



November 14, 2023

Barbara Gibson
Deputy Director
North Carolina Office of State Human Resources
116 W. Jones Street
Raleigh, NC 27603

1331 Mail Service Center
Raleigh, NC -27699-1331

Re: OSHR Planned Transition of NCFlex Enrollment from Benefitfocus to Emyrean

Dear Director Gibson:

The North Carolina State Health Plan for Teachers and State Employees (“Plan”) has learned through a third party that the North Carolina Office of State Human Resources (“OSHR”) is planning to transition its NCFlex enrollment from the Benefitfocus platform to the Emyrean platform in 2024 through a contract managed by the University of North Carolina System. Further, the Plan is aware through a third-party that OSHR is targeting a mid-year transition for this project.

As you are aware, the Plan and OSHR have held the longstanding position that it is in the best interest of State employees and their dependents to have a single platform from which to enroll in benefits. In serving the best interest of State employees and their dependents, the Plan has sought to be a helpful partner to OSHR, and the Plan and OSHR incurred legal obligations to this end. The Plan and OSHR memorialized this in the agreement titled “Memorandum of Understanding,” executed on October 5, 2020, and amended on November 10, 2021 (collectively the “Agreement”).

The Plan has met and surpassed these legal obligations. Most recently, in September 2023, OSHR made an urgent request to the Plan to provide “gap” COBRA administration for university employees with NCFlex benefits that are transitioning to the Emyrean platform on January 1, 2024. While the Plan was under no legal obligation to assist in this way, in a spirit of partnership, the Plan responded to OSHR’s needs and developed a process to facilitate the transition.

Unfortunately, OSHR has not shown the same spirit of partnership and compliance with its legal obligations in its current actions to implement a unilateral and surreptitious mid-year transition of NCFlex enrollment to Emyrean. Under the Agreement, OSHR is required to work with the Plan to ensure ongoing service needs are met and notify and cooperate with the Plan in resolving issues with Benefitfocus and iTEDIUM. Clearly, OSHR’s actions fall under these obligations. OSHR has provided the Plan no notice and has neither cooperated nor worked with the Plan to resolve this issue. Accordingly, OSHR is in breach of its obligations under the Agreement, and the Plan provides OSHR thirty (30) days from the date of this letter to cure its breach.

Further, under the Agreement, (A) the Plan is the only entity contracted with Benefitfocus for eligibility and enrollment services and iTEDIUM for COBRA administration and individual billing services and (B) the Plan is the owner of these contracts. The Plan is currently engaged in two complex and critical projects pursuant to these contracts—the migration of group premium billing from the TPA contract to the billing



vendor contract and the implementation of the Aetna TPA transition. Both projects have go-live dates in the latter half of 2024, and Benefitfocus and iTEDIUM project resources are already 100% dedicated to these efforts. OSHR's contemplated mid-year 2024 transition will interfere with both of these projects and thereby cause irreparable harm to the Plan and its members. Therefore, under our fiduciary duty to the Plan, we cannot agree to a mid-year 2024 transition of NCFlex benefits off the Benefitfocus platform.

If OSHR cures its breach, the Plan is willing to develop a transition plan to enable OSHR to enroll NCFlex benefits on the Empyrean platform during open enrollment for 2025; however, NCFlex enrollment will remain on the Benefitfocus platform for 2024. Please note, OSHR will also have to transition any remaining NCFlex COBRA members to NCFlex's new COBRA administrator effective January 1, 2025, since the Plan will no longer maintain data exchanges with the NCFlex vendors for effective dates after December 1, 2024. Any costs associated with the COBRA transition will be paid by OSHR.

The Plan stands ready to help OSHR correct its non-compliance and, thereby, prevent any negative impact to State employees and dependents resulting from OSHR's actions.

Sincerely,

Samuel W. Watts
Executive Administrator
North Carolina State Health Plan

CC:

Caroline Smart
Sr. Director of Plan Integration
North Carolina State Health Plan

Ben Garner
General Counsel
Department of the State Treasurer

Joel Heimbach
Assistant General Counsel
North Carolina State Health Plan



Office of State Human Resources

ROY COOPER
Governor

BARBARA GIBSON
Director, State Human Resources

By E-Mail and U.S. Mail

December 14, 2023

Sam Watts
Executive Director, State Health Plan
3200 Atlantic Avenue
Raleigh, NC 27604
sam.watts@nctreasurer.com

Dear Mr. Watts:

This message responds to the State Health Plan's letter dated November 14, 2023, which State Health Plan staff have acknowledged was sent on November 20, 2023. (The November 20 email sending the letter is attached as Exhibit 1.)

