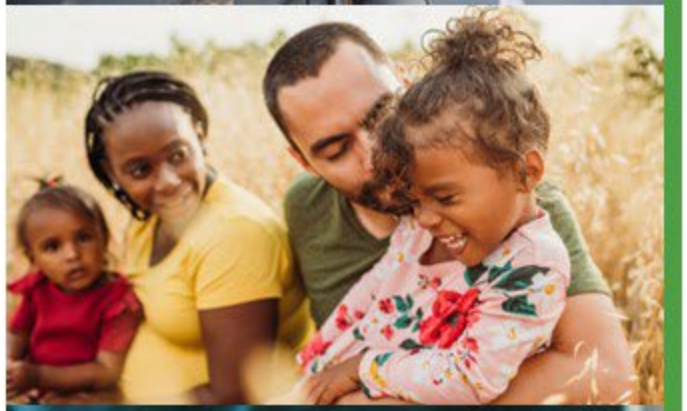


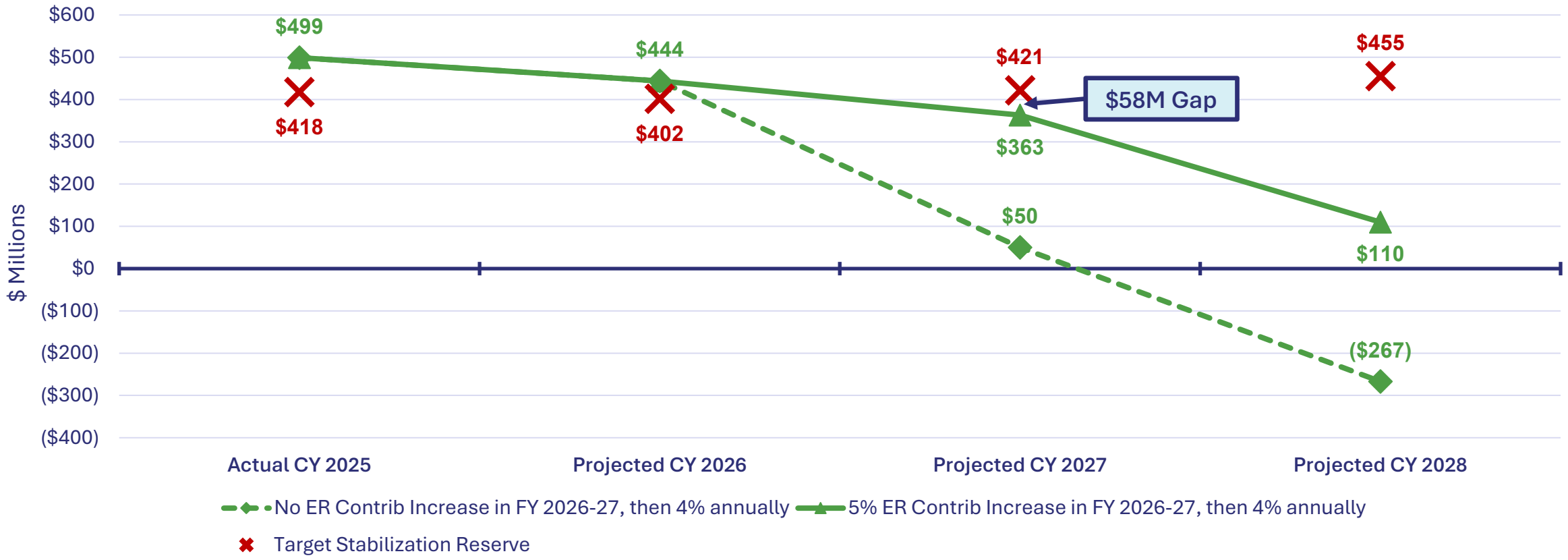
State Health Plan
UPDATE

SUMMER 2026

North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer

Current State

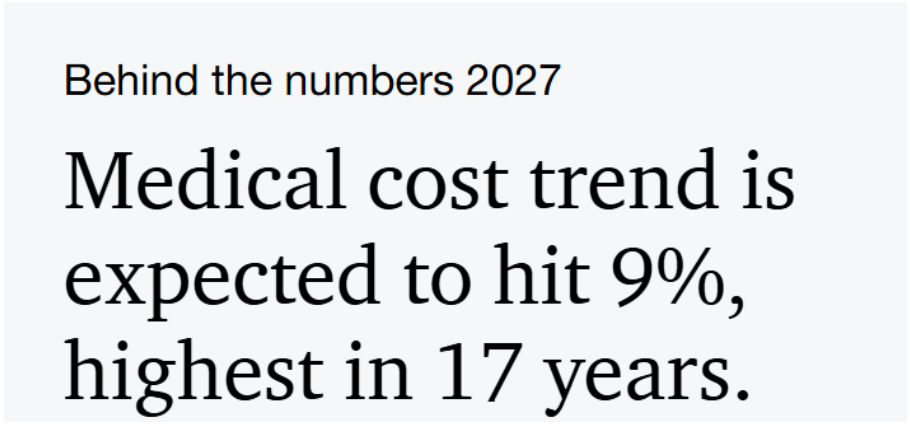
Chart compares projected cash balances WITH and WITHOUT LEGISLATION enactment to adjust employer contribution in CY 2027



Medical Cost Trend

Medical cost trend is expected to hit 9%, highest in 17 years.

