

NEWS RELEASE

Changes for 2016 ACA plans designed to address health care costs

CHAPEL HILL, N.C. – Contrary to industry expectations, ACA (Affordable Care Act) customers continue to be unhealthy and use more health care services than expected. BCBSNC's (Blue Cross and Blue Shield of North Carolina) data shows that ACA customers use expensive services for chronic conditions and visit the emergency department in high numbers.

The company is taking action to protect the sustainability of products for our customers and our business:

- Revising rates filed for 2016
- Changing the availability of Blue Advantage[®] and Blue Select[®] products

“The industry generally had two expectations of ACA customers: first, that we would see healthier customers enroll in the second year, and second, that health care costs would level out as pent-up demand for services minimized,” said Patrick Getzen, vice president and chief actuary for BCBSNC. “Based on our data, neither expectation is proving true. Our claims and expenses are higher than our premiums and we need to take steps now to protect the sustainability of plans for our customer over the long-term.”

Revised Rates

BCBSNC's initial rate request in May was based on claims data through March 31, 2015. Since that time, the company has received claims data from April and May, indicating that health care costs for the ACA group are much higher than expected. Based on this information, the company revised this filing to reflect the need for a higher increase.

BCBSNC proposed a revised average rate increase with North Carolina Department of Insurance for individual ACA plans of 34.6 percent. This proposed rate increase affects our rates for individual under 65 plans, both on and off Exchange¹ beginning January 1, 2016.

Changes in Plans Offered

BCBSNC will continue to offer products in all of the state's 100 counties. Blue Advantage and Blue Select products will no longer be available in 16 counties, including the Triangle and Charlotte regions. Customers in these areas will have the option to choose a lower-cost, limited network plan with their preferred health system of choice through Blue Local[®] and Blue Value[®]. These plans have been a popular and affordable choice. Nearly 60 percent of customers in the Triangle and Charlotte areas are currently on a lower cost plan.

“North Carolinians are more actively involved in health care decisions – including choosing a health plan – than ever before,” added Getzen. “Offering the right balance of cost and plan design for consumers is vital to our business.”

Affected customers will not have an interruption in their insurance coverage. They will receive renewal notices in the fall that explain how these changes affect them.

[1] The Exchange, or the Health Insurance Marketplace, is an independent entity run by the federal government.

About BCBSNC:

Blue Cross and Blue Shield of North Carolina improves the health and well-being of our customers and communities by providing innovative health care products, services and information to more than 3.91 million members, including approximately 1 million served on behalf of other Blue Plans. Since 1933, we have worked to make North Carolina a better place to live through our support of community organizations, programs and events that promote good health. We have been recognized as one of the World’s Most Ethical Companies by Ethisphere Institute every year since 2012. Blue Cross and Blue Shield of North Carolina is an independent licensee of the Blue Cross and Blue Shield Association. Visit BCBSNC online at bcbsnc.com. All other marks are the property of their respective owners.

###