The Office of State Human Resources ("OSHR") uses the State Health Plan's vendor, Benefitfocus, to enroll state and university employees in NCFlex benefits. The University of North Carolina System (the "University System") also historically used Benefitfocus for enrollment of University System employees subscribing to NCFlex benefits. But over the past 18 months, the University System has transitioned these employees to a new enrollment vendor, Empyrean. This transition started in Summer 2022. In Fall 2023, the University System transitioned the remaining flex benefits for a January 1, 2024, effective date.

As OSHR has watched the experiences of the University System and its employees enrolling through Empyrean, OSHR has become interested in potentially making the same change that the University System has already made. That change could potentially provide a better enrollment experience for state employees, and that change could lower members' costs.

OSHR is doing due diligence about whether to replace Benefitfocus with Empyrean, and if so, when that transition would be best to occur. Like any business or government enterprise, OSHR evaluates alternatives. OSHR leadership has not yet approved any transition. If OSHR

decides to transition from Benefitfocus to Empyrean, the earliest possible transition date would be August 1, 2024. The State Health Plan's November 20 letter suggested that the transition take place five months later, on January 1, 2025. If a transition is made, OSHR will want to have a conversation with the State Health Plan about whether August 1 or January 1 — or some other date — is best. In either scenario, OSHR would provide much more than the amount of notice required under the agreement between OSHR and the State Health Plan. As discussed further below, the agreement requires “ninety (90) days’ written notice.” Memorandum of Agreement (“MOA”) § V.C (Exhibit 2).

As noted at the end of this letter, we believe the next step is for OSHR, the State Health Plan, the University System, and Benefitfocus to sit down around a table and talk. We suggest a time and date for that meeting on the last page of this letter. That being said, we want to be clear that the State Health Plan's November 20 letter is based on a fundamental misconception of what the contract says, as well as what has happened between the State Health Plan, NCFlex, and the University System over the past few years.

Why the State Health Plan's Legal Assertions Lack Merit

The State Health Plan claims that OSHR should have contacted them earlier about OSHR considering an alternative to Benefitfocus. Instead of following the 90-day period in the contract, the State Health Plan's November 20 letter points to a vague clause elsewhere in the agreement that suggests that the parties will “work ... to ensure ongoing service needs are met” and “cooperate in the resolution of any issues or concerns” with respect to “the scope of work” on the State Health Plan's Benefitfocus contract. MOA § I.B. The State Health Plan asserts that doing due diligence on alternative vendors breached this clause. The State Health Plan's letter cited no case law or legal authority supporting these assertions. For at least three reasons, the State Health Plan's arguments are mistaken.

The November 20 Letter Misstates the Facts, Which Show Years of Work by OSHR Seeking Unsuccessfully to Have the State Health Plan Resolve OSHR's Issues and Concerns

First, OSHR has reached out to the State Health Plan repeatedly over the course of several years, fruitlessly seeking compromises to reflect the needs of NCFlex and its customers. The State Health Plan has claimed that NCFlex breached a contractual duty to “work” or “cooperate” with the State Health Plan. But, as shown below, the facts are inconsistent with this remark. When NCFlex has reached out to the State Health Plan to raise concerns and seek a compromise, the State Health Plan has responded in writing by saying that it refuses to even have a conversation.

