



**Board of Trustees Meeting Minutes  
February 25, 2019**

The meeting of the NC State Health Plan (the Plan) for Teachers and State Employees was called to order at approximately 10:00 a.m. on February 25, 2019.

**Board Members Present**

Dale R. Folwell, Chair, Charles Perusse, Ted Brinn, Peter Chauncey, Wayne Fish, Lisa Grimes, Kim Hargett, Donald Martin, Peter Robie, Margaret Way

**Welcome**

Following the Pledge of Allegiance, Chair Folwell welcomed Board members and visitors to the meeting.

**Conflict of Interest**

No conflicts of interest were noted.

**Reading of SEI Statements into Minutes**

Chair Folwell read the Statement of Economic Interest on the Conflict of Interest for the Board and stated that letters to Board members would be included with the approved February 25, 2019 minutes and posted on the State Health Plan website. **(Attachment A)**

**Introduction of New Board Member – Lisa Grimes**

Lisa Grimes is a pharmacist by training and has spent most of her career in the health care industry. She has worked in both retail and hospital pharmacy settings, as well as business development and clinical drug development in the pharmaceutical industry. She is currently the President and CEO of PurThread Technologies, a North Carolina-based antimicrobial textile company.

**Proposed Plan Rules**

As a follow-up to information provided at the December 2018 Board meeting, Andrew Norton discussed the process by which administrative rules will be adopted. Caroline Smart presented current policies which the Plan proposed to adopt as rules, effective March 15, 2019.

**Public Comment**

Mr. Richard Rogers, Executive Director, North Carolina Retired Governmental Employees Association (NCRGEA) asked the Board to consider providing coverage for yearly wellness exams, at no charge, to State Health Plan (Plan) Medicare-eligible members. Mr. Rogers provided a copy of a letter sent to Treasurer Folwell requesting this change. **(Attachment B)**

Gail Marcus, Plan member, is hearing impaired and asked the Board to consider providing coverage for hearing aids for members after age 21.

Jennifer Spink, Plan member, asked the Board to consider providing coverage for Neocate formula. Her 14-year-old daughter is unable to eat regular food, due to esophageal paralysis, and this nutritional formula is the only one she can take. Ms. Spink provided a letter from her daughter's physician.

Ardis Watkins, Government Relations Director, State Employees Association of NC (SEANC) expressed appreciation to the Board for unanimously approving the Clear Pricing Project. She stated that many members have called SEANC to voice their support.

## Board Approval

### Approval of Minutes – December 10, 2018 Meeting

**Board Vote:** Motion by Dr. Robie; second by Dr. Martin; unanimous approval by Board.

### 2020 Plan Design

Ms. Smart presented the proposed benefit changes to update the current 70/30 plan, primarily focusing on the impact of giving up 'grandfather status' under the Affordable Care Act (ACA). The changes would provide more flexibility to the 70/30 plan and modernize the benefits. In addition, the Plan proposed replacing the current medical coinsurance maximum and pharmacy out of pocket (OOP) benefit with a combined medical/pharmacy OOP maximum. Chair Folwell stated that making these changes would support the goal of reducing complexity.

Chair Folwell stated that following the December Board meeting, he and Plan staff met with various stakeholder groups to solicit feedback on the 2020 proposed benefit changes. He noted that at a future Board meeting, Plan staff could discuss ways in which to take advantage of high deductible plans.

**Follow-up Action:** The Plan will send a report of facility fees to Board members.

## 2020 Proposed Benefit Strategy – Requires Board Vote

- Proposed 2020 Benefit Changes:
  - **Modernize the 70/30 Plan and Further Differentiate it from the 80/20 Plan**
    - Combined Medical/Rx Out-of-Pocket, instead of a medical coinsurance max and a separate Rx Out-of-Pocket
      - \$5,900\* – Individual 70/30 Medical/Pharmacy Out-of-Pocket
      - \$17,700\* – Family 70/30 Medical/Pharmacy Out-of-Pocket (3X individual deductible)
    - Add ACA preventive services
      - \$0 copay
    - Increase deductible
      - \$1,500\* – Individual 70/30 Deductible
      - \$4,500\* – Family 70/30 Deductible (3X individual deductible)
    - Update Rx member cost shares
      - Tier 3 – Deductible/Coinsurance
      - Tier 4 – \$200 copay
      - Tier 5 – \$350 copay
      - Tier 6 – Deductible/Coinsurance



**Board Vote:** Motion by Ms. Hargett; second by Dr. Martin; unanimous approval of the 2020 proposed benefit strategy.

### Benefits Enrollment Strategy

Ms. Smart summarized previous default enrollment strategies and reviewed the 2020 enrollment options for non-Medicare members.

**Board Comments and Questions Addressed:** All school personnel should be required to view a 5-7-minute video regarding open enrollment every year. Dee Jones stated that the Plan is currently evaluating the development and distribution of enrollment videos. The Plan's website currently has links to videos, but members aren't required to access them.