- PwC recently released their annual Behind the Numbers report, which estimates a 9% medical cost trend for the group market in 2027, the highest trend in over 15 years.
- Pointing to coding intensity (AI), inflation and provider consolidation, pharmacy costs, Behavioral Health use, and the No Surprises Act, many of which were inflators in 2026 and what the Plan is experiencing.



North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
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PwC= PricewaterhouseCoopers

2027 Benefits

2027 Plan Options: Active & Non-Medicare

The State Health Plan will continue to offer TWO PLAN OPTIONS to active employees and non-Medicare retirees for 2027:

Standard PPO Plan

Members pay 30% COINSURANCE for eligible in-network services after meeting a deductible.

For some services (i.e., office visits, urgent care or emergency room visits), members pay a copay.

Plus PPO Plan

Members pay 20% COINSURANCE for eligible in-network services after meeting a deductible.

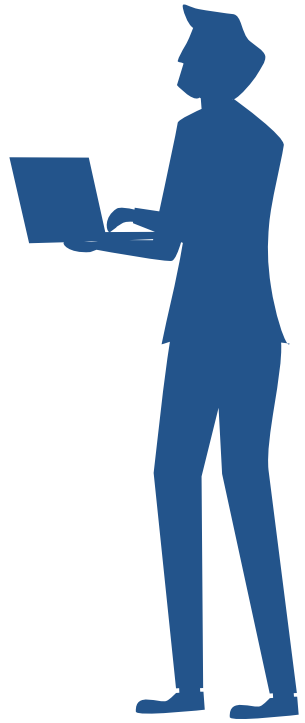
Similar to the Standard Plan, members pay a copay for some services (i.e., office visits, urgent care or emergency room visits).

For Both Plan Options: Preventive Services performed by an in-network provider are covered at 100% by the Plan, at no cost to the member.

ACTION REQUIRED: for Active Employees

All Active employees, including dependents, will be AUTOMATICALLY ENROLLED in the Standard PPO Plan, for the 2027 benefit year.

Subscribers MUST TAKE ACTION during Open Enrollment if they would like to enroll in the Plus PPO Plan or if they need to make any changes regarding dependents.



North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
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Preferred Providers **Tier Structure**

Aligning COST, ACCESS and movement toward VALUE across all provider tiers.

PREFERRED PROVIDERS

- Focuses on reducing total cost of care and improving health outcomes
- Not all providers can be included in a given geography
- Provides lowest copay for members

ACCESS PROVIDERS

- Maintains essential access points in rural areas and outside of NC with limited provider options
- Cost neutral for members or in some cases may be lower out-of-pocket costs

NON-PREFERRED PROVIDERS

- These providers elected or were not selected to participate in PPP
- Members will see a significant cost increase when seeing these providers

OUT-OF-NETWORK PROVIDERS

- There is little member impact as the Plan's TPA, Aetna, has a broad, national network

Additional Preferred Providers

- Primary Care Program – over 4,500 independent physicians
- Behavioral Health Access Program – focused on all NC based primary care providers
- Lantern – includes EmergeOrtho, OrthoCarolina, Pinehurst Surgical, Carolina ENT and Raleigh Neurosurgery Clinic
- Specialty Clinically Integrated Networks (CINs) – in place and features 6 independent specialty practices across North Carolina.
- Behavioral Health services are not changing are not subject to the tiered network.

Tiered Network Providers

Preferred Providers

- UNC Health
- Novant Health
- Iredell Health Systems

Non-Preferred Providers

- Atrium Health and partners (except Levine and Cleveland)
- **Some** Duke LifePoint Facilities
- Granville Health

EVERYONE ELSE IS ACCESS

Duke Health
ECU
Cone
Mission
Cape Fear
FirstHealth

North Carolina State Health Plan
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2027 Benefit Changes

	STANDARD PPO Plan				PLUS PPO Plan			
	Preferred	Access	Non-Preferred	Out-of-Network	Preferred	Access	Non-Preferred	Out-of-Network
ANNUAL DEDUCTIBLE	$1,500 Ind $4,500 Fam	$3,000 Ind $9,000 Fam	$5,000 Ind $15,000 Fam	$15,000 Ind $45,000 Fam	$1,000 Ind $3,000 Fam	$1,500 Ind $4,500 Fam	$4,000 Ind $12,000 Fam	$12,000 Ind $36,000 Fam
OUT-OF-POCKET MAX (combined medical & pharmacy)	$4,000 Ind $12,000 Fam	$6,500 Ind $16,300 Fam	$12,000 Ind ACA LIMIT $24,000 Fam ACA LIMIT	$36,000 Ind $72,000 Fam	$3,000 Ind $9,000 Fam	$5,000 Ind $15,000 Fam	$10,000 Ind $20,000 Fam	$30,000 Ind $60,000 Fam
WALK-IN CLINIC	$40 other PCP on ID card $50 other PCP			50% after ded	$30 other PCP on ID card $40 other PCP			40% after ded
SPECIALISTS	$40	$65	30% after ded	50% after ded	$25	$50	20% after ded	40% after ded
HIGH-COST IMAGING	$400	30% after ded	$1,000, then 30% after ded	50% after ded	$250	20% after ded	$500, then 20% after ded	40% after ded
EMERGENCY ROOM	$600, then 30% after deductible				$500, then 20% after deductible			
INPATIENT HOSPITAL	$750	$600, then 30% after ded	$1,500, then 30% after ded	50% after ded	$500	$500, then 20% after ded	$1,000, then 20% after ded	40% after ded
OUTPATIENT SURGERY	$600	$350, then 30% after ded	$1,000, then 30% after ded	50% after ded	$300	$300, then 20% after ded	$500, then 20% after ded	40% after ded
AMBULATORY	$400	30% after ded	$1,000, then 30% after ded	50% after ded	$250	20% after ded	$500, then 20% after ded	40% after ded
LANTERN SURGICAL BENEFIT	Lantern Surgical Benefit $0 Member Cost				Lantern Surgical Benefit $0 Member Cost			

