



Dale R. Folwell, CPA
State Treasurer of North Carolina
DALE R. FOLWELL, CPA

**Board of Trustees Webinar
Minutes
September 14, 2022**

The 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, CPA, at 1:00 p.m. on Wednesday, September 14, 2022.

Board Members Present: Dale R. Folwell, Russell "Rusty" Duke, Wayne Fish, Kim Hargett, Peter Robie, M.D., Mike Stevenson (virtual), Cyrus Vernon

Board Members Absent: Charles Perusse, Cherie Dunphy, M.D.

Welcome

Chair Folwell welcomed the Board and members of the public to the meeting.

Conflict of Interest

No conflicts of interest were noted.

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

Statements of Economic Interest (SEI) for State Treasurer Dale R. Folwell, Cyrus C. Vernon, James Michael Stevenson, James Wayne Fish, Wilton Russell "Rusty" Duke, Jr. and Dr. Peter W. Robie were read into the minutes. (Attached)

Public Comment

No requests to address the Board were submitted.

Board Approval

Minutes – July 13, 2022, Meetings

Board Vote: Motion by Dr. Robie; second by Ms. Hargett; roll call vote was taken; unanimous approval by Board to approve the 7/13/22, meeting minutes.

Operations Updates

2023 Open Enrollment Strategy and Bundles Progress

Beth Horner, Director, Customer Experience & Communications, noted that Open Enrollment (OE) is October 10-28, 2022. Medicare members are already receiving information about the first in-person Medicare outreach meetings since the beginning of COVID, which will begin the week of September 19. In addition, telephone town hall meetings and webinars will also be offered. The Plan's Eligibility and Enrollment Support Center will, again, have extended hours in the evenings and on Saturdays.

Ms. Horner stated that **active** members on the Base PPO Plan (70/30) must take action to either stay in that plan at a reduced premium or to select the Enhanced PPO Plan (80/20) with a reduced premium by completing the tobacco attestation. **Medicare Prime** members in the Base PPO Plan (70/30) will be auto-enrolled in the Humana Medicare Advantage (MA) base plan. They will have to take action if they wish to move to the Base PPO Plan (70/30).

Chair Folwell reminded the board that the cost to the Plan is approximately \$155 million a year for Medicare members not enrolled in one of the MA plans. He added that it will be very difficult to continue freezing dependent premiums. He added that family premiums could potentially be lowered if participation in the MA plans increased.

Board Comments and Questions Addressed:

Has the Plan considered eliminating the Base PPO Plan (70/30)? Chair Folwell responded that the Plan has considered that option. However, any action would need to be mandated by the General Assembly (GA). Legal counsel and the GA's Fiscal Research division would also need to be consulted. Joel Heimbach, the Plan's Assistant Legal Counsel, stated that the current litigation adds another level of uncertainty that impacts the ability to eliminate that plan option.

Bundle Payment Program

Ms. Horner provided an overview of the joint replacement program for knees, hips and shoulders. The bundled payment for eligible members includes the hospital and surgical facility care, anesthesia and surgeon, ER and physical therapy visits related to the surgery.

The pilot, launched on 10/1/2020, was not as financially beneficial to members, as the deductible waiver for the 70/30 and 80/20 plans were not applied to the Out of Pocket maximum. On 7/1/2021, the member cost share was adjusted with members only paying a copay – \$600 for the Enhanced PPO Plan (80/20) and \$900 for the Base PPO Plan (70/30).

A survey conducted by Blue Cross North Carolina (Blue Cross NC) in May 2022 demonstrated that 77% of participating members were very satisfied with the joint replacement program. Approximately 94% were very satisfied with their care and how they were treated. More than 87% of the respondents agreed that the program was a good value and that they would enroll again, as well as recommend the program to other members.

While the overall number of bundle program participants wasn't large, the financial impact was significant. The Plan will continue to provide updates as the program progresses.

Board Comments and Questions Addressed:

Total knee replacements are the most popular surgery, and the Plan was encouraged to continue the bundled payment program.

This is an example of shopping for health care and knowing the basic cost up front.