Although the enrollment process has improved, many employees respond better when presented with less options to consider.

Chair Folwell emphasized the important role of Health Benefit Representatives (HBRs) and that the Plan provides them with tools and opportunity for education through the HBR University.

### 2020 Default Enrollment Strategy for Non-Medicare Primary Members Requires Board Vote

- **Option 1: Leave subscriber in current plan for start of OE**
  - If subscriber had no other changes, then the only requirement would be to complete the tobacco attestation and follow enrollment workflow through to the final save button.
  - If the subscriber wants to change plans, update dependent coverage, or update their PCP(s) the workflow is the same under either scenario.
  
- **Option 2: Move all subscribers to the 70/30 Plan for the start of OE  
(As a reminder, 60% of members elected the 80/20 for 2019)**
  - If subscriber had no other changes, then the only requirement would be to complete the tobacco attestation and follow the enrollment workflow through to the final save button.
  - If subscriber wants to change plans or update dependent coverage, the workflow is the same under either scenario.

**Board Vote: for Option 2:** Motion by Mr. Brinn; second by Mr. Chauncey; unanimous approval of Option 2 of the 2020 default enrollment strategy for non-Medicare primary members.

Ms. Smart reviewed the enrollment strategy and experience for Medicare Primary enrollees from the prior year and presented the 2020 enrollment strategy.

Chair Folwell stated that the General Assembly performed an analysis of the Plan’s costs savings associated with the Medicare Advantage (MA) plans but understands why some members choose to remain in the 70/30 plan. He added that he would like to see the UnitedHealthcare member ID card include the verbiage “paid for **you** and other **NC taxpayers**” which is printed on the non-Medicare member cards.

**Board Comments and Questions Addressed:** There are members who don’t know a lot about the MA plan and that a change from the traditional plans can be confusing and intimidating.

Retirees receive a lot of mail from other insurance companies promoting their plans and it may be good to remind members that envelopes and material with the “apple” logo is from the State Health Plan.

Chair Folwell stated that contract negotiations with UnitedHealthcare provided an opportunity for the Plan to “pay it forward’ by way of freezing dependent premiums for 2020.

## 2020 Medicare Primary Enrollment Strategy Requires Board Vote

- While the Plan has had some success defaulting Medicare primary members into a Medicare Advantage (MA) Plan during OE, there are two factors outside the Plan’s control that will make auto-enrolling these members into an MA Plan more challenging in 2020.
  - Extended Medicare Advantage Enrollment Period
  - Medicare Beneficiary Identifier (MBI) number
- Therefore; Plan staff recommends leaving Medicare primary members in their 2019 benefit plan for the start of OE.

2019 Medicare Primary Enrollment	Maps to this Plan for 2020 Open Enrollment
70/30 PPO Plan	70/30 PPO Plan
Base Medicare Advantage Plan	Base Medicare Advantage Plan
Enhanced Medicare Advantage Plan	Enhanced Medicare Advantage Plan



**Board Vote:** Motion by Ms. Way; second by Ms. Hargett; unanimous approval of the 2020 Medicare primary enrollment strategy.

## Operations Update

### Executive Director Updates

The NC Health Information Exchange Network was created and became law in 2015 with oversight and administration by the NC Health Information Exchange Authority. Medicaid providers were to be connected to the network by June 1, 2018 and providers of other state-funded services by June 1, 2019. With many small providers concerned about meeting the deadline, House Bill (HB) 70 was filed to grant an extension until 2021 for certain providers.

Effective January 2019, the Plan partnered with CVS to administer the tobacco attestation activity at CVSMinuteClinics. Tobacco users had to complete the first visit by January 31, 2019 in order to earn the premium credit. Approximately 8,700 subscribers attested to being tobacco users and agreed to visit a CVSMinuteClinic. More than 5,000 met their obligation. The Plan will mail letters to the remaining 3,300 subscribers notifying them that the premium credit will be retroactively removed.

Health Benefit Representatives play a critical role in disseminating Plan information and assisting members with their health plan benefits. The level of knowledge among HBRs can be very different, depending on the organization's perceived importance of this role. The Plan identified specific issues and developed the HBR University, a trackable online learning management system. To date, approximately 600 people have registered for the training. The goals are to provide tools and resources for HBRs and to reduce the number of appeals and exception requests.

**Board Comments and Questions Addressed:** For many, the HBR role may be secondary, or beyond, their regular job. HBRs don't receive additional compensation for providing this service to members.

Ms. Jones provided an update on the Clear Pricing Project (formerly Provider Reimbursement Strategy). The draft contract has been finalized and information has been sent to 8 hospital systems and 3 large provider groups as of February 15. The Plan's goal is to send a draft contract to all providers by the end of March and have them signed by July 1, 2019. Plan staff are working to find solutions to several challenges including time and resources.

