# NORTH CAROLINA GENERAL ASSEMBLY

## 2025 Session

# Legislative Actuarial Note – Health Benefits

**Short Title:** Expanding Insurance Coverage/Fertility Care.
**Bill Number:** Senate Bill 910 (First Edition)
**Sponsor(s):** Sen. Natalie S. Murdock, Sen. Sophia Chitlik, and Sen. DeAndrea Salvador

## SUMMARY TABLE

**ACTUARIAL IMPACT OF H.B. 910, V.1 ($ in thousands)**

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|
| **State Impact** | | | | | |
| State Health Plan Net Loss | - to - | $7,200 to $10,800 | $22,200 to $33,400 | $23,500 to $35,400 | $24,900 to $37,500 |
| **NET STATE IMPACT** | **- to -** | **$7,200 to $10,800** | **$22,200 to $33,400** | **$23,500 to $35,400** | **$24,900 to $37,500** |

The State Health Plan's Net Loss is projected to increase by the amount shown above, decreasing the cash reserves of the Plan. Any deterioration in Plan financials does not directly translate to an increase in State appropriations in the short-run, but is likely to increase appropriations in the long-run. Roughly 57% of premiums paid to the Plan are derived from the General Fund.

## ACTUARIAL IMPACT SUMMARY

Part I has a potential actuarial impact on the State Health Plan (Plan).

Part I: Requires health benefit plans to cover many different fertility and infertility services, including no fewer than 4 oocyte retrievals, unlimited embryo transfers, unlimited cycles of intrauterine and intracervical insemination, ovulation-induction medication, and standard fertility preservation services when the patient has a condition that may impair fertility. The plans generally cannot impose limitations or exclusions on these services and have to charge the same out-of-pocket amounts as for other services. This Part also amends G.S. 135-48.51 to apply the requirement to the Plan. For the Plan, the requirements would apply starting in January 2028.

Segal Consulting, the consulting actuary for the Plan, estimates that this Part will increase Plan expenditures by the following amounts:

| FY 2027-28 | FY 2028-29 | FY 2029-30 |
|---|---|---|
| $7.2 to $10.8 million | $22.2 to $33.4 million | $23.5 to $35.4 million |

## ASSUMPTIONS AND METHODOLOGY

The actuarial analysis used by the consulting actuary is on file with the Fiscal Research Division. Copies of the analysis, including assumptions, are also attached to the original copy of this Legislative Actuarial note.

Summary Information and Data about the State Health Plan (Plan)

The Plan administers health benefit coverage for active employees from employing units of State agencies and departments, universities, local public schools, and local community colleges. Eligible retired employees of authorized employing units may also access health benefit coverage under the Plan. Eligible dependents of active and retired employees are authorized to participate in the Plan provided they meet certain requirements. Employees and retired employees of selected local governments and charter schools may also participate in the Plan under certain conditions.

The State finances the Plan on a self-funded basis and administers benefit coverage under a Preferred Provider Option (PPO) arrangement, with the exception of many Medicare-eligible retirees who are in fully-insured Medicare Advantage plans. The Plan's receipts are derived through premium contributions, investment earnings and other receipts. Premiums for health benefit coverage are paid by (1) employing agencies for active employees, (2) the Retiree Health Benefit Fund for retired employees, (3) employees, and (4) retirees who participate in a plan with a non-zero premium or who elect dependent coverage. Benefit and premium changes are typically effective on January 1. The Plan's PPO benefit design includes two alternative benefit levels listed below:

1) The Standard PPO Plan that offers higher out-of-pocket requirements in return for lower employee and retiree premiums, and

2) The Plus PPO Plan that offers lower out-of-pocket requirements with higher employee and retiree premiums.

Medicare-eligible retirees are offered three alternative plans:

1) The Standard PPO Plan as coverage secondary to Medicare for medical services plus a pharmacy benefit plan,

2) "Base" Medicare Advantage Prescription Drug Plan (MA-PDP) from Humana, that applies in-network out-of-pocket requirements at out-of-network providers

3) “Enhanced” MA-PDP, identical to the “Base” MA-PDP, except with lower co-pays and higher retiree premiums

The following tables provide a summary of the most common monthly premium rates for the Plan in 2026:

Employers pay premiums of $742 per month plus 2.4% of salary for active employees.

Paid by subscriber (employee/retiree) if fully subsidized

| No Members are Medicare Eligible | All Members are Medicare Eligible |
|---|---|

| | Standard PPO Plan | Plus PPO Plan | MA-PDP Base | MA-PDP Enhanced | Standard PPO Plan |
|---|---|---|---|---|---|
| Subscriber Only | $0* to $80 | $66 to $160 | $0 | $81 | $0 |
| Subscriber + Children | $185 to $230 | $276 to $370 | $68 | $226 | $185 |
| Subscriber + Spouse | $575 to $620 | $746 to $840 | $68 | $226 | $575 |
| Subscriber + Family | $575 to $620 | $746 to $840 | $136 | $371 | $575 |

* $0 premium only applies to retirees

The employer share of premiums for retirees is paid from the Retiree Health Benefit Fund in the amount of $300 per month. During FY 2026-27, employers contribute 4.93% of active employee payroll into the Fund. Total contributions for the year are projected to be approximately $1.1 billion.

Financial Condition

Projected Results for CY 2026 and CY 2027 – The following summarizes projected financial results for 2026 and 2027, based on financial experience through December 2025. The projection assumes an annual claims growth trend for medical claims of 6.0%, a trend for pharmacy claims of 9.5%, benefit provisions and member-paid premiums as adopted by the Board for 2026, 0% blended employer premium increases in FY 2026-27, and a $106 per month premium for the Base MA Plan in CY 2027.

| | ($ millions) Projected CY 2026 | Projected CY 2027 |
|---|---|---|
| Beginning Cash Balance | $499.2 | $491.1 |
| Total Receipts (mostly premiums) | $4,749.5 | $4,697.3 |
| Disbursements: | | |
| Net Medical Claim Payment Expenses | $3,539.7 | $3,667.0 |
| Net Pharmacy Claim Payment Expenses | $869.5 | $955.6 |
| Medicare Advantage Premiums | $164.2 | $266.4 |
| Administration and Claims-Processing Expenses | $184.1 | $183.9 |
| Total | $4,757.6 | $5,072.8 |
| Net Operating Income (Loss) | ($8.1) | ($375.6) |

Of the premiums and contributions paid in CY 2026, an estimated $3.1 billion is derived from General Fund sources and an estimated $0.2 billion is derived from Highway Fund sources.

Other Post Employment Benefit (OPEB) Liability

As of June 30, 2025, the State and related units of government had a Total OPEB Liability of $26.2 billion and Plan Fiduciary Net Position (Assets) of $4.2 billion, for a Net OPEB Liability of $22.0 billion. Actual contributions for the year ending June 30 were $1,524 million, less than the actuarially determined contributions of $1,726 million.

Other Information

Additional assumptions include Medicare benefit "carve-outs," cost containment strategies including prior approval for certain medical services, utilization of the State Health Plan Network of providers, case and disease management for selected medical conditions, mental health case management, coordination of benefits with other payers, a prescription drug benefit manager with manufacturer rebates from formularies, fraud detection, and other authorized actions by the State Treasurer, Executive Administrator, and Board of Trustees to manage the Plan to maintain and improve the Plan's operation and financial condition where possible. Medical claim costs are expected to increase at a rate of 6% annually and pharmacy claim costs are expected to increase at a rate of 9.5% annually according to assumptions adopted by the Board of Trustees. The active population is projected to decrease by 0.3% per year, the pre-Medicare retiree population is projected to decrease by 2.5% per year and the Medicare-eligible retiree population is projected to increase by 3% per year.