Preferred Provider

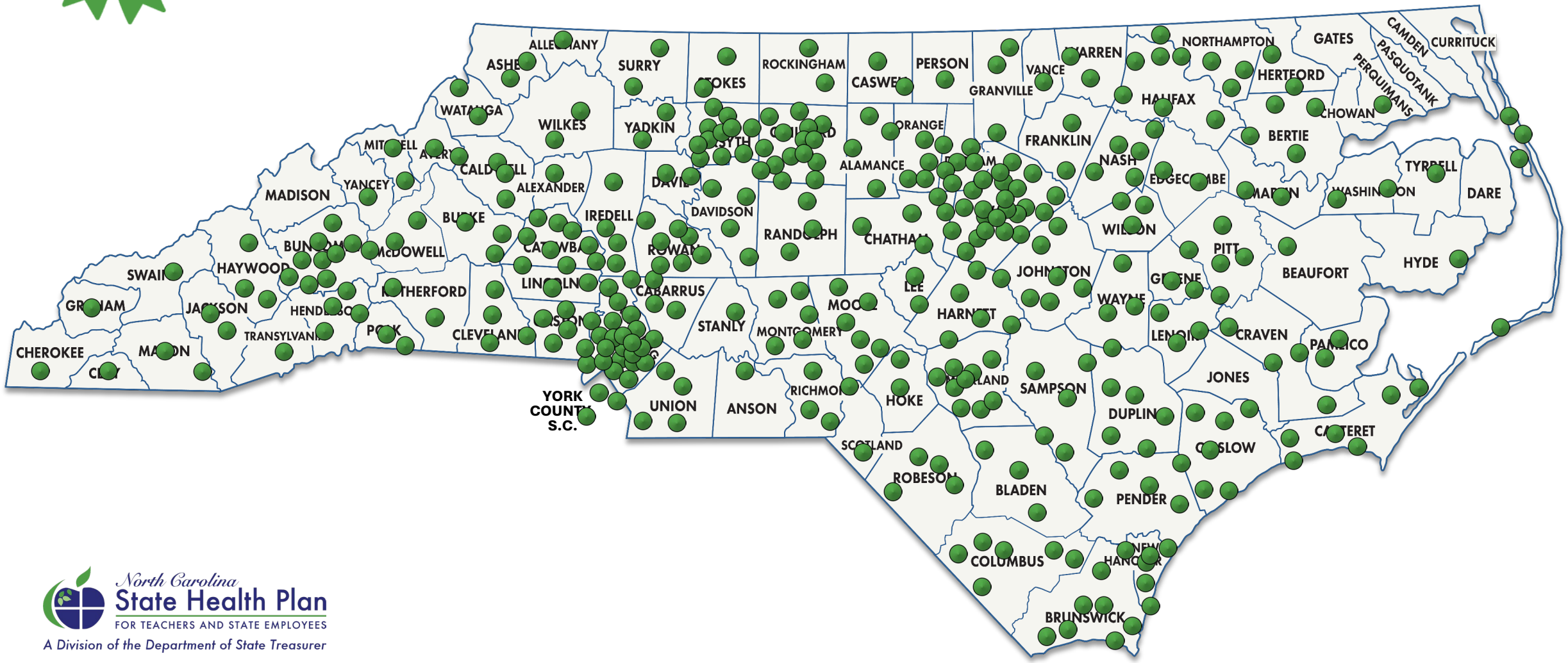
Access Provider
Same as 2026

Non-Preferred Provider

PCP=Primary Care Provider
In-Network (deductible & OOP max cross-accumulates)

Preferred Providers

Primary Care PRACTICE LOCATIONS for those participating in the preferred provider program.



North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
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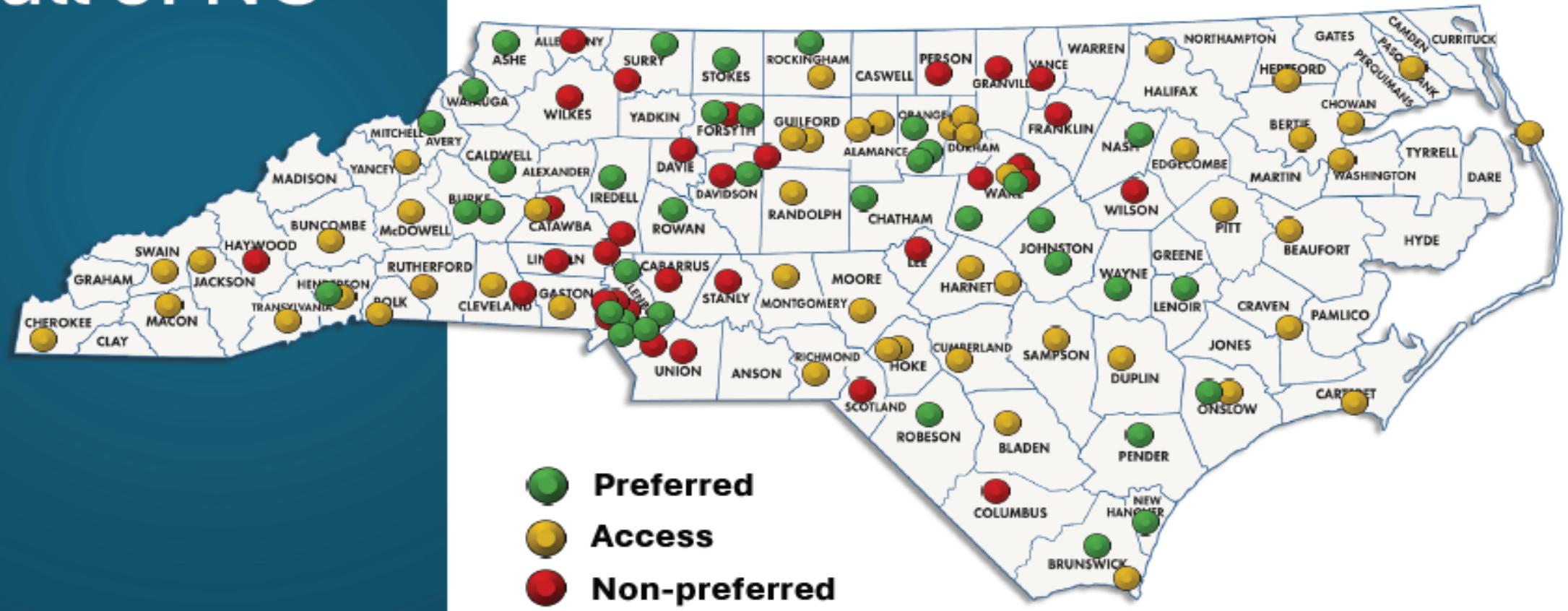
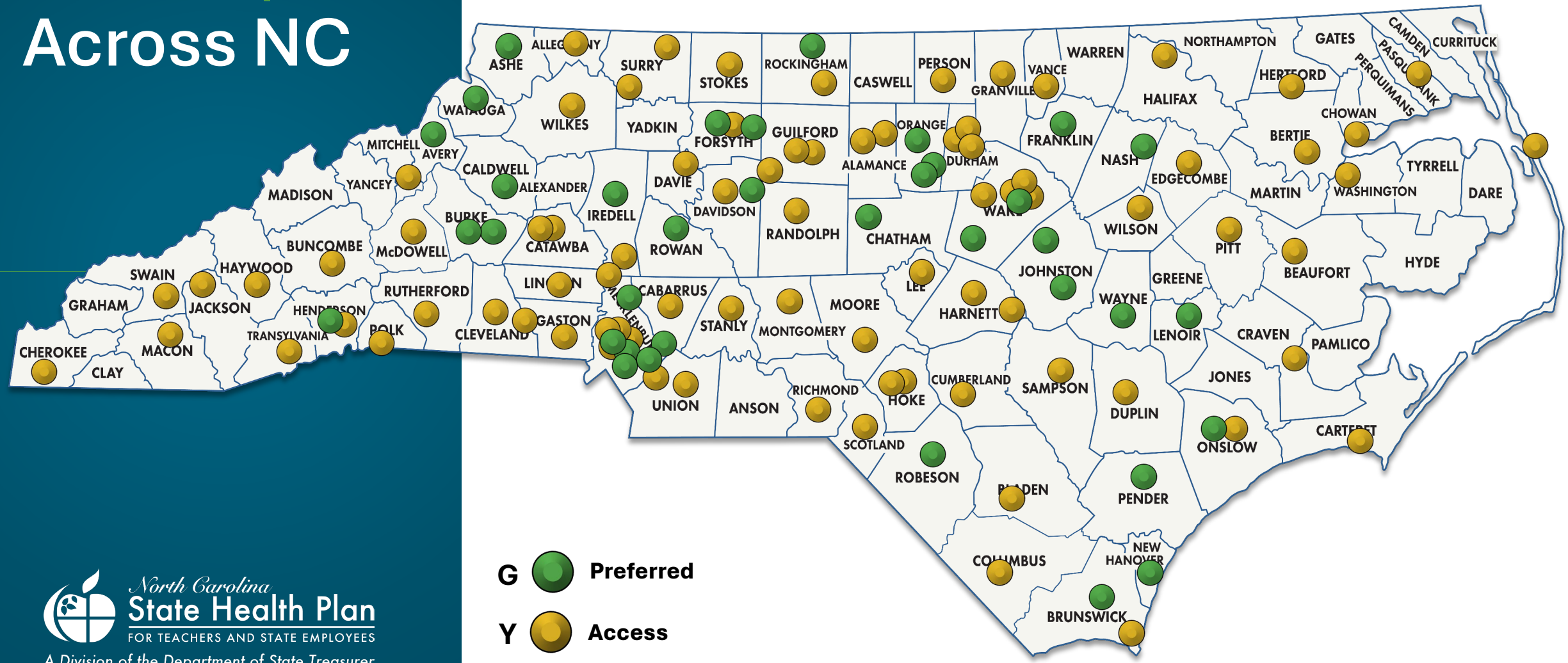
Hospitals | Across all of NC

HOSPITAL LOCATIONS and TIERS for those participating in the Preferred Provider Program.



Emergency Rooms | Across NC



North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
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Supporting Members

Transition of care procedures WILL BE FOLLOWED to ensure that any claims for members in a course of treatment with a Non-Preferred provider for conditions outlined below are processed at the Access benefit level:

- Maternity / NICU
- Oncology / Cancer
- Transplants

The Transition of Care TIMELINE WILL VARY depending on the individual members' case.

