
Blue Cross NC Announces Rate Decrease and \$130 Million Premium Savings for Individual Under 65 ACA Coverage in 2024

**Overview, Questions and Answers
for Blue Cross NC Agents**

September 2023

Overview

Blue Cross and Blue Shield of North Carolina (Blue Cross NC) announced today that the North Carolina Department of Insurance (NCDI) has approved its 4% average rate decrease for individual customers who enroll in Affordable Care Act (ACA) plans in 2024.

Key Points

- In 2024, Blue Cross NC is lowering average rates by 4% for individual customers who enroll in Affordable Care Act (ACA) plans.
- Blue Cross NC is the only insurer that has offered ACA plans in all 100 counties of North Carolina since the ACA market first opened in 2014—and the only insurer that offered individual and family plans in all 100 counties prior to 2014.
- Blue Cross NC's rates for an individual ACA plan offered in 2024 are **5 percent lower than they were in 2018**.
- Blue Cross NC's rate savings have significantly lowered total premium costs in the ACA market—by an estimated \$1.35 billion^[1] from 2018 through 2024.
- These rate decreases are the result of our commitment to create a health care system that is more affordable for all. By partnering with health care providers and bringing cost savings tools to our members, we're addressing the root causes of high medical costs [and creating sustainable savings](#).
- Blue Cross NC is lowering rates in every rating region of North Carolina. Regional rate changes range from an average of -0.2% to -6.6% for the individual ACA market. Individual premiums will be available in October.

Supporting Points

- Blue Cross NC is the only insurer that serves all 100 counties of North Carolina with coverage options for all North Carolinians, including individuals of all ages, and for businesses of all sizes.
- This average rate decrease reflects Blue Cross NC's commitment to creating a health care system that is affordable for all.

- Blue Cross NC's industry-leading [Blue Premier initiative](#) reduces costs by paying hospitals and doctors based on improving patient care rather than only the number of procedures or tests performed. The program has lowered health care costs by approximately \$650 million since it began in 2019. More than 1.4 million members are now under the care of Blue Premier providers.
- To address the skyrocketing cost of specialty drugs, Blue Cross NC has worked to negotiate lower costs with drug manufacturers and ensure Blue Cross NC plans cover the most effective drugs at the lowest cost. While pharmaceutical costs in the U.S. grew 9.4% in 2022^[2], Blue Cross NC successfully held down the overall pharmacy trend for its individual ACA market to 0.7%^[3] in 2022 and to 2.9%, so far in 2023^[4].
- Blue Cross NC is lowering ACA rates in every rating region of North Carolina: regional rate changes range from an average of -0.2% to -6.6%. Individual premiums will be available in October.
- Open enrollment for individual under-65 ACA plans begins on November 1, 2023, and ends on January 15, 2024.

General Questions and Answers

What determines the rates filed by Blue Cross NC?

Rates are largely determined by the collective cost of members' medical claims, and rates vary based on location, age and plan. For individual ACA customers, customers' premium amounts depend on federal premium subsidy levels, which will be determined in October. About 85% of Blue Cross NC's current customers with individual ACA plans qualify for subsidies for their 2024 plans. Subsidies vary by plan and household income.

The federal American Rescue Plan Act (ARPA) expanded these subsidies to more individuals, lowering premiums to no more than 8.5% of customers' household incomes. In 2022, these expanded subsidies were extended for three years, through the federal Inflation Reduction Act.

As always, rates are largely determined by the cost of our members' medical claims and vary based on location, age, subsidy amount, and plan.

Will I see an increase in my premiums next year?

Rates vary based on location, age, subsidy amount, and plan. Regional rate changes range from an average of -0.2% to -6.6% for the individual ACA market. Individual premiums will be available in October.

Will some ACA customers see a rate decrease in 2024?

Yes. As always, rates vary based on location, age, subsidy amount, and plan. Individual premiums will be available in October.

Will customers still be able to get premium subsidies from the federal government in 2024?

Yes. For individual ACA customers, customers' premium amounts depend on federal premium subsidy levels, which will be determined in October. About 85% of Blue Cross NC's current

customers with individual ACA plans qualify for subsidies for their 2023 plans. Subsidies vary by plan and household income.

The federal American Rescue Plan Act (ARPA) expanded these subsidies to more individuals, lowering premiums to no more than 8.5% of customers' household incomes. In 2022, these expanded subsidies were extended for three years, through the federal Inflation Reduction Act.

When will individual premiums be available?

Individual premiums will be available in October. Open enrollment for individual under-65 ACA plans begins on November 1, 2023 and ends on January 15, 2024.

For individual ACA customers, customers' premium amounts depend on federal premium subsidy levels, which will be determined in October. About 85% of Blue Cross NC's current customers with individual ACA plans qualify for subsidies for their 2023 plans. Subsidies vary by plan and household income.

