

Board of Trustees Meeting/Webinar

Minutes

February 25, 2021

The meeting, in person and via webinar, of the North Carolina State Health Plan for Teachers and State Employees (Plan) Board of Trustees was called to order by Chair Dale R. Folwell at approximately 1:00 p.m. on Thursday, February 25, 2021. The meeting adjourned at approximately 2:40 p.m.

Board Members Present in person and via Webinar: Dale R. Folwell, Ted Brinn, Larry Chewning, Russell Duke, Wayne Fish, Lisa Grimes, Kim Hargett, Peter Robie

Absent: Charles Perusse, Donald Martin

Welcome

Chair Folwell welcomed the Board and members of the public to the meeting. He reviewed the rules for conducting remote meetings.

- a. Board members shall announce their name when speaking.
- b. All chats, instant messages, texts, or other written communications between members of the public body regarding the transaction of the public business during the remote meeting are deemed a public record.
- c. All votes shall be by roll call.

Chair Folwell congratulated Kendall Bourdon on her recent promotion to the Plan's Assistant General Counsel and stated that she would assume the role of Secretary to the Board of Trustees.

Conflict of Interest

No conflicts of interest were noted.

Reading of SEI Statements into Minutes Pursuant to the Ethics Act § 138A-15(c)

No SEI Statements were read into the minutes.

Public Comment Period

A State Health Plan member commented that the non-coverage of benefits for gender dysphoria is intentional, unlawful and discriminatory. The member stated that in 1979, the World Professional Association for Transgender Health was founded to improve understanding of gender identities and standardize treatment for transsexual, transgender and gender-non-conforming people. The member further added that the American Psychological Association recognizes gender dysphoria as a mental health disorder and that the Plan, by its actions, doesn't recognize this as important as other mental health disorders which are covered by the State Health Plan.

Board Approval

Minutes – December 15, 2020, Meeting

Board Vote: Motion by Ms. Grimes; second by Judge Duke; roll call vote was taken; unanimous approval by Board.

Plan Design/Benefit Changes for 2021 and 2022

Caroline Smart, Sr. Director, Plan Integration, provided a summary of the possible 2021 benefit changes discussed at the December 2020 board meeting. Since that meeting, Plan staff reviewed other benefits that didn't align with the Clear Pricing Project (CPP) and proposed a revision to the Behavioral Health copay. The change would mirror the Primary Care Provider (PCP) copays implemented for 2021 for other CPP providers. If approved, all office visits would have a copay reduction component.

Ms. Smart reviewed the proposed 2022 benefit changes, one being the addition of a copay to diagnostic colonoscopies performed in ambulatory surgical centers. This change would align with specialist copays. The Plan doesn't recommend moving forward with hearing aid coverage in 2022 but, will instead, promote the discount programs available in the Blue Cross North Carolina (Blue Cross NC) Blue365 program.

Board Vote

The Board will vote on one change for 2021:

- Update the Behavioral Health copay to mirror the Primary Care Provider copay changes; apply change retroactively to 1/1/2021.

Plan Design Feature	80/20 Plan	70/30 Plan
Behavioral Health Copay	\$0 copay for CPP Provider \$25 copay for other Behavioral Health Providers	\$0 copay for CPP Provider \$45 copay for other Behavioral Health Providers

Board Vote

The Board will vote on one change for 2021:

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Plan Design Feature	80/20 Plan	70/30 Plan
Behavioral Health Copay	\$0 copay for CPP Provider \$25 copay for other Behavioral Health Providers	\$0 copay for CPP Provider \$45 copay for other Behavioral Health Providers



Board Vote: Motion by Ms. Hargett; second by Judge Duke; roll call vote was taken; unanimous approval by Board.

Pilot 2021 Information

Ms. Smart presented information on the 2021 bundled payments pilot for certain orthopedic procedures. She stated that Plan staff determined additional changes needed to be made to the current model to incent members to participate in the pilot. Various scenarios were presented, including applying copays and waiving deductibles to reduce the member cost share and out-of-pocket expenses. Design features and examples for using a CPP hospital were also presented and discussed.

Ms. Smart acknowledged that numerous questions remain to be answered moving forward and that saving money for both the member and the Plan is the ultimate goal. She stated that the positive aspect of a pilot is that it provides the opportunity to determine what works and what doesn't.

Board Comments and Questions Addressed:

Facility fees are currently part of the allowed amount and the Plan pays when the member's out-of-pocket maximum is met. It might be appropriate for the Plan to consider the option of outlawing facility fees through a legislative bill. It was noted that the CPP contracts do not allow facility charges.

Chair Folwell mentioned several articles that will be shared with the Board. He also stated that the CPP currently includes three hospital systems and that the Plan is always interested in recruiting more. He further noted that two natural coalitions, NC Association of Educators and NFIB/NC Chamber of Commerce, could potentially help to move the CPP forward but neither has a strong relationship with the Plan.

A new transparency rule, effective January 1, 2021, from the federal agency overseeing Medicare and Medicaid requires hospitals to disclose negotiated rates that they have with insurance companies. The rule also requires each hospital to provide the pricing for their 300 most common procedures so that patients may estimate their out-of-pocket costs prior to treatment.