Dee Jones, Executive Director, stated that the Plan has been working with the Third-Party Administrator (TPA) for years to develop this program and it's taken a long time to implement. While Plan staff are pleased with the current structure, the program should be further along at this point. She noted that Blue Cross NC is proactive in notifying members about the bundle program if they see someone with a high number of claims associated with knee, shoulder and hip visits and other related procedures. She emphasized that the Plan would continue to push the TPA to expand the program given that the savings are significant.

FYTD & CYTD Financials

Matthew Rish, Senior Director, Finance, Planning & Analytics, provided a summary of the Fiscal Year to Date (FYTD) and Calendar Year to Date (CYTD) financial results. Plan revenue and net income were both favorable to the authorized budget, while the beginning and ending cash balance was less than the budgeted amount. He noted that the Target Stabilization Reserve (TSR) line item was added in 2021 as the Plan was experiencing significant cash declines.

In comparing the 2022 with the 2021 fiscal year end reports, the beginning cash flow was a lot lower in 2022, due, in part, to a reduction in revenue in 2021. The positive net income and COVID-19 reimbursement were both beneficial to the cash balance. Mr. Rish noted that Plan revenue was 5.1% higher in 2022. The 2.2% increase in total plan expenses was driven by the increase in claims payments. The volume of claims, lower in 2020, rebounded significantly in 2021 and then stabilized in 2022.

Mr. Rish briefly reviewed the CYTD reports, noting the decrease in the beginning cash balance compared to the TSR. He added that \$590.7 million is the closest the Plan has come to the TSR in the past five years. The Medicare Advantage (MA) premiums of \$6.2 million in 2022, compared to \$5.5 million in 2021, indicates increased membership in the MA plans.

Board Comments and Questions Addressed:

A board member requested clarification regarding the reason for the Plan operating on both a fiscal and calendar year. Up until 2014, when the MA plans were offered, the Plan operated solely on a fiscal year basis. Since Medicare and other commercial plans tend to operate on a calendar year, the Plan wanted to align with that and began operating on a calendar year for all plans. The General Assembly operates on the fiscal year, and, therefore, the Plan financials are reported on both a CY and FY basis.

COVID Costs

Mr. Rish presented the COVID-19 costs for calendar years 2020, 2021 and 2022, which included testing, treatment and vaccinations. The costs in CY 2020 did not include pharmacy since vaccinations weren't made available through pharmacies until 2021. The total amount of COVID-19 related claims, paid through 8/31/2022, was approximately \$417 million. To date, the Plan has been reimbursed \$215 million by the NC General Assembly which received federal pandemic funds resulting in a net cost of \$202 million.

Board Comments and Questions Addressed:

One board member suggested the amount paid for treatment, so far in 2022, may be attributed to the low cost the Plan has paid for vaccines this year.

Health Care Data Model (HCDM)

Mr. Rish noted that a lot of changes have occurred since the Plan's last update to the Board. One of the major changes was the successful transition of the HCDM from an external host (SAS) to being internally hosted by the Information Technology Division (ITD) at the Department of State Treasurer (DST). This has contributed to greater functionality for internal and external reporting and provided increased transparency, accuracy and independence.

Mr. Rish presented a diagram outlining the key benefits of housing the data in the new, internally hosted environment. Each vendor sends a data file monthly, or biweekly in the case of the PBM. In the past, each report sat on its own in the HCDM. Joining a member's claims from each vendor was

sometimes difficult and

inefficient. Now the data resides in Domains (medical, pharmacy, membership and provider), which allows for greater functionality and ease of reporting.

To optimize the new environment, the Plan has moved to phase 2 of the HCDM transition. The work in this phase will enhance the warehouse capabilities to operate even more efficiently.

Ms. Jones added that in late 2017, Plan staff uncovered anomalies and started to build quality checks to eliminate erroneous data. Working through those anomalies involved lengthy discussions with Plan vendors to try and determine the cause and then correct the errors. The time and effort, working through those issues, produced a cleaner repository of information. Some of that work is still ongoing, but the Plan now has more confidence in the data integrity.

Board Comments and Questions Addressed:

Will this transition make benefit design easier going forward? Mr. Rish responded that being able to review and manipulate useable data, from one place, should certainly enhance the ability to analyze benefit design decisions.

If the data is available, one board member requested an analysis of the impact of Continuous Glucose Monitoring (CGM) on diabetic control, possibly in mid-July 2023. Mr. Rish responded that a mid-year analysis would be reasonable in that a report would include at least two years of data. However, the warehouse doesn't currently include clinical indicators, such as A1C levels, but that could change with future programming iterations.

