

MANAGING RISING HEALTH COSTS IN NORTH CAROLINA

Health costs are rising in North Carolina. Skyrocketing drug and COVID-19 costs drove record high claims and medical expenses for Blue Cross NC in 2021 – **up \$700 million**. Blue Cross NC's priority has always been to make health care simpler, better and more affordable, and to improve the health and well-being of our communities.

That means fighting rising costs, making smart investment choices and most of all, keeping our rates stable for our **4.29 million members**. Our financial strength and focus on managing our business for the long-term allow us to make meaningful investments toward this goal for our 4.29 million, and growing, customers in North Carolina.

IN 2020, U.S. HEALTH CARE
SPENDING INCREASED TO

\$4.1 trillion¹ (UP BY 9.7%)
(COMPARED TO 4.3% INCREASE IN 2019)



Health Care Spending in the U.S.

U.S. health care spending is increasing at a much faster rate than in the past. National health spending is **projected to grow** at an average annual rate of **5.4% for 2019-28** and to **reach \$6.2 trillion by 2028²**.

Blue Cross NC experienced its **highest claims year in history**, including its **three highest health care cost months** in its history, during 2021.



1 Omicron Surge
December 2021

2 Delta Surge
August 2021

3 Delta Surge
September 2021



Cost Drivers

Claims and medical expenses rose from **\$7.5 billion in 2020 to \$8.2 billion in 2021**, fueled by more members and **two main cost drivers: the pandemic and rising drug costs**.

Drug Costs

Overall, **drug costs** accounted for **almost half of our overall cost increases** over the last two years as **prescription drug prices continue to rise**.

COVID

Claims totaled **\$378 million for COVID treatment**, testing and vaccine costs in 2021 for our fully insured business. **COVID claims more than doubled from \$185 million in 2020**.



Blue Cross NC provided a total of **\$1.2 billion in COVID-related support** for 2020 and 2021. This included claims, member, provider, and community financial support.

Telehealth usage **increased by approximately 7500% in 2020**, which has persisted into 2021, equaling a total spend of **approximately \$76 million per year**.



\$2,678,970.23 WAS THE HIGHEST PAID CLAIM IN 2021.

Working to Make Health Care More Affordable

Our smart financial management and investment in new models of delivering care are helping fight rising health care costs for members. Despite skyrocketing prescription drug prices and growing medical costs, **our ACA plans only rose by an average of 2.8% for 2022, far below the 7.5% rate of inflation**. In 2022 the Blue Cross NC priority will continue to be our focus on making health care more affordable.

1. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical>

2. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected>