role of NC Blue Cross Blue Shield? Why can they use my premium dollars to lobby against health care reform?**

The State Health Plan is a self-funded plan with specific plan benefits and premiums set by the legislature. It is NOT a Blue Cross Blue Shield Plan. Premium dollars do not belong to Blue Cross Blue Shield, but to the State Health Plan. The Plan bears all risk associated with premiums and utilization.

The Plan contracts with Blue Cross Blue Shield to provide claims processing services. Blue Cross Blue Shield receives reimbursement from the State Health Plan for claims processing. Blue Cross Blue Shield's current contract for these services expires in 2013.

Blue Cross Blue Shield is a non-profit organization, but it is no longer a tax exempt organization. As a 501c non profit organization, it is allowed to influence legislation, engage in "propaganda: (IRS term), and lobby under a detailed scheme of types of actions and amounts spent.

**5. Why is the State Health Plan so limited compared to plans in other states? What reforms are possible?**

The employee population covered by the State Health Plan is older and less healthy than the general population which results in higher costs. The lack of a subsidy for dependents means that many younger, healthier dependents leave the plan finding less expensive coverage through other employers or through the private market. What can be done? We obviously need to attract dependents back into the plan, and subsidy of dependent coverage is the obvious way to do this. The problem, as always, is cost. To add dollars for subsidy is very expensive. To redirect dollars from employee only premiums into dependent coverage is politically unpopular.