

## Board of Trustees Meeting/Webinar

### Minutes

July 15, 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 9:00 a.m. on Thursday, July 15, 2021. The meeting adjourned at approximately 12:15 p.m.

**Board Members Present in person and via Webinar:** Dale R. Folwell, Ted Brinn, Larry Chewning, Wayne Fish, Kim Hargett, Donald Martin, Peter Robie

**Absent:** Charles Perusse, Russell (Rusty) Duke

### 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.

### 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 requested coverage for a standing frame that is currently excluded under Plan benefits. The Member's son, who has cerebral palsy, is unable to walk without it. The Member stated that he requested the benefit change, not only for his son, but for other families who may be experiencing the same thing.

A State Health Plan member noted that the Plan has served her well for many years. However, upon hearing from her provider that she would have to undergo fertility treatments in order to have children, the Member learned that her fertility treatment isn't covered under the Plan. The Member requested the Board to consider coverage for those treatments, not just for herself, but for other women experiencing the same issue.

A Plan member spoke on the issue of gender-transition care exclusion related to gender dysphoria and asserted that numerous cases are open on this issue. The Member stated that without transitional coverage, for many, these treatments can cause significant financial hardship. The Member stated that

many people consider transgender care to be sexual in nature when that is not the case, but rather lifesaving, medically necessary treatment.

A Plan member requested that virtual medical visits be extended for Plan members. The Member stated that virtual visits reduce time away from work—which is good for both employer and employee—create less anxiety and reduce the vehicular impact on environmental quality.

A Plan member stated that 1 in 8 state employees are hearing impaired. The Member stated that most insurance plans do not cover hearing aids, and she wondered if the State Health Plan does not cover them for that reason. The Member stated that members over age 22 have to pay out of pocket for hearing aids, which are unaffordable for many people. The Member noted that, without hearing aids, she is unable to do her job.

## **Board Approval**

### Minutes – February 25, 2021 Meeting

**Board Vote:** Motion by Ms. Hargett; second by Mr. Fish; roll call vote was taken; unanimous approval by Board.

## **Operational Updates**

### General Update

Dee Jones, Executive Director, introduced Jennifer Braley, Manager, Projects, who came to the Plan from the North Carolina Department of Health & Human Services. As a member of the Plan's leadership Team, Ms. Braley will oversee both large and small projects within the Plan, ensuring that assigned initiatives are implemented on time, on budget, and as designed. She will be responsible for driving internal and external teams to deliver products and services, executing the project plan and providing post-implementation support.

**Board Email Changes:** Board members received communication in June regarding the deletion of their State Treasurer email addresses. Personal email addresses were provided and/or updated and will be used for communication between Board members and the Plan. The SHP Board inbox will continue to be monitored, and the customer experience team will continue to address member issues. Updates will be provided to Board members monthly via email.

**HIPAA Training:** The HIPAA training module for Board members is being revised and will be ready to roll out in January or February 2022.

**Retiree Health Benefit Trust Fund:** Ms. Jones shared that the net Other Post-Employment Benefit (OPEB) liability evaluation will be completed and approved at the end of August. The Plan is working to determine the cause for a decrease in the Medicare Advantage (MA) participation. The Plan will seek to implement tactics to emphasize the value of the MA plans to members.

A resolution regarding the State budget was presented and discussed. Plan staff strongly supports the current budget within the Senate, which includes the reimbursement of COVID-related costs and allocating funds to the Retiree Health Benefit Trust Fund. Board members also expressed support for the Resolution.

Ms. Jones noted that a technical correction was made to the Resolution after it was sent to the Board.

