



**Board of Trustees Webinar Minutes
August 11, 2020**

The meeting, 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 Folwell, at approximately 4:00 p.m. on Tuesday, August 11, 2020. The meeting adjourned at 5:15 p.m.

Board Members Participating: Dale R. Folwell, Charles Perusse, Ted Brinn, Larry Chewning, Russell Duke, Wayne Fish, Kim Hargett, Lisa Grimes, Donald Martin, Peter Robie,

Welcome

Chair Folwell welcomed the Board and members of the public joining the webinar 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 (as applicable)

No SEI statements were read into the minutes.

Public Comment Period

A State Health Plan member stated that when the Plan started the tobacco attestation incentive, a healthy BMI incentive was also discussed. With approximately 40% of the U.S. population considered obese and the percent of smokers decreasing, she asked the Plan and Board to consider an incentive to promote a healthy BMI for Plan members.

Caroline Smart, Sr. Director, Plan Integration, stated that the Plan did consider an incentive for maintaining a healthy BMI in 2011 that garnered national attention, but it was never operationalized. She added that the Plan would consider this in the future.

Board Approval

Minutes – July 14, 2020 Meeting

Board Vote: Motion by Dr. Martin; second by Dr. Robie; roll call vote was taken; unanimous approval by Board

Operational Updates

Financial Update

Matthew Rish, Sr. Director, Finance, Planning & Analytics, provided a preliminary financial summary of fiscal year (FY) ending June 30, 2020. The Plan's ending cash balance was slightly over \$1 billion and total revenue approximately \$3.8 billion. Net claims payments were approximately 4% higher compared to the same time last year. Net income for the year is \$210 million on a preliminary basis.

The beginning cash balance for the first 6 months of the current calendar year (CY) was \$1.4 billion, with total revenue 3% higher compared to the same time last year. He noted that the cash balance was certainly impacted by the transfer of \$475 million from the Public Employee Health Benefit Fund to the Retiree Health Benefit Trust Fund. Net income is at \$104 million, leading to a cash balance, currently, of \$1.03 billion.

Board Comments and Questions Addressed:

Claims payments were considerably less in April and May of this year, rebounded slightly in June and were back in the normal range the last week in July and early August.

The Plan is current working with Blue Cross and Blue Shield of NC (BCBSNC) to determine the impact of COVID-19 related claims costs.

Follow-up:

The plan will share the FY 2019-20 financial report and COVID-19 related costs with the Board once the data is finalized.

Clear Pricing Project (CPP) Phase II

Dee Jones, Executive Administrator, stated that new providers will be able to sign contracts with the Plan from September 15 to October 15, 2020. A group of primary care and multi-specialty CPP providers are informally working together in support of CPP and are collectively referred to as the Value Alliance.

The Board-approved contract with Public Consulting Group (PCG) was recently signed. PCG will provide consulting services to the Plan on payment reform models and pilot programs. The Plan will also work with PCG and Blue Cross NC - one or more pilot programs for orthopedic bundled payments beginning November 1, 2020.

Board Comments and Questions Addressed:

Dr. Robie informed the Board that the CMS' proposed Physician Fee Schedule rules for 2021 imply that various surgical specialties will decrease from 5-9%.

Dr. Robie also commented how advantageous it is for a medical practice to participate in a CPP type reimbursement or other payment model where the provider is paid a known amount. As the biggest component of a practices' costs are fixed costs, once a provider has a reliable revenue source that exceeds fixed costs, that creates profitability for the practice.

COVID-19

The Plan is using a report created by Blue Cross NC to determine COVID-19 related costs. Ms. Jones noted that COVID-19 codes were only recently created, and with a 30-day claims lag, the Plan needs to validate the data before releasing a cost report.

Open Enrollment

Open Enrollment is scheduled October 15-31, 2020, which will encompass two weekends. All associated technical projects with the transition to Humana, the new Medicare Advantage vendor, are on schedule.

Board Vote to move into executive session: Motion by Mr. Brinn; second by Ms. Grimes; roll call vote was taken to move into executive session and for members to affirm no one else was privy to the discussion; unanimous approval and affirmation by Board members participating on call

RFQ Recommendation – Third Party Liability Recovery Services

Ted Enarson, Sr. Director of Contracting and Compliance, provided the Board with an overview of the Third Party Liability Recovery (“TPLR”) Services Contract and a history of Health Management Systems’ (“HMS”) performance. Greg Moore, Sr. Manager, Quality Program, provided additional information regarding HMS’ performance.