There being no further comments and questions, Chair Folwell stated that more information on the Other Post-Employment Benefits (OPEB) liability would be provided at the December board meeting. The unfunded liability has fluctuated somewhat over the past five years, due in part to changing interest rates. He noted that an increase in interest rates results in a decrease in the unfunded liability. He added that until the Plan can save \$300 million per year, a serious dent in the liability will be impossible.

Request For Proposal (RFP) Information

Kendall Bourdon, Director of Contracting & Compliance, provided a summary on two ongoing RFPs. The award for the Pharmacy Claims Audit Services RFP, with services effective January 1, 2023, is currently pending approval from the Department of Administration (DOA), Purchase & Contract Division (P&C). The Plan hopes to have a decision soon since the implementation phase is scheduled to begin October 1, 2022.

The Plan is also in the process of procuring a vendor for Third Party Administrative Services. The services under this contract will begin on January 1, 2025. The Plan posted the RFP on August 30, 2022, and a conference call with potential bidders took place on September 1. Chair Folwell participated on the call, emphasizing the objectives of the solicitation.

This RFP differs from past projects. The Plan put much consideration into rethinking the approach and modernizing the contracting strategy. This included the creation of new forms to receive the vendor responses to the minimum requirements and technical requirements. Additionally, a concerted effort was made to standardize the data used for the re-pricing exercise and reconsidered the scoring methodology used in the past to reduce complexity and ensure objectivity.

The Plan intends to complete the evaluation and present the information to the Board at the December meeting in order for the award to occur by the end of this year. Ms. Bourdon cautioned staff, board members and others to refrain from discussing this RFP, as per the silent period requirements.

This contract falls under the Plan's exemption and, therefore, will not be reviewed by DOA.

Chair Folwell requested that Ms. Bourdon elaborate on the Plan's contracting exemption. She stated that within the General Statutes, the Plan has a limited exemption for certain contracts, giving the Plan more flexibility. For contracts not under the exemption, the Plan is required to send them to DOA, P&C for their review and approval. Additionally, all contracts over \$3 million are subject to Board review and approval, and all contracts over \$1 million are reviewed by the Attorney General's office.

In response to a question regarding contract review by DOA, Ms. Bourdon responded that, while the Plan appreciates a fresh set of eyes, the value DOA provides is more administrative in nature and doesn't add a tremendous amount of value to the process. She added that the Plan has a very strong contracting team and that, for most contracts, staff from all areas of the Plan are involved in the review process. In addition, other Department of State Treasurer divisions are sometimes involved in the review of sections of a contract, especially the finance division. Outside groups don't often have the specialized knowledge required for Plan contracts.

Board Comments and Questions Addressed:

In response to a question about how long the DOA, P&C has had the Pharmacy Claims Auditing Services RFP, Ms. Bourdon responded that the Plan sent the contract to them in July, ahead of the RFP timeline, knowing they were experiencing staffing challenges. She added that they're aware of the timing issue and have indicated they will remain on track to begin the implementation window on October 1, 2022.

One board member stated that Plan contracts are complicated and that it's important for reviewers to know what to look for and the questions to ask.

Chair Folwell requested that Plan staff go back and review what falls under the exemption and put fresh eyes on the interpretation of DOA, P&C review and approval. He also expressed concern regarding the bidders of the Pharmacy Claims Audit Services RFP who have been waiting this long for the award notification.

A board member requested the percentage of contracts that are above the \$3 million threshold. The Plan will send a comprehensive list of Plan contracts to the Board following the meeting.

Bylaws – Technical Changes

Aaron Vodicka, Assistant General Counsel, presented the technical, non-substantive and substantive changes to the Board Bylaws, which were last reviewed and approved in 2021. He focused primarily on the substantive revisions.

Board Comments and Questions Addressed:

Does the Plan have a policy on how to develop or set a policy? Joel Heimbach, Assistant General Counsel and Board secretary, responded that the Plan has a policy and would share the policy with the Board following the meeting.

How does the provision requiring Board approval of contracts interact with the provision stating individual members of the Board may not exercise individually any Board authority? Aaron Vodicka,

Assistant General Counsel, responded that the Board as an entity approves contracts, while individual Board members do not have authority *ex officio* to bind the Board or the Plan.

