

**Board of Trustees Meeting/Webinar
Minutes
August 25, 2021**

The Microsoft Teams virtual meeting 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 4:00 p.m. on Wednesday, August 25, 2021.

Chair Folwell noted that Ted Enarson, Sr. Director, Contracting & Compliance, would assume the role of Acting Secretary for the meeting.

Board Members Present: Dale R. Folwell, Charles Perusse, Ted Brinn, Larry Chewning, Russell (Rusty) Duke, Wayne Fish, Kim Hargett, Donald Martin, Peter Robie

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

No requests to address the Board were submitted.

Board Approval

Minutes – July 15, 2021 Meeting

Board Vote: Motion by Mr. Chewning; second by Ms. Hargett; roll call vote was taken; unanimous approval by Board to approve the July 15, 2021 meeting minutes. Dr. Martin did not participate in the vote as he was absent for discussion of the topic.

Operational Updates

2022 Rates

Matthew Rish, Sr. Director, Finance, Planning & Analytics, stated that without a current approved State budget, and with guidance from the Office of State Budget and Management (OSBM), the Plan is operating on a continuation budget. He noted that a 7.9% increase in employer and State Retirement Systems contributions complied with OSBM's Memorandum of Continuing Operations. Plan staff consulted with OSBM to estimate and predict a reasonable subscriber rate for the 2022 Plan year because rates must be published prior to Open Enrollment in order for members to make informed health benefit elections. Due to the need for certainty, the Board was assured that the approved subscriber rates would not be adjusted for the 2022 Plan year.

Charles Sceiford, Health and Benefits Actuary, reviewed the premium rates in more detail. Employee premiums and the tobacco surcharge in the 80/20 plan would remain the same in 2022. Dependent premiums would also remain the same. The employer contribution in the High Deductible Health Plan (HDHP) would increase slightly, but the employee premium would not change.

The Medicare Advantage premiums for 2022 would not change in either the Base or Enhanced plan. Employee premium rates in other member groups would be calculated based on the same methodology the Plan used in 2021.

Mr. Sceiford noted that detailed rate sheets could be found in the presentation Appendix.

Board Comments and Questions Addressed:

In response to a question as to whether the school systems are prepared for a 7.9% increase in employer premiums, Mr. Sceiford stated that it depended somewhat on what the school systems budget. Chair Folwell added that rates and trends have been communicated to Fiscal Research staff for quite some time and that schools should be prepared for the increase.

The Plan is requesting approval of rates as described with a +/- 10% window for employer rates once a budget is approved. The Plan will communicate the premium rates to the Board when the numbers are solidified.

In response to a question regarding the percent of active Plan members in each plan option, Plan staff stated that approximately 500 employees chose the HDHP, and the 80/20 and 70/30 plans each had approximately 50% of the remaining employees. As to whether there's a financial incentive for a member's decision in selecting the 70/30 or 80/20 plan, Chair Folwell stated that a review of the actuarial value of each plan option is in process.

2022 Premium Rates – Requires Board Vote

Employer/Retirement System Contributions

- Approve a 7.9% increase in employer/Retirement Systems contributions for permanent employees and retirees, as requested by OSBM and allowed by SL 2020-41 (HB 1218) and shown on page 3 of this presentation.
- Approve a +/- 10% window for Employer rates once a final budget is approved.

80/20 and 70/30 Plan (Self-funded)

- Approve the 2022 Employee premium rates for the 80/20 and 70/30 plans, as shown on page 4 of this presentation.

High Deductible Health Plan

- Approve a 7.9% increase in the employer premium rate for HDHP as shown on page 5 of this presentation, and approve the 2022 Employee premium.

Medicare Advantage Plan

- Approve 2022 employee premium rates for the MA Base and MA Enhanced plans are included on page 6 of this presentation.

Other Member Groups (50% and 100% contributory; COBRA; National Guard, Firefighters, etc.)

- Approve premium rate policies for "other member groups," as described on page 7 of this presentation.



Board Vote: Motion by Mr. Chewning; second by Dr. Martin; roll call vote was taken; unanimous approval by Board to approve the 2022 premium rates, with the +/- 10% window described in the presentation. Judge Duke did not participate in the vote as he was absent for discussion of the topic.

2022 Technical Benefit Adjustments

Caroline Smart, Sr. Director, Plan Integration, reviewed the technical adjustments to benefits that were presented to the Board at the last meeting. There were also three new adjustment recommendations. The proposed technical benefit adjustments fell into two buckets: 1) to maintain compliance with Mental Health Parity regulations; and 2) to reduce the Plan's administrative burdens and increase efficiencies which results in reduced Plan costs. The changes would be effective January 1, 2022.

At the recommendation of the Plan's Pharmacy & Therapeutics Committee, the Board was asked to consider covering Continuous Glucose Monitors (CGMs) under the pharmacy benefit. The CGMs are currently covered under the medical benefit, which requires the member to pay the deductible and coinsurance prior to Plan payment. The CGMs would be under Tier 2 of the pharmacy formulary and members would incur a copay, but the cost share would be less than it currently is under the medical benefit.

This change would shift the upfront cost to the Plan, but a potential improvement in member adherence and monitoring could more than offset the Plan's cost.

Board Comments and Questions Addressed:

Several Board members expressed support for the CGM benefit change, believing that less out-of-pocket costs for members would improve adherence, potentially preventing hospitalizations and other associated medical treatment costs. This change would impact a large number of Plan members.