- In November 2022, the State Health Plan, with no notice or opportunity for discussion, changed the annual cutoff date for changes to NCFlex benefit providers. For many years, the State Health Plan had required NCFlex to finalize by June 1 the awards coming out of RFPs for new or replacement benefit providers. (These contracts then go into effect on January 1 of the next year.) The State Health Plan moved this date up to April 1 in late 2021. Then, on November 10, 2022, the State Health Plan unilaterally moved this date up by an additional month — to March 1 — after OSHR had drafted and was finalizing an RFP with a fixed schedule ending April 1. The State Health Plan’s email stated, “This is not a flexible deadline.” (Exhibit 3 at page 2.)
- Three business days later, on November 15, 2022, the head of NCFlex responded. NCFlex pointed out that an April 1 cutoff date was “already aggressive,” because it required the RFP to be based on “old” claims data. The State Health Plan was requiring providers to give and guarantee rates “months in advance of the effective date.” (Exhibit 3 at page 1.) Moving the deadline to March 1 would exacerbate this problem. NCFlex wrote, “This timeframe may work for a self-insured TPA contract, but it does not work for fully insured [NCFlex] vendors.” NCFlex asked to talk with the State Health Plan. In the email sent on November 15, 2022, the head of NCFlex wrote, “Let’s discuss a compromise. There needs to be some flexibility, especially in light of the fact that NCFlex pays almost \$2 million per year of the health plan’s administrative cost for the Benefitfocus platform.” (Exhibit 3 at page 2.)
- A week later, on November 22, 2022, the State Health Plan refused to have a conversation about NCFlex’s needs. In a four-sentence email, the State Health Plan responded, “Unfortunately, there is no flexibility in this timeline within which to negotiate a compromise. Thank you for your understanding.” (Exhibit 3 at page 1.)
- In the following weeks, OSHR staff repeatedly raised this issue when speaking with State Health Plan staff. Because of the change in the cutoff date, NCFlex did not move forward with the RFP in late 2022.
- Further, the State Health Plan has repeatedly determined the date and duration of the open enrollment period without consulting NCFlex. This means that the sign-up period for NCFlex’s products is set without any input from NCFlex.
- Compounding these issues, the State Health Plan has been slow to support employers being added to NCFlex. Charter schools are authorized to provide NCFlex benefits to their employees. The State Health Plan and Benefitfocus do not allow NCFlex to add new groups, such as charter schools, if they express interest in joining NCFlex after July 1 of each year. Most charter schools make decisions on benefits after this date. The

State Health Plan's July 1 deadline for new groups forces each charter school to extend contracts with their current vendors and delay the transition. That delay means these schools cannot offer their employees better prices, since NCFlex uses its economy of scale – the ability to provide benefits to 120,000 employees – to improve pricing. The State Health Plan's inflexibility keeps NCFlex from being able to immediately do what charter schools need, and it takes dollars out of teachers' wallets.

The State Health Plan controls a critical part of public employees' benefits. The State Health Plan's pattern of unilateral decision-making — and the State Health Plan's declared unwillingness to even consider compromise — does not help provide state, university, and local employees with the best benefits.

When a state agency is not getting the service it needs under a cooperative agreement with another agency, it is entitled to think about alternatives. The facts show that it is the State Health Plan — not NCFlex — that has failed to negotiate potential solutions. In fact, the State Health Plan specifically responded to NCFlex concerns by declaring that “there is no flexibility ... to negotiate a compromise.” (Exhibit 3 at page 1.) Even if the section of the OSHR-State Health Plan agreement that is cited in the November 20 letter applied to due diligence about a potential transition, OSHR fulfilled that section by repeatedly raising concerns.

The November 20 Letter Overlooks Key Words in the Contract

The second reason that the State Health Plan's legal argument lacks merit is that it overlooks a key limiting phrase in the contract clause that the State Health Plan is trying to use. Section I.B.2 of the contract states that the parties should “cooperate in the resolution of any issues or concerns regarding the performance of Benefitfocus and iTEDIUM, with respect to the scope of work or other requirements for the NCFlex component of the EES Contract and COBRA IB Contract.” MOA § I.B.2 (emphasis added). The phrase “EES Contract” and “COBRA IB Contract” are defined as the contract between the State Health Plan and Benefitfocus and the contract between the State Health Plan and iTEDIUM, respectively. MOA, page 1. This clause in Section I.B.2 shows that the section was intended to be a mechanism for OSHR to suggest changes to the contract between the State Health Plan and Benefitfocus. This is necessary because OSHR is not a party to that contract; a clause like Section I.B.2 is the only way OSHR could have input on the contract's scope of work. The State Health Plan's November 20 letter tries to transform Section I.B.2 into a general notice provision covering any kind of concern. This is simply not what the contract says.

The November 20 Letter Overlooks a Key Principle of Contract Law

Third, the November 20 letter from the State Health Plan turns upside down one of the basic principles of legal contract interpretation. If a transition is necessary, the specific contract term on point will be Section V.C, which allows the agreement between the State Health Plan and OSHR to “be terminated without cause by either Party upon ninety (90) days’ written notice.” MOA § V.C (Exhibit 2 at page 10).

Section V.C, the agreement’s specific language about termination, covers the precise situation that may come to pass here – a transition away from Benefitfocus to Empyrean and a resulting termination of the agreement between the State Health Plan and OSHR. Instead of citing this specific term, the State Health Plan’s November 20 letter cites general terms about how OSHR will “work with the Plan” and “cooperate in the resolution of any issues and concerns” about the “scope of work” for the State Health Plan’s contract with Benefitfocus. (Exhibit 1, quoting MOA § I.B.)