Mr. Enarson then explained that the Plan had explored other options and had obtained a quote from The Rawlings Company (“Rawlings”) to take over these services, through an RFQ that the Plan issued under its exemption. The Evaluation Committee was satisfied with the quote provided by Rawlings and believed that Rawlings could generate additional recoveries for the Plan through its mass tort capabilities. The Plan also included additional enhancements in the proposed Contract.

Mr. Enarson explained the details of the RFQ process and cost analysis of Rawlings’ quote, and the options for continuing services with HMS or switching to Rawlings. He then presented the Evaluation Committee’s recommendation to award the Contract to Rawlings to the Board for a vote. The Board voted unanimously to award the Contract to Rawlings for a three-year period beginning on January 1, 2021, with an implementation period from September 1, 2020 through December 31, 2020.

Board Comments and Questions Addressed:

Dr. Robie stated that Rawlings has a great reputation in the industry.

In response to a question from Mr. Chewing as to whether the Plan intended to change recovery vendors even if only break-even, Mr. Enarson responded that it did.

Return to Open Session

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

Ms. Jones provided an overview of the draft resolution sent to the Board for their review. She noted that, at the March Board meeting, Dr. Robie recommended that a second resolution be signed by the Board in support of the CPP, Phase II. She acknowledged that Dr. Robie’s name was inadvertently missing as a signee and would be added to the final document.

Board Comments and Questions Addressed:

Board members were asked to review the resolution and to send comments and questions to Ms. Jones. The intent is to receive and discuss feedback from Board members and adopt the resolution at the September Board meeting.

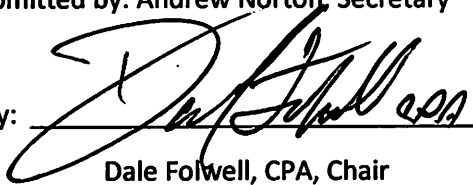
Ms. Jones presented a draft letter to Senator Berger and Representative Moore regarding the expressed intent in S.L. 2020-41 to “restore employer contribution rates for Retiree Health and the State Health Plan to the amounts in S.L. 2019-209, as originally enacted on August 3, 2019, in the event the federal government provides additional relief funds or additional flexibility on existing relief funds that can be used to support the General Fund. In an effort to maintain momentum, she requested that Board members review the letter and send comments, concerns and questions to her as soon as possible. Dr. Robie’s and Ms. Grimes’ names, inadvertently omitted, will be added to the letter.

Adjournment

Board Vote to Adjourn: Motion by Judge Duke; second by Dr. Martin; unanimous approval to adjourn meeting at 5:15 p.m.

Minutes submitted by: Andrew Norton, Secretary

Approved by:



Dale Folwell, CPA, Chair

State Health Plan Board of Trustees Webinar

8/11/2020

Tracking/Voting

Board Member	Present for Quorum	Conflict of Interest	7/14/20 Minutes	Exec Session & Confirm Members Only on Call	RFP	Open Session	Adjourn
Motion			Martin	Brinn	Robie	Hargett	Duke
Second			Robie	Grimes	Grimes	Duke	Martin
Brinn, Ted	YYY	No	Yes	Yes	Yes	Yes	Yes
Chewning, Larry	YYY	No	Yes	Yes	Yes	Yes	Yes
Duke, Rusty	YYY	No	Yes	Yes	Yes	Yes	Yes
Fish, Wayne	YYY	No	Yes	Yes	Yes	Yes	Yes
Grimes, Lisa	YYY	No	Yes	Yes	Yes	Yes	Yes
Hargett, Kim	YYY	No	Yes	Yes	Yes	Yes	Yes
Martin, Donald	YYY	No	Yes	Yes	Yes	Yes	Yes
Robie, Pete	YYY	No	Yes	Yes	Yes	Yes	Yes
Perusse, Charles	Y	No	Non-Voting Member				
Folwell, Dale	YY	No	Votes Only in Event of Tie				
RESULT	Quorum	None Noted	Approved	Unanimous Affirmed	Approved	Approved	5:15 pm