

**Board of Trustees Teleconference
State Health Plan for Teachers and State Employees
Department of State Treasurer
July 24, 2017**

The teleconference of the Board of Trustees of the North Carolina State Health Plan for Teachers and State Employees was called to order at 4:30 p.m. on Monday, July 24, 2017.

Members

Dale R. Folwell, Chair
Paul Cunningham, MD
Donald Martin
Elizabeth Poole
David Rubin
Aaron McKethan
Margaret Way

Absent

Warren Newton, MD

New Members (on call but did not vote)

Kim Hargett
Peter Chauncey

Welcome

Chair Folwell welcomed Board members to the teleconference.

Conflict of Interest

Presented by Dale R. Folwell, Chair

In compliance with the requirements of Chapter 138A-15(e) of the State Government Ethics Act, Chair Folwell requested that members who have either an actual or perceived conflict of interest identify the conflict and refrain from discussion and voting in those matters as appropriate. No conflicts were noted.

For Board Approval

Minutes – June 2, 2017

Presented by Dale R. Folwell, Chair

Following a motion by Dr. Cunningham and seconded by Dr. McKethan, the Board unanimously approved the June 2, 2017, minutes, as written.

Chair Folwell appointed Mr. Ted Enarson, Senior Director of Contracts and Compliance for the State Health Plan, as the interim Board of Trustees Secretary.

2018 Premium Rates

Request of Board: Ms. Dee Jones, Executive Administrator, stated that the goal for the meeting was for the Board of Trustees to approve the 2018 premium rates for all plans and member groups as a package vote.

2018 Rate Recommendations: Mr. Mark Collins, Financial Analyst, reviewed the provisions in the State Budget for the employer and retirement system contributions. He stated that Plan staff recommends increasing the employer contributions by 4% to \$387.44 per month for the Medicare retiree members and \$498.68 for the non-Medicare population.

He also provided a summary of the benefit changes approved by the Board at the March 2017 meeting. These included the elimination of the Consumer-Directed Health Plan (CDHP), adding a base premium to the 70/30 and 80/20 plans and reducing the premium credits from three to one. A comparison of the 2017 and proposed 2018 rates in both plans was presented.

In response to a question, Mr. Collins reminded the Board that, as reported at the March Board meeting, the Plan needed 6.9% annual increases in State contributions in order to freeze the dependent premiums and maintain the current Plan reserves over the next four years. He added that the financial projections indicate that the Plan will be well above the Target Stabilization Reserve (TSR) through 2019 with the 4% increase in State contributions and the proposed premiums. However, the forecasts suggest that the Plan will drop below the current cash reserve amount.

Mr. Collins noted that the recommended Medicare Advantage (MA) Enhanced plan premium rates increased slightly and the Base plan rates decreased slightly for the dependent tiers. The Plan recommends a \$0 premium for subscribers only in the Base MA plan. These slight changes in the premium rates are a reflection on the positive negotiations between the Plan and UnitedHealthcare. In addition, the moratorium on the Health Insurance Providers Fee (HIF) in 2018 could further reduce MA premiums. If the fee is eliminated, the Plan's Executive Administrator and State Treasurer would have the authority to reduce the MA premiums by approximately \$31 per month.

Chair Folwell stated that throughout the process, stakeholder groups were consulted. He reiterated his desire to reduce complexity and build value. He stated that it was a major accomplishment to hold the dependent premiums constant in 2018 and acknowledged Plan staff, vendor partners and stakeholders for the roles they played in reaching that goal.

Vote on 2018 Rates as Presented: Following a motion by Mr. Alexander and a second by Dr. Cunningham, the Board unanimously voted to approve the 2018 premium rates for all groups. Dr. Martin and Ms. Way both expressed their appreciation for the work involved in setting the rates.

Chair Folwell welcomed Mr. Peter Chauncey and Ms. Kim Hargett, who were appointed as new Board members to replace Dr. Newton and Mr. Alexander, respectively. He expressed his appreciation for the service provided to the Board by Dr. Newton and Mr. Alexander.

Following a motion by Dr. Martin and a second by Dr. Rubin, the Board voted unanimously to adjourn at approximately 5:00 p.m.


Dale R. Folwell, Chair