Holding the emergency department copay consistent **and associated admissions** across all three tiers mitigates members financial exposure.

Member Scenarios

Member Scenario 1

Harry's Experience:

Coverage: Individual

Income: Low

Harry is generally healthy.

Illustrative Example ONLY.

STANDARD PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		$420	$441		
Annual Well Visit	1	$0	$0	$0	$0
Other Primary Care Visit	1	$15	$15	$15	$15
Specialist Visit	1	$94	$40	$65	$200
Urgent Care	1	$100	$100	$100	$100
Pharmacy – Tier 1	4	$100	$100	$100	$100
Pharmacy - Tier 2	2	$150	$150	$150	$150
Out-of-Pocket Cost		$459	$405	$430	$565
Total Member Cost		**$879**	**$846**	**$871**	**$1,006**

PLUS PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		$792	$832		
Annual Well Visit	1	$0	$0	$0	$0
Other Primary Care Visit	1	$10	$10	$10	$10
Specialist Visit	1	$80	$25	$50	$200
Urgent Care	1	$70	$70	$70	$70
Pharmacy – Tier 1	4	$60	$60	$60	$60
Pharmacy - Tier 2	2	$110	$110	$110	$110
Out-of-Pocket Cost		$330	$275	$300	$450
Total Member Cost		**$1,122**	**$1,107**	**$1,132**	**$1,282**

Member Scenario 2

Molly's Experience:

Coverage: Mom + Children

Income: Med-Low

Molly needs OP surgery.

Illustrative Example ONLY.

STANDARD PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		$2,400	$2,520		
Annual Well Visit	3	$0	$0	$0	$0
Other Primary Care Visit	5	$75	$75	$75	$75
Specialist Visit	4	$376	$160	$260	$800
Urgent Care	2	$200	$200	$200	$200
Outpatient Knee Surgery	1	$5,045	$600	$5,045	$6,900
Pharmacy – Tier 1	15	$375	$375	$375	$375
Pharmacy - Tier 2	12	$900	$900	$900	$900
Out-of-Pocket Cost		$6,971	$2,310	$6,855	$9,250
Total Member Cost		**$9,371**	**$4,830**	**$9,375**	**$11,770**
Total Member Cost if Lantern Utilized		**$4,326**	**$4,230**	**$4,330**	**$4,870**

PLUS PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		$3,648	$3,831		
Annual Well Visit	3	$0	$0	$0	$0
Other Primary Care Visit	5	$50	$50	$50	$50
Specialist Visit	4	$320	$100	$200	$800
Urgent Care	2	$140	$140	$140	$140
Outpatient Knee Surgery	1	$3,240	$300	$3,240	$5,420
Pharmacy – Tier 1	15	$225	$225	$225	$225
Pharmacy - Tier 2	12	$660	$660	$660	$660
Out-of-Pocket Cost		$4,635	$1,475	$4,515	$7,295
Total Member Cost		**$8,283**	**$5,305**	**$8,345**	**$11,126**
Total Member Cost if Lantern Utilized		**$5,043**	**$5,005**	**$5,105**	**$5,706**

Member Scenario 3

Jack's Experience:

Coverage: Indv + Spouse
Income: Med-High

Both members have a chronic condition, anticipate hospitalizations.

Illustrative Example ONLY.

STANDARD PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		$7,260	$7,623		
Annual Well Visit	2	$0	$0	$0	$0
Other Primary Care Visit	6	$30	$90	$60	$90
Specialist Visit	8	$376	$320	$160	$1,040
Urgent Care	2	$0	$200	$0	$200
Inpatient Stay (3 days/stay)	2	$10,944	$1,500	$11,040	$14,540
Pharmacy – Tier 1	28	$250	$700	$300	$700
Pharmacy - Tier 2	24	$600	$1,800	$640	$1,800
Pharmacy - Tier 4	4	$800	$800	$800	$800
Out-of-Pocket Cost		$13,000	$5,410	$13,000	$19,170
Total Member Cost		**$20,260**	**$13,033**	**$20,623**	**$26,793**

PLUS PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		$9,624	$10,105		
Annual Well Visit	2	$0	$0	$0	$0
Other Primary Care Visit	6	$60	$60	$60	$60
Specialist Visit	8	$630	$200	$400	$960
Urgent Care	2	$140	$140	$140	$140
Inpatient Stay (3 days/stay)	2	$7,200	$1,000	$7,200	$11,360
Pharmacy – Tier 1	28	$360	$420	$420	$420
Pharmacy - Tier 2	24	$1,210	$1,320	$1,320	$1,320
Pharmacy - Tier 4	4	$400	$400	$400	$400
Out-of-Pocket Cost		$10,000	$3,540	$9,940	$14,660
Total Member Cost		**$19,624**	**$13,645**	**$20,045**	**$24,765**

NOTE: Costs for the couple's care assume a specific ordering of services before they reach their out-of-pocket maximums in some scenarios.

Member Scenario 4

June's Experience:

Coverage: Family
Income: High
Relatively healthy, mom is pregnant.

Illustrative Example ONLY.