Operational Updates

General Update

Dee Jones, Executive Director, provided a list of accomplishments during the past year when staff mostly worked from home:

- Established new processes and adapted to a different work environment
- Collaborated with Blue Cross NC on COVID-related benefits
- Onboarded 7 new Plan employees and offboarded 8; currently working to fill 8 positions
- Awarded/Implemented new contracts for Medicare Advantage, Third Party Liability Recovery, Third Party Administrator and extended the Eligibility & Enrollment Services contract
- Data interchange improvement projects within the DST and other state agencies
- Data warehouse built and transitioned to DST with a go-live date of June 2021
- Other Post Employment Benefits (OPEB) and Governmental Accounting Standards Board (GASB) 74/75 calculations for SFY ending 6/30/20
- Month-ending financial reconciliations
- Increased use of virtual member engagement
- Learned new systems and processes to replace in person contact
- Monitored and met deadlines for several large and small legal cases
- Enrolled approximately 747,000 members during Open Enrollment
- Substantial work on CPP, Phase 2
- Prepared for return to office on March 1, 2021
- Implemented process changes for invoicing and other documents requiring signatures which improved efficiency
- Implemented a contract management system which improved workflow
- Discovered virtual meetings, including the Board of Trustees, are more efficient and cost-effective

Financial Update – December 31, 2020 and COVID-19 Costs

Matt Rish, Sr. Director, Finance, Planning & Analytics, stated that COVID-19 costs at the end of 2020 were approximately \$89 million. As of February 15, the COVID-19 costs were approximately \$15.5 million, with the cumulative costs, so far, totaling \$104.5 million. This includes testing, treatment and administrative costs associated with the vaccines, not the vaccine itself.

Mr. Rish presented the 2020 calendar year financial report, stating that overall, the Plan outperformed the authorized budget. He noted that the line item Non-Operating Cash Transfer was the \$475.2 million transfer to the Retiree Health Benefit Trust Fund, which reduced the cash balance accordingly.

A comparison of the CY 2019 and 2020 financial results demonstrated that revenue was slightly up in 2020. Net claims increased approximately 5%. Mr. Rish noted that while the increase of pharmacy claims remained high, medical claims decreased. He stated that the cost of specialty pharmacy medications is significantly increasing in the Plan, as well as across the county.

Medicare Advantage premiums increased approximately \$50 million in 2020, most of which related to the Health Insurance Provider Fee (HIPF). Approximately \$2 million was attributed to new members on the Medicare Advantage plans.

Revenue was up slightly in the FY 2019-2020 comparison and net claims increased approximately 5.8%. Administrative expenses also increased slightly, as expected, with Blue Cross North Carolina and Benefitfocus accounting for 79% of the total administrative fees.

Board Comments and Questions Addressed:

The General Assembly received approximately \$8 billion through the CARES Act for COVID-19 related expenses. Treasurer Folwell stated that he sent a letter to the Senate and House Chairs of the Appropriations committee officially requesting reimbursement of Plan 2020 COVID-19 expenses and restoration of reserves. He noted that a total of approximately \$400-500 million has been taken from the Plan, in one way or another, over the past 15 months and that the Plan should be fully reimbursed. He informed the Board that \$68 million, for the Plan, was included in the state budget submitted 4 weeks ago.

If the Plan does not get reimbursed for the COVID-19 expenses, the push will continue to retrieve the funds.

It's possible a Plan member could be charged a facility fee, depending on where they receive the vaccine. The county health departments do not charge a facility fee.

The cost share waiver for COVID-19 treatment will expire on March 31, 2021. Without the reimbursement of funds, the Plan will be forced to slow the spend going forward.

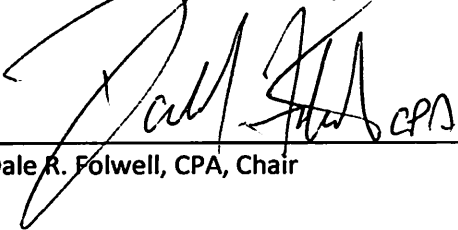
Humana will continue to waive COVID-19 related costs for Medicare Advantage members through December 31, 2021.

Board members expressed their support in requesting the General Assembly to reimburse the Plan.

Adjournment

Board Vote: Motion by Mr. Fish; second by Mr. Brinn; roll call vote was taken; unanimous approval by Board to adjourn at 2:40 p.m.

Minutes submitted by: Kendall Bourdon, Secretary

Approved by: 
 Dale R. Folwell, CPA, Chair

**State Health Plan Board of Trustees Meeting/Webinar – Tracking/Voting
February 25, 2021**

Board Member	Present for Quorum	Conflict of Interest	12/15/ 2020 Minutes	Plan Design	Exec Session	Affirm Alone	Open Session	Adjourn
Motion			L. Grimes	K. Hargett	N/A	N/A	N/A	W. Fish
Second			R. Duke	R. Duke				T. Brinn
Brinn, Ted	WebEx	No	Yes	Yes				Yes
Chewning, Larry	WebEx	No	Yes	Yes				Yes
Duke, Rusty	WebEx	No	2nd	2nd				Yes
Fish, Wayne	WebEx	No	Yes	Yes				Yes
Grimes, Lisa	WebEx	No	Motion	Yes				Yes
Hargett, Kim	In Person	No	Yes	Motion				Yes
Martin, Donald			N/A	N/A				Joined @ 2:30
Robie, Pete	WebEx	No	Yes	On Mute				Yes
Perusse, Charles			N/A	Non-Voting Member				
Folwell, Dale	In Person	No	N/A	Votes Only in Event of Tie				
RESULT			Approved	Approved				Adjourned 2:40 p.m.