**Proposed Revision:** "Edition 3 of the budget bill..."

**Board Vote:** Motion by Dr. Robie; second by Dr. Martin; roll call vote was taken; unanimous approval by Board, with technical correction, to approve and sign the Resolution. **(Attachment A)**

**Future Meetings:** A Board teleconference will be scheduled sometime between August 9 and September 3 to seek approval for the 2022 premium rates and benefit changes. If the State budget is not approved by September 1, the Plan will estimate employer funding and adjust for those entities paying 100% by mid-November. Ms. Jones highlighted the fact that, for the 4<sup>th</sup> straight year, employee premiums have remained the same. In addition, for the past 5 years, no family premium changes have occurred.

The November 18, 2021 regular meeting will include the review and approval of the Pharmacy Benefit Manager contract.

***Board Comments and Questions Addressed:***

The Senate's proposed budget has a positive impact on the State Health Plan, with Edition 3 including key points.

The Plan saves money by offering the Medicare Advantage (MA) product and needs to better communicate and explain this to members. While 83% of Medicare members have chosen one of the MA plans, 17% are still in the indemnity plan, which has significant costs for the Plan. Plan stakeholder groups have been asked to assist in communicating the benefits of being in the MA plan and reach the goal of 100% participation. Fewer people are paying into the pension plan, but many are vested and not yet drawing from the pension fund.

Members may fear change and are cautious about changing to a new plan, particularly if they have a pre-existing condition. Part of the strategy may be assuring members that there is not a risk involved if they choose the MA option.

The Plan currently has approximately 150,000 members in the MA plan and 31,000 Medicare eligible members in the 70/30 plan. In response to a question from a board member, the Plan has approximately 56,823 non-Medicare retiree members.

It's important to understand that members in the MA plan are not locked in for life, but rather can choose another plan during the Open Enrollment period. That should be clearly communicated to members.

**Financial Update**

Matthew Rish, Sr. Director, Finance, Planning and Analytics, presented the financial report. The Calendar Year (CY) Plan revenue was \$16 million under the budgeted amount, and expenses were \$41 million over budget. However, the net income and ending cash balance were both favorable compared to the authorized budget.

Also, on a CY basis, as compared to Prior Year (PY), Revenue was down \$46.3 million due to previous legislative changes that reduced the State's contributions to the Plan. Conversely, Total Expenses were \$107.4 million higher than PY due to very large reduction in claims in April – June of 2020 due to the impact of COVID-19 when elective procedures and office visits were largely postponed or cancelled. Medicare Advantage (MA) Premiums were below PY by \$104.8 million due the \$0 Premium coming into effect in January 2021.

On a Fiscal Year (FY) basis, Revenues were down slightly, rather than an increase. Expenses were favorable to budget across the board, and the Net Income was \$22.6m compared to a budgeted Loss of \$76.7 million.

Compared to PY, on a FY basis, Revenue was down half a percent rather than an increase, creating a \$16.4 million decrease. Expenses were all greater than the PY, with the exception of MA. There is a net income of \$22.6 million, which is much less than the Net Income of \$251.4 million in FY2020

COVID-19 costs for testing, treatment and vaccinations in CY 2020 were approximately \$100 million and \$72.8 million, to date, in CY 2021.

***Board Comments and Questions Addressed:***

The revenue impact is most concerning, and the Plan still has issues that need to be addressed. In addition, the drain on cash could present a significant impact.

As of July 1, 2021, the Plan is no longer waiving the cost share for COVID-19 treatment but will continue to waive the cost share for testing until the federal emergency declaration is lifted. The \$5 million spent by the Plan for vaccinations pertains to administrative costs, not the vaccine itself.

Some members are still receiving a facility fee charge when they get the vaccine, even those not going to the facility itself. Facility fees, across the board, are a problem that needs to be reviewed and addressed.

Younger people, not getting the vaccine, are dying from COVID-19. The age spectrum is wide, and the numbers are growing. Some companies are now requiring employees to be vaccinated, and that list of employers may grow.