2022 Technical Benefit Adjustments Requires Board Vote

- Achieve **federal compliance and promote clarity for what is already covered**: remove three mental health exclusions (slide 2)
- Achieve **efficiencies**: reduce the Plan's administrative burden and align with Blue Cross NC (slides 3, 4, & 5)
- Improve **adherence and drive down long-term costs**: create an additional delivery option for CGMs through the pharmacy benefit (slide 7)



Board Vote: Motion by Dr. Robie; second by Mr. Brinn; roll call vote was taken; unanimous approval by Board to approve the 2022 technical benefit adjustments.

General Updates

Beth Horner, Director of Customer Experience & Communications, provided an update on Open Enrollment (OE) and the Medicare Advantage (MA) communications strategy. Ms. Horner stated that since the board meeting on July 15 and a subsequent meeting with Humana, she and her staff have taken a closer look at the approximately 34,000 members in the 70/30 plan. The goal is to develop a more robust communications plan for this group of members to reinforce the advantages of the MA option.

Medicare members are automatically enrolled into the MA Base plan as they age-in to Medicare-eligibility, with an option to stay or enroll in the Enhanced MA or the 70/30 plan. Plan staff have found that members are choosing not to remain in the MA base plan and are choosing to move to the 70/30 plan. A recent survey by the North Carolina Retired Government Employees' Association (NCRGEA) indicated that Plan members overwhelmingly like the MA plan. However, some of the responses indicated concerns or feedback, consistent to what Ms. Horner's team is also hearing. Ms. Horner suggested that word-of-mouth may also be generating some negative feedback about the MA plans.

The Plan is also aware that other Medicare carriers are targeting and enrolling Plan members. Normally, Medicare members can enroll in a plan two times per year, but several carriers have used the pandemic as an opportunity to enroll members outside of those OE times. The Plan wants to provide clear and concise information to the Medicare population and clear up misconceptions. Staff is also working with Humana to resolve some of the concerns members are relaying to the Plan about Humana, specifically.

Board Comments and Questions Addressed:

In response to a question regarding how soon board members can share the outcome of votes taken at meetings, Chair Folwell stated information can be shared immediately following a meeting.

Note: This would not apply to decisions made in executive session.

A board member commented that some providers may discourage members from joining an MA plan for various reasons.

Another board member commented that a lot of television commercials may prompt members to choose a plan that seems good but doesn't provide all the information a member needs to make an informed decision.

Dee Jones, Executive Director, thanked board members for the quick response in signing the Resolution following the July 15, 2021 board meeting. She stated that actions by the board, such as this, do have an impact.

Ms. Jones noted that some board terms have expired and that the Plan will be notified of any changes once the legislative appointment bill is passed.

The Other Post Employment Benefits (OPEB) committee will be voting on the final report on August 31, 2021. It appears the Plan will be funded at approximately 7.7%, the most since 2016.

Ms. Jones discussed the current versions of the Senate and House budgets relative to the Plan, stating that the legislature is currently in conference meetings and that it could be October before a budget is passed.

The next Board meeting is scheduled on Thursday, November 18, 2021, 9:00 – 11:30 a.m. The following meeting will mostly likely be scheduled in February 2022.

Board Comments and Questions Addressed:

In response to a question regarding future COVID costs, Ms. Smart stated that the Plan continues to pay 100% for testing and vaccines, with no limitations on the number of tests. Mr. Sceiford stated that the Plan hasn't analyzed the latest costs related to COVID but expects an increase as claims are submitted.

Chair Folwell stated that wearing masks and choosing to get vaccines have become politicized and encouraged everyone to do both. He added that the Plan would continue to monitor the cost impact and that he supports doing what is right for Plan members. He ended by stating the Plan still has not been reimbursed for its COVID costs related to services provided to Plan members.

Dr. Robie, who is a member of the Forsyth County Board of Health, stated that more variants of COVID are anticipated and that unvaccinated people should expect to get COVID at some point as the pandemic lingers on. He added that while the Plan may not be able to do this, there are employers who are adding a premium surcharge for unvaccinated employees.

Adjournment

Chair Folwell called for a motion to adjourn the meeting.

Board Vote to adjourn the meeting: motion by Mr. Chewing; second by Dr. Martin; roll call vote was taken; unanimous vote by Board to adjourn the meeting at 4:53 p.m.

Minutes submitted by: Ted Enarson, Acting Secretary

Approved by: _____


Dale R. Folwell, CPA, Chair

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

Board Member	Present for Quorum	Conflict of Interest	7/15/21 Minutes	2022 Rates	Benefit Adjustments	Adjourn
Motion			Chewning	Chewning	Robie	Chewning
Second			Hargett	Martin	Brinn	Martin
Brinn, Ted	Yes	No	Yes	Yes	Second	Yes
Chewning, Larry	Yes	No	Motion	Motion	Yes	Motion
Duke, Rusty	Yes	No	Yes	Abstained – unable to hear discussion	Yes	Yes
Fish, Wayne	Yes	No	Yes	yes	Yes	Yes
Hargett, Kim	Yes	No	Second	yes	Yes	Yes
Martin, Donald	Yes	No	Abstained – absent during discussion	Second	Yes	Second
Robie, Pete	Yes	No	Yes	Yes	Motion	Yes
Perusse, Charles	Yes – Joined Late	N/A	Non-Voting Member			
Folwell, Dale	Yes	No	Votes Only in Event of Tie			
Result	Quorum	None Noted	Passed	Passed	Passed	Passed