## Enrollment as of January 1, 2026

| I. | No. of Participants | Standard | Plus | Medicare Advantage | Total | Percent of Total |
|---|---|---|---|---|---|---|
| | Actives | | | | | |
| | Employees | 163,722 | 124,668 | - | 288,390 | 38.3% |
| | Dependents | 102,606 | 73,238 | - | 175,844 | 23.4% |
| | Sub-total | 266,328 | 197,906 | - | 464,234 | 61.7% |
| | Retired | | | | | |
| | Employees | 59,696 | 16,399 | 155,667 | 231,762 | 30.8% |
| | Dependents | 9,841 | 5,061 | 21,673 | 36,575 | 4.9% |
| | Sub-total | 69,537 | 21,460 | 177,340 | 268,337 | 35.7% |
| | Other | | | | | |
| | Employees | 6,098 | 6,701 | - | 12,799 | 1.7% |
| | Dependents | 3,692 | 3,453 | - | 7,145 | 0.9% |
| | Sub-total | 9,790 | 10,154 | - | 19,944 | 2.7% |
| | Total | | | | | |
| | Employees | 229,516 | 147,768 | 155,667 | 532,951 | 70.8% |
| | Dependents | 116,139 | 81,752 | 21,673 | 219,564 | 29.2% |
| | **Grand Total** | **345,655** | **229,520** | **177,340** | **752,515** | **100%** |
| | **Percent of Total** | **45.9%** | **30.5%** | **23.6%** | **100.0%** | |

| II. | Enrollment by Contract | Standard | Plus | MA | Total |
|---|---|---|---|---|---|
| | Employee Only | 172,641 | 105,959 | 133,994 | 412,594 |
| | Employee Child(ren) | 35,051 | 28,112 | 252 | 63,415 |
| | Employee Spouse | 6,442 | 4,731 | 21,421 | 32,594 |
| | Employee Family | 15,382 | 8,966 | | 24,348 |
| | **Total** | **229,516** | **147,768** | **155,667** | **532,951** |

| | Percent Enrollment by Contract | Standard | Plus | MA | Total |
|---|---|---|---|---|---|
| | Employee Only | 75.2% | 71.7% | 86.1% | 77.4% |
| | Employee Child(ren) | 15.3% | 19.0% | 0.2% | 11.9% |
| | Employee Spouse | 2.8% | 3.2% | 13.8% | 6.1% |
| | Employee Family | 6.7% | 6.1% | 0.0% | 4.6% |
| | **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

| III. | Enrollment by Sex | Standard | Plus | MA | Total |
|---|---|---|---|---|---|
| | Female | 206,600 | 144,401 | 116,769 | 467,770 |
| | Male | 139,055 | 85,119 | 60,571 | 284,745 |
| | **Total** | **345,655** | **229,520** | **177,340** | **752,515** |

| | Percent Enrollment by Sex | Standard | Plus | MA | Total |
|---|---|---|---|---|---|
| | Female | 59.8% | 62.9% | 65.8% | 62.2% |
| | Male | 40.2% | 37.1% | 34.2% | 37.8% |
| | **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

| IV. | Enrollment by Age | 70/30 | 80/20 | MA | Total |
|---|---|---|---|---|---|
| | 25 & Under | 88,459 | 84,009 | 25 | 172,493 |
| | 26 to 45 | 72,870 | 74,430 | 248 | 147,548 |
| | 46 to 55 | 45,542 | 61,781 | 767 | 108,090 |
| | 56 to 65 | 47,110 | 63,380 | 9,861 | 120,351 |
| | 66 & Over | 26,428 | 7,441 | 171,888 | 205,757 |
| | **Total** | **280,409** | **291,041** | **182,789** | **754,239** |