**Open Enrollment**

Beth Horner, Director of Customer Experience and Communications, stated that the Plan is promoting the Medicare Advantage (MA) plans in the pre-65 meetings currently underway. Plan staff have conducted many webinars over the past year that targets this age group. The Plan also auto enrolls members into the MA Base Plan and sends letters to members aging into Medicare, regarding Medicare A and B, outlining their options. The Customer Experience Team will begin traveling across North Carolina in September to further educate members on the MA plan options and Open Enrollment at the NCRGEA district meetings. In addition, the Plan will host Medicare webinars during the month of October.

Open Enrollment (OE) training for HBRs will be held July 19-12,2021, and OE mailings are in progress. The Eligibility and Enrollment (EES) support center will, again, have extended hours during OE, which is scheduled for October 11-29, 2021. To assist with call wait times during OE, the EES center will offer a virtual hold for members.

**Facets Migration and 2022 Benefits**

Caroline Smart, Sr. Director, Plan Integration, stated that Blue Cross of North Carolina (BCNC) is moving to a new system, and Plan staff are involved in testing the new platform from beginning to end. The first step of the migration begins at the end of August when Benefitfocus begins to map members for 2022 which sets them up for Open Enrollment. Members in the 80/20 plan will be mapped to the 70/30 Plan. All other members will stay in their 2021 plans. At the end of open enrollment, a full file of 2022 member enrollment elections will be sent to BCNC to load into their new system.

The biggest member impact of the systems migration is the Member ID. BCNC will assign new ID numbers to all members; therefore, members in the 80/20, 70/30 and HDHP plans will have new ID cards in hand January 1, 2022.

***Board Comments and Questions Addressed:***

A board member commented that with many people, including State employees, retiring or leaving their jobs, state agencies may not have adequate HBR support to meet deadlines required by the Plan.

Ms. Smart noted that 2022 benefit changes were approved by the Board at the February meeting and presented additional technical changes for the Board's review. Additional technical adjustments being recommended include changes necessary to maintain compliance with mental health parity regulations. In addition, the Plan recommended several benefit adjustments that will have minimal Plan impact, because claims for these items totaled zero or less than \$150 in 2020. The Plan also recommended coverage for several Durable Medical Equipment (DME) items commonly covered by most health plans. The total cost for these items is less than \$250,000. The Plan's Pharmacy & Therapeutic Committee recommended one benefit adjustment which was to add continuous glucose monitors to the pharmacy benefit.

***Board Motion to move into Executive Session:*** Motion by Ms. Hargett; second by Mr. Brinn; roll call vote was taken; unanimous approval by Board.

**Executive Session**

**RFP Recommendation – Printing & Mailing Services**

Ted Enarson, Sr. Director, Contracting & Compliance, presented information on the Printing & Mailing Services Request for Proposal ("RFP"). He stated that the Plan requires a vendor that can handle large printing projects on tight timelines. The current Printing & Mailing Services vendor, RR Donnelly & Sons Company ("RR Donnelley"), has worked with the Plan since 2013, except for a brief period in 2018 when the Plan contracted with Williams Printing, Inc. The current contract with RR Donnelly has been in place since February 15, 2019.

The Plan received 6 proposals in response to the RFP. One was disqualified for failing the submission requirements, two failed the HIPAA evaluation, and two failed to meet the Minimum Requirements. NPC, Inc. ("NPC") met the Minimum Requirements and was evaluated by the Evaluation Committee using the Best Value methodology. The Evaluation Committee also sought and received three favorable references for NPC. The Evaluation Committee issued four Best and Final Offers ("BAFOs") to NPC to obtain better pricing. NPC reduced its pricing approximately 2.8% from its initial proposal.

The Evaluation Committee ultimately recommended awarding the contract to NPC. Mr. Enarson presented a cost analysis and outlined contract enhancements for the Board.

The Plan requested approval from the Board to award the contract to NPC, effective 1/1/2022–12/31/2024, with two renewal options available for 2025 and 2026.

***Board Comments and Questions Addressed:***

In response to a question about where mailings will originate, Mr. Enarson explained that NPC is located in Pennsylvania.

