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To: University Employees Participating in The North Carolina State Health Plan

Subject: State Health Plan "Clear Pricing"

Date: July 3, 2019

The North Carolina State Health Plan for Teachers' and State Employees ("State Health Plan") is currently working to establish its own health care provider network along with a new approach in how providers, such as doctors and hospitals, are reimbursed for covered medical services. The State Health Plan calls this new approach "Clear Pricing" and will make these changes effective January 1, 2020.

Currently, the State Health Plan uses a provider network and reimbursement criteria established through Blue Cross and Blue Shield of North Carolina (BCBSNC), which serves as the Plan's claims administrator. As far as we know, while BCBSNC will continue to serve as the claims administrator for the Plan, the "Clear Pricing" approach does represent a change in how the Plan is administered.

As you may have heard from recent media reports, not all medical providers in North Carolina have decided on whether to participate in the State Health Plan's new provider network. According to the State Health Plan, any providers that choose not to participate in this network by July 1 will be considered "out-of-network" providers as of January 1, 2020. This means that continued use of any non-participating providers after January 1 would be subject to higher out-of-pocket costs for employees and dependents covered by the State Health Plan. However, please know that you will not see any of these changes take effect before January 1, 2020.

The University has a significant interest in assuring that all of our employees have access to quality and cost-effective health care and are able to choose from as many health care providers as possible in our local communities.

We understand that employees may have questions regarding these changes, and we wanted you to know that the University is monitoring these developments very closely. As we get closer to the implementation date of these changes, we will continue to keep employees updated through your local Human Resources office.

For your information, the State Health Plan has shared more information about its "Clear Pricing" initiative on their web site at https://www.shpnc.org/state-health-plan-clear-pricing-project.

Sincerely,

William L. Roper

William L. Roper Interim President University of North Carolina System