STANDARD PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		$7,440	$7,812		
Annual Well Visit	5	$0	$0	$0	$0
Other Primary Care Visit	12	$75	$180	$75	$180
Specialist Visit	6	$376	$240	$260	$920
Urgent Care	4	$400	$400	$400	$400
Inpatient Maternity/Childbirth	1	$6,192	$750	$6,250	$8,770
Pharmacy – Tier 1	24	$600	$600	$600	$600
Pharmacy - Tier 2	15	$1,050	$1,125	$1,125	$1,125
Out-of-Pocket Cost		$8,693	$3,295	$8,635	$11,995
Total Member Cost		**$16,133**	**$11,107**	**$16,447**	**$19,807**

PLUS PPO Plan	#	2026	2027		
			Preferred	Access	Non-Preferred
Premiums Annual Total		$10,080	$10,584		
Annual Well Visit	5	$0	$0	$0	$0
Other Primary Care Visit	12	$70	$120	$110	$120
Specialist Visit	6	$400	$150	$300	$880
Urgent Care	4	$280	$280	$280	$280
Inpatient Maternity/Childbirth	1	$4,600	$500	$4,600	$6,680
Pharmacy – Tier 1	24	$360	$360	$360	$360
Pharmacy - Tier 2	15	$825	$825	$825	$825
Out-of-Pocket Cost		$6,535	$2,235	$6,475	$9,145
Total Member Cost		**$16,615**	**$12,819**	**$17,059**	**$19,729**

NOTE: Costs for June's care reflect a specific ordering of services before she reaches her out-of-pocket maximum in some scenarios.

We Have TWO Paths

Premium Increases

(21% premium increases for active employees)

Benefit Reductions

+$800/+$2400 individual/family deductibles,
+$500/+$1500 on individual/family OOP maxes,
+$100 to copays for OP surgery and IP hospital

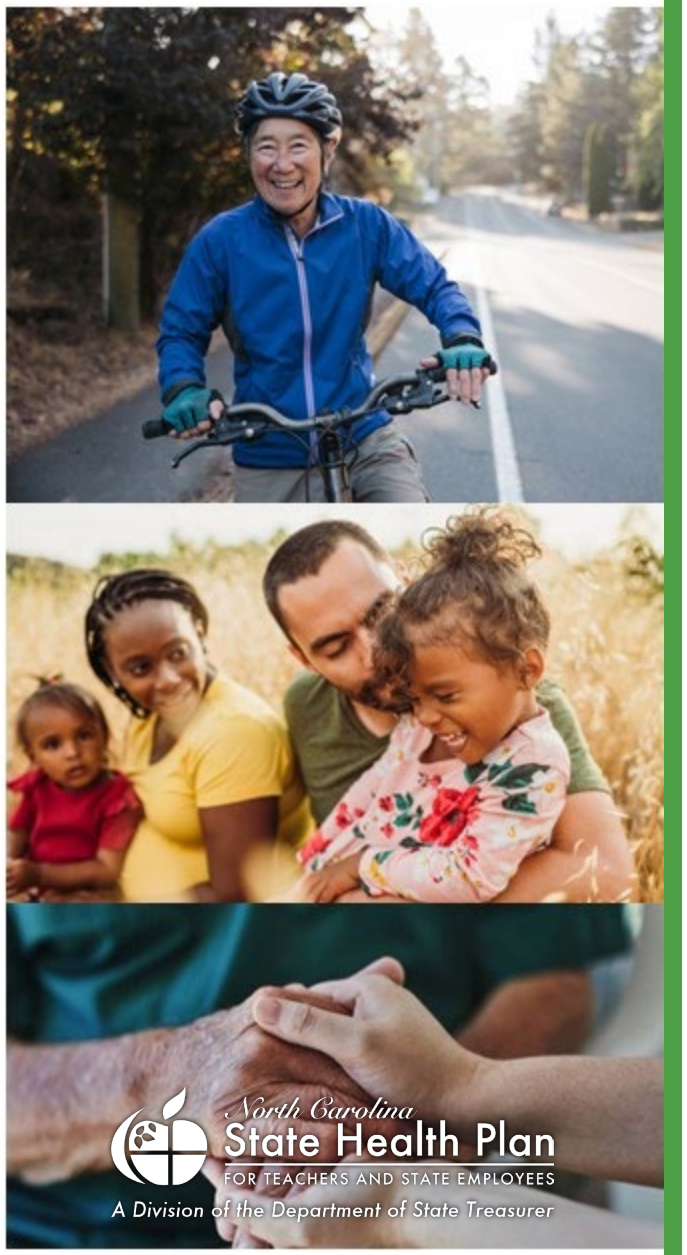
OR

Members Utilize Tiered Network Strategy

OUR COMMITMENT

The State Health Plan is committed to a multi-year journey to make this benefit better and more affordable. It will take work from our members to be more informed consumers of health care to make this work.

OOP= Out-of-Pocket Max
OP= Outpatient
IP= In Patient



2027 Active & Non-Medicare Retiree Premiums

Member Premiums: Monthly/Annual Change

	Individual Coverage		Non-Medicare Family Coverage		Medicare Primary Family Coverage	
	LOWEST	HIGHEST	LOWEST	HIGHEST	LOWEST	HIGHEST
Change in Monthly Premium Cost						
Active Employee	$1.76	$8.04	$28.76	$42.04	$26.00*	$32.28*
Non-Medicare Retiree	0.00	3.32	28.76	60.44	(32.76)	7.32
Medicare Primary Retiree	0.00	2.00	28.76	38.20	(32.76)	6.00
Change in Annual Premium Cost						
Active Employee	$21.12	$96.48	$345.12	$504.48	$312.00*	$387.36*
Non-Medicare Retiree	0.00	39.84	345.12	725.28	(393.12)	87.84
Medicare Primary Retiree	0.00	24.00	345.12	458.40	(393.12)	72.00

*There are limited situations in which the dependents of an active employee would qualify as Medicare primary.