In contract interpretation, a specific clause dealing with a particular topic takes precedence over any general language elsewhere in the contract. *Wood-Hopkins Contracting Co. v. N.C. State Ports Auth.*, 284 N.C. 732, 738, 202 S.E.2d 473, 476 (N.C. 1974) (“[W]hen general terms and specific statements are included in the same contract and there is a conflict, the general terms should give way to the specifics.”). *See also, e.g., Development Enterprises of Raleigh v. Ortiz*, 86 N.C. App. 191, 194-95, 356 S.E.2d 922, 924-25 (N.C. App. 1987) (holding that the specific clause in a partnership agreement governing what happens when a partner dies must take precedence over any clause elsewhere regarding transfer of partner interests). The courts have repeatedly rejected the arguments made by the State Health Plan in the November 20 letter.

In summary, the State Health Plan’s November 20 letter misstates the facts, leaves out key words of the contract, and ignores the law.

Why a Transition Might Be Better for State Employees

The State Health Plan has suggested that any attempt to move away from the State Health Plan and the State Health Plan’s enrollment vendor, Benefitfocus, would “create chaos.” But this year, more than 50,000 university employees successfully completed Open Enrollment using Empyrean. The University System moved enrollment for these employees from Benefitfocus to Empyrean in two stages. Some benefits moved to Empyrean in 2022. Then, for Open Enrollment this year, all the remaining NCFlex benefits for university employees moved from Benefitfocus to Empyrean. The transition has gone smoothly for employees.

The due diligence being performed by NCFlex shows several possible benefits to state employees and taxpayers if state employees' flex benefit enrollment were to transition from Benefitfocus to Empyrean:

- In the flex benefits market, enrollment providers (like Empyrean) generally negotiate preferred pricing discounts with flex benefit providers. Those discounts are passed through to the plan sponsors (like NCFlex), which can use the savings to provide further discounts or subsidies to state employees. It appears that for the current set of NCFlex benefit providers, Empyrean offers preferred pricing discounts, but Benefitfocus does not. These discounts would allow NCFlex to lower the rates employees pay for their flex benefits.
- Currently, NCFlex pays the State Health Plan slightly less than \$2 million per year for Benefitfocus enrollment and eligibility services and iTEDIUM COBRA services. We are interested in whether those fees can be reduced through a transition.
- Because the University System has elected to move its employees to Empyrean for flex benefits, the NCFlex subscriber population is now split between two platforms. This leads to difficulty identifying and removing duplicate enrollments.¹ Because the University System has chosen Empyrean, the only way to automatically screen for this problem would be moving state agency NCFlex subscribers to Empyrean as well.
- Empyrean suggests that its cutoff date for new or replacement NCFlex vendors would be August of each year, which is five months better than the State Health Plan's March cutoff date. NCFlex staff believe that a long lead time between the RFP and the go-live date leads to less favorable pricing for NCFlex customers. An August cutoff date, rather than March, would allow RFPs to be based on more accurate claims data. NCFlex staff believe that vendors bidding on NCFlex products will be more willing to offer aggressive, pro-customer pricing if they do not need to make assumptions about future trends. A transition to Empyrean would create this favorable pressure on pricing.
- We believe that Empyrean would be able to provide a shorter lead time for adding charter schools or other new employers to NCFlex. This would allow NCFlex to offer better-priced benefits faster to these employees.

The University System's transition to Empyrean has shown that transitioning NCFlex enrollment away from Benefitfocus may provide better services, at lower cost, with no

¹ This problem is specific to married couples where one spouse works for a university, but the other works for a state agency. In this situation, the university employee could be subscribed to NCFlex benefits on Empyrean's platform while also being subscribed on the Benefitfocus platform as a dependent of the state employee spouse.

difficulties for the employees using the new system. We have a responsibility to our fellow state employees to evaluate that alternative. We hope that the State Health Plan will participate in a conversation about the pros and cons of a transition.

How the State Health Plan's Invoices to NCFlex Show a Transition Would Create Little or No Burden on the State Health Plan

When an organization is transitioning away from a vendor, less work is generally required from that vendor, because the vendor no longer needs to plan for how it will provide services in the future. And generally, having a transition take place earlier, rather than later, reduces the current vendor's work.