#### Financial Update – SFY 18/19 and CYTD 2018

Matthew Rish presented the financial report for calendar year 2018, noting that \$103.6 million represents approximately 3 weeks of claims payments. He stated that the Plan should see a savings in population health management with the ActiveHealth Management contract having ended on September 30, 2018.

**Board Comments and Questions Addressed:** Pharmacy costs will continue to rise due to the significant impact of biologics. Chair Folwell responded that after the implementation of the Clear Pricing Project, the Plan will focus on pharmacy costs. He added that many members can't afford their prescriptions or don't take them, as prescribed.

The Clear Pricing Project is garnering national attention, with several states requesting information, as well as meetings with Plan staff.

**Follow-up Action:** Plan staff will send information to members of the Board who were unable to access the audio link to the General Assembly discussion regarding the Clear Pricing Project on February 19, 2019.


#### Next Board Meeting

The next meeting has not yet been scheduled.

#### Adjournment

A motion by Ms. Grimes to adjourn, seconded by Dr. Robie was unanimously approved by the Board. The meeting adjourned at 12:00 p.m.

Minutes submitted by: Andrew J. Norton, Secretary

Approved by:  CPA

Dale R. Folwell, Chair



## STATE ETHICS COMMISSION

POST OFFICE BOX 27685  
RALEIGH, NC 27611  
PHONE: 919-814-3600

January 15, 2019

The Honorable Phil Berger  
President Pro Tempore of the Senate  
16 W. Jones Street, Room 2008  
Raleigh, NC 27601

*Via Email*

**Re: Evaluation of Statement of Economic Interest Filed by Lisa Thomas Grimes  
Senate Appointed Member – State Health Plan Board of Trustees**

Dear Senator Berger:

Our office has received Lisa Thomas Grimes' 2019 Statement of Economic Interest as a member of the State Health Plan Board of Trustees (**the "Board"**). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 163A of the North Carolina General Statutes ("N.C.G.S."), also known as the Elections and Ethics Enforcement Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 163A-193(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 163A-157.

**We did not find an actual conflict of interest or the likelihood of a conflict of interest.**

The State Health Plan insures more than 663,000 state employees, teachers, retirees, current and former lawmakers, state university and community college personnel, state hospital staff and their dependents. The State Health Plan Board of Trustees ("the Board") is statutorily charged with approving the benefits programs, premium rates, co-pays, deductibles, coinsurance maximums, and large contracts for the Plan. The Board also oversees administrative reviews and appeals and is charged with developing and maintaining a strategic plan.

The Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. § 163A-211 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. § 163A-216 prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.



The Honorable Phil Berger  
January 15, 2019  
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Mrs. Grimes fills the role of a Senate appointed member on the Board. She is President and CEO of Pur Thread Technologies, an antimicrobial textile company.

In addition to the conflicts standards noted above, N.C.G.S. § 163A-212 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. § 163A-212(e).

Pursuant to N.C.G.S. § 163A-159(c), when an actual or potential conflict of interest is cited by the Board under N.C.G.S. § 163A-189(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act.

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 163A-158. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

A handwritten signature in blue ink that reads "Annette B. Barefoot". The signature is fluid and cursive, with the first name being the most prominent.

Annette B. Barefoot, Compliance Analyst  
State Ethics Commission

cc: Lisa Thomas Grimes  
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Flyer





North Carolina

**Retired  
Governmental  
Employees'**  
*Association*

February 11, 2019

528 Wade Avenue  
Raleigh, NC 27605  
(919) 834-4652  
1-800-356-1190  
<http://www.ncrgea.com>

The Honorable Dale Folwell  
State Treasurer of North Carolina  
3200 Atlantic Avenue  
Raleigh, NC 27604

Dear Treasurer Folwell:

Thank for your public service to our State and specifically to the government retirees of North Carolina. As you know, the State Health Plan is a great benefit for State retirees and has long served as an important, affordable health care plan for state retirees. Your efforts to keep this benefit affordable for retirees on fixed incomes is much appreciated.

Our NCRGEA members understand there are many challenges to maintaining health care coverage. I would like to raise one area of concern that I have heard from a number of our members.

An annual wellness check, once received at no cost, now requires a co-pay of \$40 under the base United HealthCare Plan; and in some cases, additional facilities fees for lab work. The co-pay associated with annual physicals has *only* become the normal since the implementation of Medicare Advantage plans. In the past prior to the implementation of the ACA and the State Health Plan implementation of the Medicare Advantage Plan, the 80/20 plan provided free annual physicals.

Having an annual physical is good practice to maintain wellness for our retirees. These exams should be provided free of charge for our Medicare Advantage subscribers, as they have in the past, to encourage members to have an annual wellness check.

To promote wellness among our Medicare-eligible retirees, we respectfully request that the annual physical be 100% covered in for all Medicare-eligible State Health Plan enrollees.

Sincerely,

Richard E. Rogers, Jr.  
Executive Director

C: Dee Jones, Executive Administrator, NC State Health Plan