Board Vote: Motion by Dr. Robie; second by Mr. Fish; roll call vote was taken; unanimous approval by Board to approve the September 2022 Board of Trustee Bylaws.

Other Updates

Blue Cross NC (BCNC) FACETS Status: Ms. Jones stated that BCNC reimbursed the Plan \$1M in late August for staff time, inconvenience, etc. following a request from Treasurer Folwell and the Board. She provided a summary of issues the Plan continues to experience, some of which are significant. Plan staff recently found that specialty medical rebates were not processed during the first quarter of 2022. Premium payments have been inconsistent and, consequently, it's difficult for the Plan to determine an accurate picture as of mid-September.

In addition, staff continues to uncover problems with the system accurately matching primary providers with members, which can impact a member's copay incentives. BCNC has developed temporary solutions to address enrollment issues, but their ability to successfully manage those solutions has also been inconsistent. The employer portal issues have continued to make it difficult for the Plan to monitor enrollment corrections.

Lastly, the sense of urgency to fix the problems has been a struggle and it has been both frustrating and exhausting for all those involved. It's probable that the work to address these issues will continue at least through the end of the year.

Board Comments and Questions Addressed:

Should the Board be doing anything at this point? Ms. Jones stated that the Board and the Plan are doing everything that can be done at this point; primarily, the introduction of a new TPA RFP on 8/30/2022.

A board member reiterated the Board's concern and asked that the Plan relay their concern to BCNC.

What is the Plan's perception of the key problem? Ms. Jones responded that, at a high level, the Plan has had a relationship with BCNC for nearly 40 years and has been on the Legacy system for more than 20 of those years. During that time, the system has undergone customization to accommodate Plan needs. Historical knowledge among BCNC staff to carry that customization knowledge forward to the new operating system so that it was appropriately considered, was lacking.

Caroline Smart, Senior Director, Plan Integration, added that on multiple occasions during the implementation process, the Plan expressed concern that BCNC didn't have staff on the migration team who truly understood the Plan's business. The result is that the Plan has been forced to try and fix problems after the new FACETS system went live.

How did BCNC arrive at the \$1 million reimbursement and was it adequate? Ms. Jones responded that it was a generous gesture, but probably didn't completely cover the time and effort by Plan staff to handle the ongoing issues. Ms. Smart stated that \$1 million was close to what the Plan had to pay Benefitfocus to implement the new Enrollment EDI files with BCNC. She added that Benefitfocus staff also participate on the daily calls with the Plan and BCNC.

Does the Plan need to establish a deadline by which all the issues need to be resolved? And if so, would input from the Board be beneficial? Ms. Jones stated that the Board's support has been important and appreciated by Plan staff and that, as this point, the Plan will continue to address the issues as they occur.

Biennium Funding Strategy: As the Plan prepares for the upcoming biennium and the legislative session, which begins in January 2023, staff will primarily focus on a funding strategy. The Plan has typically been funded at approximately 4%, with the current trend close to 7%. The Plan has continued to manage the costs that it can control. This includes reducing administrative costs and eliminating waste where it exists. Ms. Jones noted that Treasurer Folwell implemented the employee-only premium in 2018, which generated approximately \$166 million per year. In addition, the Plan has been successful in reducing major contract costs over the past few years.

What the Plan can't control is member utilization, hospital pricing, potential and current lawsuits, etc. These items, combined with inadequate funding from the General Assembly, prompted staff to ask the Board to consider sending a letter to the legislative leaders to address funding issues.

With a positive response from the Board, Ms. Jones stated that a letter would be drafted and sent to the Board for their review and feedback. A final version will be forwarded to the Board for their signatures and then sent to Senator Berger and Representative Moore.

Joel Heimbach, Assistant General Counsel, provided a brief update on the status of the Lake lawsuit. He advised that a more in-depth discussion should be held in closed session, possibly at the next board meeting. This lawsuit was brought against the Plan in 2012 after the General Assembly action to modify some of the Plan benefits. Since then, the case has gone through the trial Court of Appeals and the NC Supreme Court, where an opinion was handed to the Plan in March of this year. The Court held that certain retirees have a contractual right to non-contributory coverage in the 80/20 plan or a substantial equivalent to that plan option. The court then remanded it to determine whether that right had been substantially impaired and, if so, whether that impairment was reasonably necessary for a sufficient reason.