In contrast to what we would expect, the State Health Plan's November 20 letter suggests that a transition away from Benefitfocus would create more, not less, work for Benefitfocus and the State Health Plan. The November 20 letter states that the Plan is currently engaged in two complex projects "with go-live dates in the latter half of 2024," that "Benefitfocus and iTEDIUM project resources are already 100% dedicated to these efforts," and that a "mid-year 2024 transition will interfere with both of these projects." (Exhibit 1 at page 4.)

To evaluate whether a transition would increase work for Benefitfocus and the State Health Plan, we looked at the actual impact of the University System's recent transition away from Benefitfocus. We conferred with the University System, which confirmed that no hours of effort from Benefitfocus were required to convert the University System to Empyrean. The University System reached out to Benefitfocus in 2022 for potential help with initial reporting. However, when Benefitfocus quoted the cost, the University System determined that it could complete the job itself, and it required no work from Benefitfocus.

This is consistent with the invoices that the State Health Plan has issued to NCFlex over the past year, as the University System has transitioned away from Benefitfocus. The contract between the State Health Plan and OSHR allows the State Health Plan to bill NCFlex on an hourly basis for "[t]ime and materials costs charged by Benefitfocus for development and implementation of services supporting NCFlex benefits." MOA § 1.C.1.b.ii (Exhibit 2 at page 2). This clause covers the NCFlex benefits provided to university employees that the University System recently transitioned to Empyrean. However, the bills submitted to OSHR by the State Health Plan through October 31, 2023, show no hourly fees for time and materials costs from Benefitfocus. (Invoices issued from July 18, 2023, to Nov. 15, 2023, attached as Exhibit 4.) It appears that the University System's transition to Empyrean required zero hours of work.

If NCFlex makes the same transition, we have no reason to believe that the result would be any different. We would expect that having NCFlex transition away from the State Health

Plan for enrollment would reduce — not increase — any burden or distraction for State Health Plan staff.² It is hard for us to imagine how more work would be required from no longer supporting NCFlex. Similarly, we think that an earlier transition date would reduce any burden on the State Health Plan most. If this is wrong, we need to know specific reasons why. So far, the State Health Plan has only suggested that a transition would “interfere,” without providing any details. (Exhibit 1 at page 4.)

Working Together

We were disappointed that, instead of giving OSHR leadership a call or sitting down across a table to talk, the State Health Plan chose to send a threatening letter written by a lawyer. Sending this kind of letter does not increase the chance that OSHR will extend its contract with the State Health Plan.³ Likewise, when the State Health Plan chose to offer no details in the letter about why a transition would be better on January 1, it did not increase the chance that OSHR would agree to have a transition take place on that date.

Instead of exchanging lawyers’ letters, I hope the State Health Plan will agree to sit down for a discussion of what’s best for our NCFlex customers and state government as a whole. We want to meet with the State Health Plan to discuss the facts. If there are reasons why NCFlex should not change vendors, we want to discuss them. If there are burdens from a transition, we would want to minimize them.

We request a meeting with the State Health Plan, Benefitfocus, the University System, and OSHR to further discuss the State Health Plan’s November 20 letter and explore any burdens that might result from a transition. We and the University System are available for that meeting on December 18, 2023, at 1:00 p.m., on December 19, 2023, at 4:00 p.m., or at a reasonable time the State Health Plan may request. We would prefer for that meeting to be in person. We look forward to the State Health Plan’s response.

Because OSHR’s office is moving effective December 15, please send an additional e-mail copy to me and Denise Mazza (denise.mazza@nc.gov) on the same day that you mail any

² There is only one part of the University System’s transition from Benefitfocus to Empyrean that seems not to have gone smoothly. The State Health Plan’s November 20 letter noted appropriately that a burst of work from State Health Plan staff was required in September 2023 when the University System identified that there would be a gap in COBRA administration benefits as part of its transition. This work will not be required for any NCFlex transition. NCFlex is aware of the need to arrange in advance a transition of COBRA administration benefits, and NCFlex will avoid work of this type by the State Health Plan or its vendors.

³ Although the State Health Plan’s November 20 letter stated a 30-day period to respond, the Treasurer’s Office issued a press release eight business days later, on December 4, about the matter. The State Health Plan and the Treasurer’s Office are certainly free to go to the press at any time. But when the State Health Plan jumped ahead of the response deadline stated in its November 20 letter, it did not show a commitment to working together as business partners.

letters that you mail to our office. This will ensure that we are able to timely respond. OSHR's mailing address will continue to be 1331 Mail Service Center, but paper mail may be delayed as it is routed to OSHR's new location. We appreciate the State Health Plan sending a courtesy copy by email of the November 20 letter.