| | Percent Enrollment by Age | 70/30 | 80/20 | MA | Total |
|---|---|---|---|---|---|
| | 25 & Under | 31.5% | 28.9% | 0.0% | 22.9% |
| | 26 to 45 | 26.0% | 25.6% | 0.1% | 19.6% |
| | 46 to 55 | 16.2% | 21.2% | 0.4% | 14.3% |
| | 56 to 65 | 16.8% | 21.8% | 5.4% | 16.0% |
| | 66 & Over | 9.4% | 2.6% | 94.0% | 27.3% |
| | **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

| V. | Retiree Enrollment by Category | Employee | Dependents | Total |
|---|---|---|---|---|
| | Non-Medicare Eligible | 41,663 | 13,802 | 55,465 |
| | Medicare Eligible in Traditional 70/30 | 26,291 | 505 | 26,796 |
| | Medicare Eligible in Base MA Plan | 145,265 | 18,497 | 163,762 |
| | Medicare Eligible in Enhanced MA Plan | 16,078 | 2,949 | 19,027 |
| | **Total** | **229,297** | **35,753** | **265,050** |

| | Percent Enrollment by Category (Retiree) | Employee | Dependents | Total |
|---|---|---|---|---|
| | Non-Medicare Eligible | 18.2% | 38.6% | 20.9% |
| | Medicare Eligible in Traditional 70/30 | 11.5% | 1.4% | 10.1% |
| | Medicare Eligible in Base MA Plan | 63.4% | 51.7% | 61.8% |
| | Medicare Eligible in Enhanced MA Plan | 7.0% | 8.2% | 7.2% |
| | **Total** | **100.0%** | **100.0%** | **100.0%** |

| VI. | Enrollment By Major Employer Groups | Employees | Dependents | Total |
|---|---|---|---|---|
| | State Agencies | 61,500 | 32,371 | 93,871 |
| | UNC System | 55,717 | 37,396 | 93,113 |
| | Local Public Schools | 154,594 | 92,645 | 247,239 |
| | Charter Schools (100 entities) | 6,527 | 4,856 | 11,383 |
| | Local Community Colleges | 15,108 | 8,894 | 24,002 |
| | Other | | | |
| | Local Goverments (129 entities) | 12,068 | 6,445 | 18,513 |
| | COBRA | 548 | 520 | 1,068 |
| | Retirement System | 229,297 | 35,753 | 265,050 |
| | **Total** | **535,359** | **218,880** | **754,239** |

| | Percent Enrollment by Major Employer Groups | Employees | Dependents | Total |
|---|---|---|---|---|
| | State Agencies | 11.5% | 14.8% | 12.4% |
| | UNC System | 10.4% | 17.1% | 12.3% |
| | Local Public Schools | 28.9% | 42.3% | 32.8% |
| | Charter Schools | 1.2% | 2.2% | 1.5% |
| | Local Community Colleges | 2.8% | 4.1% | 3.2% |
| | Other | | | |
| | Local Goverments | 2.3% | 2.9% | 2.5% |
| | COBRA | 0.1% | 0.2% | 0.1% |
| | Retirement System | 42.8% | 16.3% | 35.1% |
| | **Total** | **100.0%** | **100.0%** | **100.0%** |

## TECHNICAL CONSIDERATIONS

N/A.

## DATA SOURCES

Segal Consulting; baseline financial projections updated through Q4 CY2025; dated February 26, 2026. Filename "CY25 Q4 - Baseline.pdf"

-Actuarial Note, Segal Consulting, Senate Bill 910, "Expanding Insurance Coverage/Fertility Care", August 14, 2026, original of which is on file with the State Health Plan for Teachers and State Employees and the General Assembly's Fiscal Research Division.

## LEGISLATIVE ACTUARIAL NOTE – PURPOSE AND LIMITATIONS

This document is an official actuarial analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described above. This document only addresses sections of the bill that have projected direct actuarial impacts on State employee health benefit programs and does not address sections that have no projected actuarial impacts.

## CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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**Signed copy located in the NCGA Principal Clerk's Offices**