2027 Active Employee Premiums

SALARY BAND	2026 STANDARD PPO **Premiums**	2027 STANDARD PPO **Premiums**	2026 PLUS PPO **Premiums**	2027 PLUS PPO **Premiums**
$50,000 + UNDER	$35.00	$36.76	$66.00	$69.32
$50,001 - $65,000	$50.00	$52.52	$94.00	$98.72
$65,001 - $90,000	$65.00	$68.28	$122.00	$128.12
$90,001 + OVER	$80.00	$84.00	$160.00	$168.04

** Non-Medicare Retirees will also pay **$69.32** for **2027 PLUS PPO** Plan.

2027 Active Employee Premiums

STANDARD PPO & PLUS PPO PLAN
for Active Subscribers

North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer

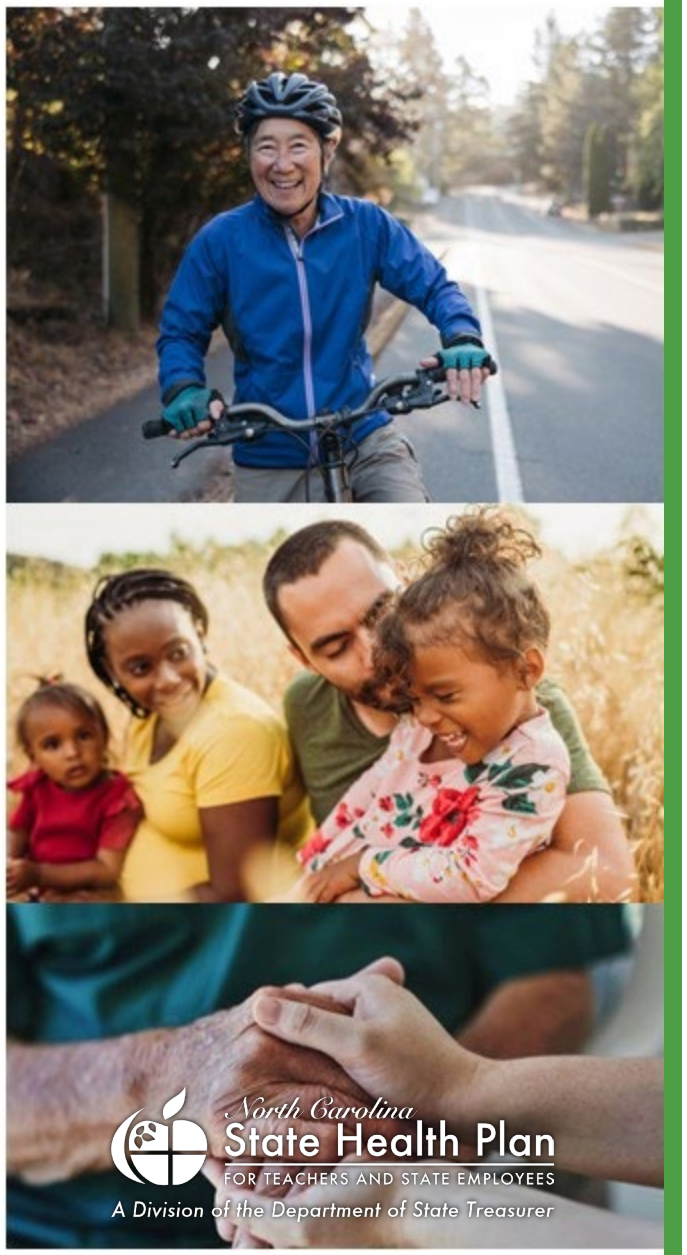
Monthly Premium Rates January 1, 2027 to December 31, 2027	STANDARD PPO Plan Salary Band				PLUS PPO Plan Salary Band			
	$50,000 + UNDER	$50,001 - $65,000	$65,001 - $90,000	$90,001 + OVER	$50,000 + UNDER	$50,001 - $65,000	$65,001 - $90,000	$90,001 + OVER
ACTIVE SUBSCRIBERS								
Subscriber Only	$36.76	$52.52	$68.28	$84.00	$69.32	$98.72	$128.12	$168.04
Subscriber + Child(ren)	$194.28	$210.04	$225.80	$241.52	$289.84	$319.24	$348.64	$388.56
Subscriber + Spouse	$603.76	$619.52	$635.28	$651.00	$783.32	$812.72	$842.12	$882.04
Subscriber + Family	$603.76	$619.52	$635.28	$651.00	$783.32	$812.72	$842.12	$882.04

2027 Non-Medicare Premiums

STANDARD PPO & PLUS PPO PLAN
for Non-Medicare Primary Subscribers in the Retirement Systems

North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer

Monthly Premium Rates January 1, 2027 to December 31, 2027	STANDARD PPO Plan	PLUS PPO Plan
SUBSCRIBER and all DEPENDENTS are NON-MEDICARE		
Subscriber Only	$0.00	$69.32
Subscriber + Child(ren)	$194.24	$315.56
Subscriber + Spouse	$603.76	$806.44
Subscriber + Family	$603.76	$806.44
MEDICARE PRIMARY DEPENDENT(S) on MEDICARE ADVANTAGE BASE PLAN		
Subscriber + Child(ren)	$64.00	$133.32
Subscriber + Spouse	$64.00	$133.32
Subscriber + Family	$128.00	$197.32
MEDICARE PRIMARY DEPENDENT(S) on MEDICARE ADVANTAGE ENHANCED PLAN		
Subscriber + Child(ren)	$147.00	$216.32
Subscriber + Spouse	$147.00	$216.32
Subscriber + Family	$294.00	$363.32
MEDICARE PRIMARY DEPENDENT(S) on 70/30 PPO PLAN		
Subscriber + Child(ren)	$167.00	$236.32
Subscriber + Spouse	$542.24	$611.56
Subscriber + Family	$542.24	$611.56