Blake Thomas
General Counsel
Office of State Human Resources

cc: Barbara Gibson, Director, Office of State Human Resources *(by e-mail)*
Linda Forsberg, State Benefits Manager, NCFlex *(by e-mail)*
Denise Mazza, Paralegal, OSHR *(by e-mail)*
Ben Garner, General Counsel, Department of State Treasurer *(by e-mail and U.S. mail)*
Joel Heimbach, Assistant General Counsel for the State Health Plan *(by e-mail)*



December 20, 2023

Barbara Gibson
Deputy Director
North Carolina Office of State Human Resources
1331 Mail Service Center
Raleigh, NC 27699-1331

Re: OSHR Planned Transition of NCFlex Enrollment from BenefitFocus to Emyrean

Dear Director Gibson:

Thank you for the North Carolina Office of State Human Resources' ("OSHR") letter, dated December 14, 2023, and for confirming that OSHR has sought to implement a mid-year 2024 NCFlex transition from BenefitFocus to Emyrean. As I noted in my prior letter, the right thing to do would have been to inform the North Carolina State Health Plan for Teachers and State Employees ("Plan") of your intentions so we could address your concerns collaboratively. Instead, we had to discover your actions through third parties, who were instructed by OSHR not to speak to the Plan about the NCFlex transition.

While the nine-page response from your lawyer seeks to complexify and obscure, the truth of the situation is simple—OSHR sought to implement a mid-year 2024 transition without informing the Plan in accordance with our Memorandum of Understanding, OSHR's actions will harm the Plan and its members, and the Plan cannot allow a mid-year 2024 enrollment platform transition. So, in the continued spirit of partnership, let me restate our position.

I have a statutory fiduciary duty to the Plan and must manage the Plan's resources and contractual relationships in its best interest. And, while I strongly disagree with OSHR's belief that forcing state employees to enroll in two separate locations for benefits simplifies the lives of employees—the Plan already has seen numerous exception requests from University of North Carolina employees who were confused by two separate platforms and failed to enroll in health benefits—that is not the basis for my correspondence. My focus is that a mid-year change during 2024 to the Emyrean platform will irreparably harm the Plan and its members.

As you know, the Plan is implementing one of the largest transitions in recent Plan history—changing its third-party administrator from Blue Cross Blue Shield of North Carolina to Aetna Life Insurance Company ("Aetna"). Aetna's go-live date is January 1, 2025, with Open Enrollment for these 2025 health benefits occurring September-October 2025. Thus, Plan staff and our vendors are working at full capacity (and must continue to work at full capacity) to make this transition and 2025 Open Enrollment successful. Diverting Plan and vendor staff and resources away from the Aetna transition directly impairs the success of the TPA transition and the health of the Plan and its members.

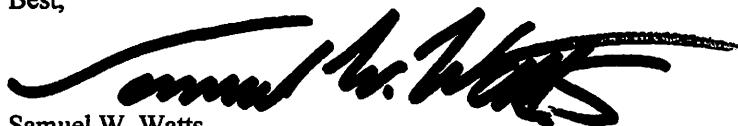
Accordingly, the Plan can only support a January 2025 or later transition of NCFlex from the BenefitFocus platform to the Emyrean platform. To protect the Plan and our members, the Plan will not support any decisions by OSHR to make a mid-year 2024 transition. If you are amenable to acting in accordance with the Plan's necessary timetable, we are happy to meet with you and develop an implementation plan, and

we will address your concerns collaboratively in the same manner we resolved OSHR's prior non-compliance with COBRA and its failure to pay its August 2023 invoice in a timely manner.

While we continue to hope that OSHR will reciprocate the Plan's desire of partnership, we understand OSHR may decide to continue its present course despite the danger it poses to the Plan and its members. If OSHR continues, please know that its actions will likely cause OSHR's non-compliance with COBRA and other applicable law, uncontrolled loss or duplication of NCFlex member benefits, billing and payroll errors for NCFlex members and their employing units, and NCFlex member confusion and disruption.

Therefore, I ask that OSHR inform the Plan of its final decision by January 12, 2024, so that the Plan may take appropriate action.

Best,



Samuel W. Watts
Executive Administrator
North Carolina State Health Plan

CC:

Blake Thomas
General Counsel
Office of State Human Resources

Caroline Smart
Sr. Director of Plan Integration
North Carolina State Health Plan

Benjamin Garner
General Counsel
Department of the State Treasurer

Joel Heimbach
Assistant General Counsel
North Carolina State Health Plan