The Board expressed some concern about only one vendor meeting the RFP's requirements and asked whether the requirements were too stringent. Mr. Enarson explained in detail why five of the

six vendors were disqualified. One of the disqualified vendors failed to sign the execution page of the RFP. Another vendor received the lowest score of any vendor across all the Plan's previous RFPs on the HIPAA evaluation. The other who failed the evaluation, RR Donnelley, scored below the minimum acceptable score. Mr. Enarson explained that while RR Donnelley was disqualified for failing the HIPAA evaluation, there has been no indication of any HIPAA breaches with RR Donnelley under the current contract. The Plan's Compliance Officer performs the HIPAA evaluation for RFPs. The other two vendors failed to meet multiple Minimum Requirements.

Mr. Enarson explained that the Plan's requirements for Printing and Mailing Services are not too stringent. The Plan uses the same HIPAA evaluation for all RFPs, and very few vendors fail. The Printing and Mailing Services RFP is relatively simple and short compared to most of the Plan's RFPs, so it is possible that the disqualified vendors did not take the time or effort to submit a thorough response.

In response to a question about why RFP discussions occur in closed session, Mr. Enarson explained that, under State law, procurements are considered confidential until an award is made. In addition, presentations and discussions related to RFPs may contain vendor trade secrets which the Plan cannot publicly disclose. Therefore, RFP discussions need to occur in closed session. However, once an award is made, the procurement file becomes public and may be requested through a Public Records Request.

In response to a question regarding communication options for Members, Beth Horner, Director, Customer Experience and Communications, explained that the Plan currently does not have an option for Members to choose how they want to receive communications, i.e., electronically vs. direct mailings. However, certain communications must be mailed. The Plan has Member mailing addresses, but not everyone's email address.

**Board Vote:** Motion by Dr. Robie; second by Mr. Chewning; roll call vote was taken; unanimous vote by Board to approve the Printing and Mail Services Contract award to NPC.

Chair Folwell called for a motion to move into public session.

**Board Vote:** Motion Mr. Brinn; second by Dr. Robie; roll call vote was taken; unanimous vote by Board to move into public session.

### **Closing Remarks**

The State Health Plan has many moving parts and is a 'learning organization.' The long view is that the Treasurer has pushed the same issues for years. The hope is for a successful budget from the Plan's point of view.

The meeting was productive and being able to attend in person was good. Be mindful of state agencies who are short-staffed right now, especially with concerns of the Delta variant spreading more rapidly and people not getting the vaccine.

The public comments included a wide range of issues. The consistency of the requested benefit changes was the high cost, which highlighted the importance of the Clear Pricing Project (CPP).

If the Plan had received support from more of its stakeholder groups and individuals to promote the CPP, the Plan would be in a different financial place at this point.

Medicaid's change to a managed care system is concerning and confusing to Medicaid members. It demonstrates the contrast to how well the Plan communicates and implements Open Enrollment and offers choices to its members.

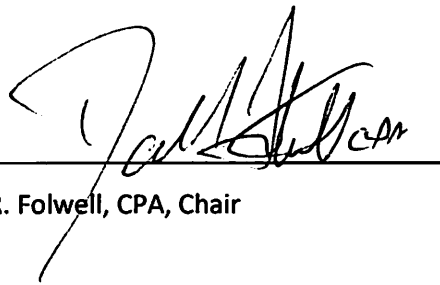
**Adjournment**

In honor of Wayne Fish and all the correction officers around the State, Chair Folwell called for a motion to adjourn the meeting.

**Board Vote to adjourn the meeting:** motion by Ms. Hargett; second by Dr. Martin; roll call vote was taken; unanimous vote by Board to adjourn the meeting.

Minutes submitted by: Kendall Bourdon, Secretary

Approved by: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "Dale R. Folwell CPA", is written over a horizontal line. The signature is stylized and cursive.

Dale R. Folwell, CPA, Chair