



**Board of Trustees Webinar
Minutes
July 13, 2022**

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, CPA, at 3:00 p.m. on Wednesday, June 13, 2022.

Board Members Present: Dale R. Folwell, Russell "Rusty" Duke, Cherie Dunphy, M.D., Wayne Fish, Kim Hargett, Donald Martin, Peter Robie, M.D., Mike Stevenson

Board Members Absent: Charles Perusse

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 Statements of Economic Interest (SEI) were read into the minutes.

Public Comment

No requests to address the Board were submitted.

Board Approval

Minutes – June 8 and June 28, 2022, Meetings

Board Vote: Motion by Judge Duke; second by Dr. Martin; roll call vote was taken; unanimous approval by Board to approve the June 8 and 28, 2022, meeting minutes.

Operations Updates

2023 Open Enrollment Strategy and Progress

Beth Horner, Director of Customer Experience & Communications, stated that planning is currently under way for Open Enrollment (OE) which will take place October 10-28, 2022. The Plan will offer OE trainings for Health Benefit Representatives (HBRs) July 19-28. Historically, these groups have asked for trainings in July as September and October tend to be very busy for them. The Eligibility and Enrollment Support Center will have extended hours Monday through Friday during OE and will be open on Saturdays from 8 a.m. to 5 p.m.

The first OE mailing was sent in July to subscribers who indicated they were tobacco users during last year's OE, those who said they were willing to complete a tobacco cessation program and those that took no action during the 2022 OE period. Members may complete the tobacco attestation and cessation counseling sessions any time between now and November 30.

Board Comments and Questions Addressed:

One board member thanked Plan staff for sending postcards specifically to the group of members who took no action during OE last year.

2023 Rates

Matthew Rish, Sr. Director, Finance, Planning & Analytics, provided the subscriber and dependent premium rates for the various plan options, stating that the board would be asked to vote on both the employer and employee rates. He noted that the Plan was in a much better place this year, relative to the state budget, which was signed by the Governor on July 11.

For those new to the board, Mr. Rish provided a summary of the budget process, stating that the General Assembly adds the contribution rates for employer groups to the budget. The budget bill establishes the cap rates and the Plan then goes through the process of calculating rates within those caps. Two major parameters, by which the Plan needs to abide when setting rates, are 1) the Plan's Calendar Year and the State's Fiscal Year. Establishing rates within two different 6-month periods while not exceeding the caps can present challenges. And 2) the Plan must ensure that the Rates for the Plan year, which are made up of the two separate six-month periods previously mentioned, do not go above the cap rates in the budget bill.

The Plan had been getting annual increases from the General Assembly of 4% up through 2019. Beginning in 2020, when the General Assembly put into effect a Year 1 increase of 3.3% and Year 2 increase of 5.6%, the Plan then entered a "yo-yo pattern" that remains, and will remain, unless something is intentionally done to bring the rates to a steadier state. The Plan's preference would be to receive a lump sum of cash to protect the necessary cash balance to withstand an unanticipated hardship. This cash balance would also be needed to weather an impact to revenue that would likely occur in order to level out the annual increases required to stop the yo-yo pattern.

- Employer/Retirement Systems Contributions: 9.7% decrease (Employer); 23.9% increase (Retirement Systems)
- Enhanced PPO Plan (80/20) and Base PPO Plan (70/30): No changes

- High Deductible Health Plan: 9.7% decrease (Employer); No change (Employee);
- Medicare Advantage: No changes
- Other Member Groups: No changes



2023 Premium Rates – Requires Board Vote

Employer/Retirement Systems Contributions

- Approve 9.7% decrease in employer contributions and 23.9% increase in Retirement Systems contributions for permanent employee and retirees.

Enhanced PPO (80/20) and Base PPO (70/30) Plans (Selffunded)

- Approve 2023 Employee premium rates for the Enhanced PPO (80/20) and Base PPO (70/30) plans, as shown on page 4 of this presentation.

High Deductible Health Plan

- Approve 9.7% decrease in the employer premium rate for HDHP, as shown on page 5 of this presentation, and approve the 2023 Employee premium.

Medicare Advantage Plan

- Approve 2023 employee premium rates for the MABase and MAEnhanced plans, as shown 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 Ms. Hargett; second by Dr. Martin; roll call vote was taken; unanimous approval by Board to approve the 2023 premium rates.

Dee Jones, Executive Director, thanked the board members for their flexibility with several activities over the past few weeks and stated that the next Board meeting would be held in September.

Other Matters – Plan Compliance

The following statement was read by Chair Folwell:

Last meeting, this Board entered into executive session to consult with the Department’s attorneys regarding the federal lawsuit *Kadel v. Folwell* and a recent court order in that case. In essence, the federal judge’s order has assumed responsibility for the Plan and forbids the North Carolina State Health Plan from enforcing the benefit exclusion of “treatment or studies leading to or in connection with sex change [surgeries] or modifications and related care” and orders defendants to provide benefits in compliance with the order.

The State Health Plan is fighting skyrocketing health care costs caused in part by health care cartels, funding that hasn’t matched these inflated costs, family premiums that are unaffordable to most of our members who teach, protect, and otherwise serve, and a massive \$32 billion unfunded liability to our taxpayers. Rightly, this Board has sought to save the Plan by focusing on reducing Plan costs and providing benefits that do the most good for the most members. This could be a reason why the Board, led by the previous Treasurer Cowell, only provided these benefits for one year.

This is what this case has always been about – protecting the finances of the Plan and the authority of this Board to sustain this Plan for current, retired, and future members. Nothing else. Unfortunately, the federal judge in *Kadel* has decided otherwise. We believe the order is legally incorrect and wrongfully harms both members and the financial sustainability of the Plan. Because of that, I've appealed the order. But I also respect the rule of law. So, until that order is no longer in force, I must comply.

If there is no objection, in response to the court order in *Kadel v. Folwell*, dated June 10, 2022, the Executive Administrator and Plan staff are directed to not enforce the specified benefit exclusion and to provide benefits in compliance with the court's order, so long as the court's order is in force. These changes shall be made effective June 10, 2022, and all Plan documents will reflect this statement which could change under appeal.

If there is no objection, so approved.

Hearing no objection, the order passed by unanimous consent. Chair Folwell added that a press release would be sent immediately following the meeting.

Board Comments and Questions Addressed:

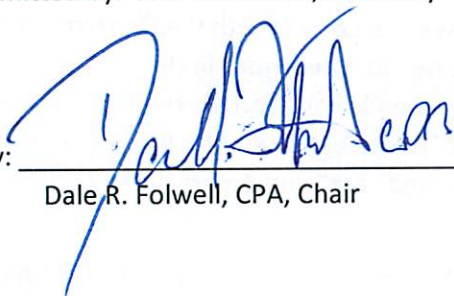
One member stated that it appeared the judge has a political agenda.

Dr. Martin stated that he was being replaced after serving 6 years. Chair Folwell and several members thanked him for his service to the board and his community.

Adjournment

Board Vote: In honor of Dr. Martin's service to the board, Chair Folwell called for a motion to adjourn the meeting; motion by Ms. Hargett; second by Dr. Robie; roll call vote was taken; unanimous approval by Board to adjourn the meeting at 3:40 p.m.

Minutes submitted by: Joel Heimbach, Secretary

Approved by: 
Dale R. Folwell, CPA, Chair