Each year customers should shop for plans, to find the lowest-cost plan from Blue Cross NC that meets their needs.

Is Blue Cross NC making or losing money on ACA business?

During the first three years of the ACA, Blue Cross NC lost more than \$450 million on the plans. Despite these losses, we stayed in the ACA market and remained committed to offering ACA plans in all 100 of North Carolina's counties.

Over the past few years, we've turned around our financial performance in the ACA market. Blue Cross NC's rates for an individual ACA plan offered in 2024 are **5 percent lower than they were in 2018**. Our work over the last six years demonstrates that deeper collaboration with health professionals helps to make health care more affordable for all North Carolinians.

How many ACA individual customers does Blue Cross NC serve?

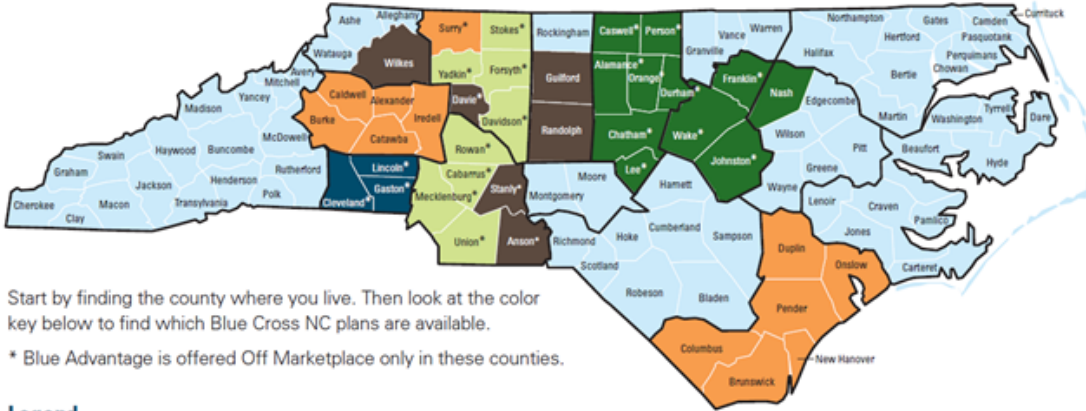
Blue Cross NC serves nearly 430,000 individual ACA members. Blue Cross NC is proud to once again offer individual ACA plans across all 100 counties in 2024.

Will my current plan be available in 2024?

In 2024, Blue Cross NC will continue to offer its broad network preferred provider organization (PPO) plan, Blue Advantage[®], in every county of the state^[5]. And in many areas, Blue Cross NC is collaborating with local health systems to offer plans that feature a smaller, curated network of high-quality providers, at a lower cost than a similar broad network PPO plan:

- In the Triad, Triangle and Charlotte regions, Blue Cross NC will continue to offer Blue LocalSM and Blue HomeSM plans. These plans' average monthly rates are \$100 to \$200^[6] lower than a similar PPO plan.
- In the Wilmington, Hickory and Gastonia areas of the state, Blue Cross NC will continue to offer Blue ValueSM plans. These plans' average monthly rates are \$70 to \$90^[7] lower than a similar PPO plan.

2024 Individual Under-65 Sales Areas



Start by finding the county where you live. Then look at the color key below to find which Blue Cross NC plans are available.

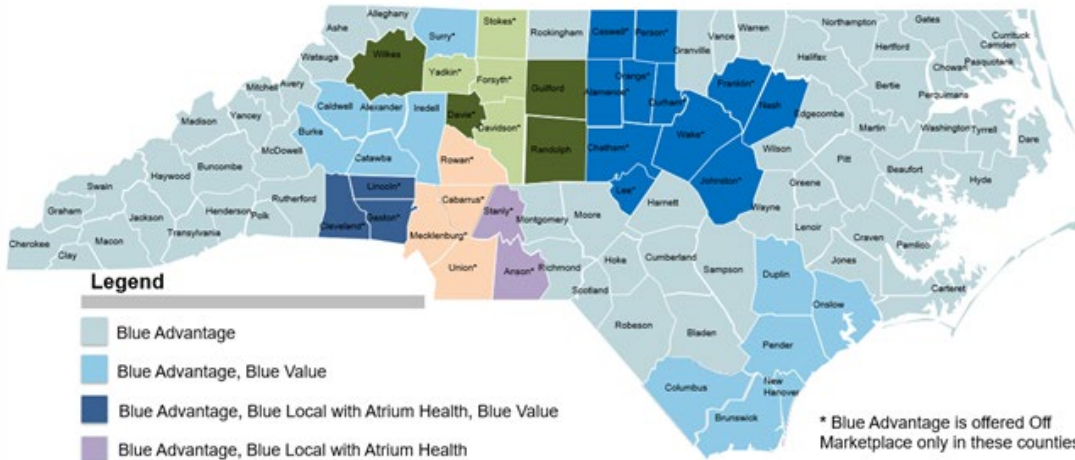
* Blue Advantage is offered Off Marketplace only in these counties.

Legend

- Blue Advantage
- Blue Advantage, Blue Value
- Blue Advantage, Blue Local with Atrium Health, Blue Value
- Blue Advantage, Blue Local with Atrium Health
- Blue Advantage, Blue Home with UNC Health Alliance
- Blue Advantage, Blue Home with Novant Health, Blue Local with Atrium Health

Except for Blue Advantage plans, most providers outside of NC and the U.S. will be covered at the out-of-network benefit level for covered services, except emergency care.

2023 Individual Portfolio Sales Areas



Legend

- Blue Advantage
- Blue Advantage, Blue Value
- Blue Advantage, Blue Local with Atrium Health, Blue Value
- Blue Advantage, Blue Local with Atrium Health
- Blue Advantage, Blue Home with UNC Health Alliance
- Blue Advantage, Blue Local with Wake Forest Baptist Health
- Blue Advantage, Blue Home with Novant Health, Blue Local with Wake Forest Baptist Health
- Blue Advantage, Blue Home with Novant Health, Blue Local with Atrium Health

* Blue Advantage is offered Off Marketplace only in these counties

Will Blue Cross NC continue to offer transitional plans to individuals in 2024?

Yes. Blue Cross NC will continue offering renewal of transitional plans in 2024, for both individuals and small groups. These are plans 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.

We will announce 2024 average rates for transitional plans separately after they are approved by the NC Department of Insurance.

What if I can't find a doctor who is able to meet my health needs that is available within the network?

If there is no provider who is able to meet your health needs reasonably available in-network, you can call the number on the back of your insurance card to request a review of your case.

How can I determine if my doctor is in the network?

Beginning in October, members can use Blue Cross NC's "[Find a Doctor](#)" tool to see if their provider is in-network. Additionally, members can call the number on the back of their insurance card for help finding quality, in-network care.

When will I learn what my premiums for 2024 will be?

Pre-subsidy premiums will be in rate notices sent in October. Unfortunately, the member's 2024 subsidy information will not be available until November 1. Therefore, the premium amount that the customer owes (total premium minus subsidy amount) won't be available until November 1.

Open enrollment for individual under-65 ACA plans begins on November 1, 2023 and ends on January 15, 2024.

What is Blue Cross NC doing to address the rising cost trends for prescription drugs?

The solution to unaffordable medicines won't come from a single law or program or campaign. Blue Cross NC's strategy is comprehensive: collaborating with health care providers, providing research and communication tools for our members, negotiating with drug makers for lower prices for our members and supporting legislation that controls costs. We work with employers to create comprehensive health plans that include integrated pharmacy benefits, providing simplified, coordinated coverage for employees.

In addition, we are:

- Contracting with a pharmacy benefit manager (PBM), Prime Therapeutics, to negotiate drug pricing (drug discounts and rebates) across a network of pharmacies and with manufacturers. By using a PBM, we are able to negotiate with larger scale than if we did so alone as health plan.
 - Rebates are discounts given by pharmaceutical manufacturers off the list price of the drug, often paid through PBMs to the Health Plan, to lower overall cost. BCNC, as a not-for-profit, passes the value of these rebate dollars through to our membership, bringing down premiums.
- Leveraging a Pharmacy and Therapeutics (P&T) committee, comprised of mostly external physicians and pharmacists, to assess both clinical and cost efficacy of drugs coming to market. Based on this assessment, drugs are placed on the BCNC formulary,

or list of covered drugs, in tiers which helps get the right drug to the right member at the right time and in the right place.

- Based on FDA guidance and clinical assessment, placing utilization management (prior authorizations, step therapy, quantity limits) on certain drugs to ensure providers are not prescribing high-cost alternatives unnecessarily.

¹ Estimated total premium savings across all individual ACA plans sold by Blue Cross NC for effective dates of Jan 1, 2018, through Dec 31, 2023

² [National trends in prescription drug expenditures and projections for 2023 - PubMed \(nih.gov\)](#)

³ This Blue Cross NC pharmacy trend does not include pharmacy rebates, which are discounts given by pharmaceutical manufacturers off the list price of the drug and often paid through pharmacy benefit managers to health plans, to lower overall costs. As a not-for-profit, Blue Cross NC passes the value of these rebate dollars through to our membership, bringing down premiums.

⁴ Blue Cross NC internal data - June 2023

⁵ In some counties, these are only available as Off-Marketplace plans

⁶ Based on rates for a 40-year-old non-tobacco user on the lowest cost Silver plan design

⁷ Based on rates for a 40-year-old non-tobacco user on the lowest cost Silver plan design