The Plan has since filed a petition for cert with the U.S. Supreme Court on June 9, 2022. The Plan's argument was that the legislature reserves the right to amend the statute. The Plaintiffs filed a brief in opposition to the Plan, to which the Plan replied on September 13, 2022. The Plan expects the Supreme Court will decide whether to hear the case during its conference on September 28, 2022.

The Plan will send the most recent public court documents, related to this case, to the Board following the meeting.

Ms. Jones stated that the next board meeting would be scheduled sometime in December, where the Board will review, and vote on, the Third-Party Administrator RFP. She added that if any board member would like to further discuss the Lake lawsuit, that item would also be added to the executive session agenda.

Board members present at the meeting were provided with an updated version of the Board Orientation Manual. Copies will be mailed to Mr. Stevenson and Dr. Dunphy.

Chair Folwell provided a summary of the NC public school systems who have updated their payroll systems, expressing his displeasure at the disaster that has ensued during the transition. This conversion is scheduled to occur in Guilford County shortly, a large school system where tens of thousands of employees will be affected. He added that the Plan has not received retirement

contributions on employees from Gaston County since April, when the system was updated. The primary issues involve school personnel who want to retire, rather than new staff members who want to enroll in the Plan.

Ms. Jones added that the Plan first heard about the new system in 2019. The way in which the payroll systems for retirees and Plan members are set up was clearly underestimated by the team overseeing the project. The Plan hasn't been provided an update in months.

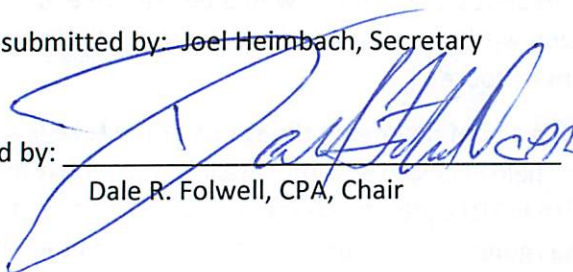
In honor of public servants who have lost their lives since the previous board meeting, 9/11 victims and first responders, Chair Folwell requested a motion to adjourn the meeting.

Adjournment

Board Vote: motion by Ms. Hargett; second by Dr. Robie; roll call vote was taken; unanimous approval by Board to adjourn the meeting at 3:20 p.m.

Minutes submitted by: Joel Heimbach, Secretary

Approved by: _____



Dale R. Folwell, CPA, Chair

**Board of Trustees of the State Health Plan
for Teachers and State Employees**

September 14, 2022 Meeting

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

The following packet contains new and updated Statement of Economic Interest (SEI) evaluations issued by the State Ethics Commission. These are being provided for Board members' review and for recording in the meeting minutes pursuant to the requirements of the State Government Ethics Act. Members are encouraged to review the evaluations where any potential conflicts of interest were identified.

The SEI Evaluations for the following are being provided for review:

- State Treasurer Dale R. Folwell
- Cyrus C. Vernon
- James Michael Stevenson
- James Wayne Fish
- Wilton Russell "Rusty" Duke Jr.
- Dr. Peter W. Robie



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 19, 2022

The Honorable Dale R. Folwell
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

**Re: Evaluation of Statement of Economic Interest
Member of the State Health Plan Board of Trustees**

Dear Treasurer Folwell:

Our office has received your 2022 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 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics 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. § 138A-28(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. § 138A-13.

We did not find an actual conflict of interest but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan insures more than over 720,000 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 and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

As the Treasurer of the State of North Carolina you hold an ex officio role on the Board. Because you are an employee covered by the State Health Plan you have the potential for a conflict of interest. Therefore, you should exercise appropriate caution in the performance of your public duties should issues involving your benefits come before the Board for official action.

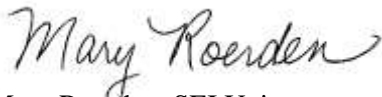
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. 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 cursive script that reads "Mary Roerden".