2027 Medicare Advantage Changes

Plan Options for Medicare Primary Members

Once Medicare primary, you have three (3) options, which consist of two Humana and one Aetna administered plans. ALL options are under the State Health Plan umbrella and include prescription drug coverage, so a separate Medicare Drug Plan (Part D) is not necessary.

Humana Medicare Advantage PPO & Prescription Drug Base Plan

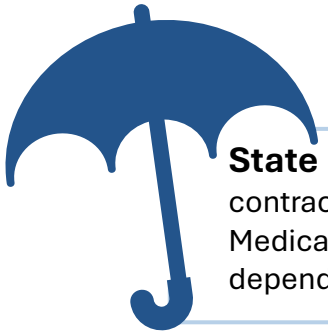
Premium free for Medicare-eligible qualified retiree.

Humana Medicare Advantage PPO & Prescription Drug Enhanced Plan

Monthly premium of $81 for Medicare-eligible qualified retiree.

70/30 PPO Plan Administered by Aetna

Premium free for Medicare-eligible qualified retiree.



State Health Plan
contracts with Humana to offer options for Medicare primary members and eligible dependents, including payment of claims.

Humana
a Medicare Advantage Organization (MAO) that contracts with CMS to administer Medicare Parts A and B benefits.

Centers for Medicare and Medicaid Services (CMS)
oversees Medicare Parts A and B, partnering with MAOs like Humana.

2027 Medicare Advantage Cost-Sharing Changes

Benefit Copays	BASE PLAN		ENHANCED PLAN	
	2026 Benefits	2027 Benefits	2026 Benefits	2027 Benefits
MEDICAL BENEFIT				
Medical Out-of-Pocket Maximum	$4,000	$4,500	$3,300	$3,700
Inpatient Acute Hospital Admit Copay *(per day, days 1-10)*	$160	$200	$125	$150
Specialist Visit Copay	$40	$50	$35	$45
Advanced Imaging Copay	$100	$175	$100	$150
Radiology Copay	$40	$75	$40	$50
Therapies Copay – physical, occupational, speech, etc.	$20	$30	$20	No change
Part B Drugs Copay	$0	$50	$0	$50
PHARMACY BENEFIT				
Tier 1 Drugs	$10	$15	$10	No change
Tier 2 Drugs	$40	$50	$40	No change
Tier 3 Drugs	$64	$70	$50	No change
Tier 4 Drugs	25% to $100	25% to $150	25% to $100	No change

2027 Open Enrollment Action (Medicare Members)

- For the 2027 benefit year, all members in the Humana Medicare Advantage PPO & Prescription Drug Base (or Enhanced) Plan will remain in that plan **UNLESS** you enroll in a different plan during Open Enrollment. Members will need to TAKE ACTION if they would like to enroll in a different plan.
- Medicare Primary members enrolled in the 70/30 Plan will be moved to the Humana Medicare Advantage PPO & Prescription Drug Base Plan effective Jan. 1, 2027, unless they take action during Open Enrollment.
- All NON-MEDICARE members, including NON-MEDICARE spouse/dependents will be moved to the Standard PPO Plan effective Jan. 1, 2027. They will need to TAKE ACTION if they want to be enrolled in the Plus PPO Plan.

ALL MEMBERS will receive a new ID card prior to Jan. 1, 2027.

2027 Medicare Member Premiums

MEDICARE PRIMARY PLANS
for Medicare Subscribers in Retirement Systems

North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer

Monthly Premium Rates January 1, 2027 to December 31, 2027	MEDICARE ADVANTAGE		70/30 Plan
	BASE Plan	ENHANCED Plan	
MEDICARE PRIMARY SUBSCRIBERS & DEPENDENTS			
Subscriber Only	$0.00	$83.00	$0.00
Subscriber + Child(ren)	$64.00	$230.00	$167.00
Subscriber + Spouse	$64.00	$230.00	$542.24
Subscriber + Family	$128.00	$377.00	$542.24
NON-MEDICARE PRIMARY for DEPENDENT(S) on PLUS PPO PLAN			
Subscriber + Child(ren)	$271.96	$354.96	$271.96
Subscriber + Spouse	$760.20	$843.20	$760.20
Subscriber + Family	$760.20	$843.20	$760.20
NON-MEDICARE PRIMARY for DEPENDENT(S) on STANDARD PPO PLAN			
Subscriber + Child(ren)	$194.24	$277.24	$194.24
Subscriber + Spouse	$603.76	$686.76	$603.76
Subscriber + Family	$603.76	$686.76	$603.76

2027 Medicare Member Premiums

The main question we're getting from Medicare Advantage Plan members.

Why were there changes to the Humana Medicare Advantage benefits for 2027?

- For the past five years, the State Health Plan has absorbed increasing costs to help keep benefits stable and expenses low for our Medicare Advantage members. However, that has been increasingly difficult given the Plan's financial situation.
- It's important to note that the Medicare Advantage Base Plan will remain $0 for eligible members.