Mary Roerden, SEI Unit
State Ethics Commission

cc: Laura Rowe, Ethics Liaison
Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 2, 2022

The Honorable Tim Moore
Speaker of the House of Representatives
16 West Jones Street, Room 2304
Raleigh, North Carolina 27601-1096

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Cyrus C. Vernon
Appointee to the State Health Plan Board of Trustees**

Dear Speaker Moore:

Our office has received **Mr. Cyrus C. Vernon's** 2022 Statement of Economic Interest as an appointee to the **State Health Plan Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics 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. § 138A-28(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. § 138A-13.

We did not find an actual conflict of interest but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan insures more than 720,000 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 and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Vernon fills the role of a member on the Board who is a retired educator. He and his spouse are insured by the State Health Plan. Therefore, he has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving his benefits or his spouse's benefits come before the Board for official action.

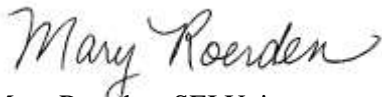
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Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

A handwritten signature in cursive script that reads "Mary Roerden".

Mary Roerden, SEI Unit
State Ethics Commission

cc: Cyrus C. Vernon
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 19, 2022

The Honorable Tim Moore
Speaker of the House of Representatives
16 West Jones Street, Room 2304
Raleigh, North Carolina 27601-1096

**Re: Evaluation of Statement of Economic Interest Filed by Mr. James Michael Stevenson
Member of the State Health Plan Board of Trustees**

Dear Speaker Moore:

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The State Health Plan insures more than 720,000 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 and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Stevenson fills the role of an expert in health economics. His spouse is a retired community college employee. Therefore, Mr. Stevenson has the potential for a conflict of interest should exercise appropriate caution in the performance of his public duties should issues involving his spouse's benefits come before the Board for official action.

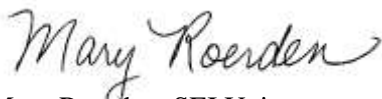
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: James Michael Stevenson
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 19, 2022

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Mr. James Wayne Fish
Member of the State Health Plan Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. James Wayne Fish's** 2022 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 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics 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. § 138A-28(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. § 138A-13.

We did not find an actual conflict of interest but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan insures more than 720,000 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 and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Fish fills the role of an at-large member on the Board. He is employed by the North Carolina Department of Public Safety and insured by the State Health Plan. Therefore, he has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving his benefits come before the Board for official action.

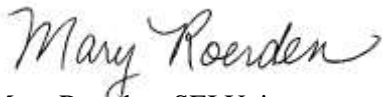
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: James Wayne Fish
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 19, 2022

The Honorable Phil Berger
President Pro Tempore of the Senate
16 West Jones Street, Room 2008
Raleigh, North Carolina 27601

**Re: Evaluation of Statement of Economic Interest Filed by the Hon. Wilton Russell Duke, Jr.
Member of the State Health Plan Board of Trustees**

Dear Senator Berger:

Our office has received **Wilton Russell “Rusty” Duke Jr.’s** 2022 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 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics 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. § 138A-28(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. § 138A-13.

We did not find an actual conflict of interest but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan insures more than 720,000 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 and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Duke is an attorney with the law firm of White & Allen, P.A. and owns financial interests in various companies including CVS Health Corporation and Merck & Co. In addition, his spouse owns financial interests in various companies including CVS Health Corporation and GlaxoSmith Kline PLC. Therefore, Mr. Duke has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should the business of the law firm of White & Allen, P.A. or issues involving any entity in which Mr. Duke, or his immediate family own a financial interest come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: The Honorable Wilton Russell "Rusty" Duke Jr.
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 19, 2022

The Honorable Dale R. Folwell
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

**Re: Evaluation of Statement of Economic Interest Filed by Dr. Peter W. Robie
Member of the State Health Plan Board of Trustees**

Dear Treasurer Folwell:

Our office has received **Dr. Peter W. Robie's** 2022 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 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics 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. § 138A-28(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. § 138A-13.

We did not find an actual conflict of interest but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan insures more than over 720,000 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 and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Dr. Robie is the Medical Director for the Community Care Center. He owns a financial interest in AbbVie and Abbott Laboratories. In addition, his spouse is employed by Atrium Health Wake Forest Baptist (formerly Wake Forest Baptist Health). Therefore, Dr. Robie has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving these entities or any other entity in which he or his spouse own a financial interest come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Dr. Peter W. Robie
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide