

**Board of Trustees Regular Meeting
In-Person/Webinar/Recorded
February 7, 2025
Minutes**

Convene Meeting

Welcome

The meeting of the North Carolina State Health Plan for Teachers and State Employees (Plan) Board of Trustees was called to order by Chair Bradford B. Briner, at 9:30 a.m. on Friday, February 7, 2025. Chair Briner then reviewed meeting procedures, including that both the member making a motion and the member seconding the motion will be considered as affirmative votes for that specific motion.

Introductions

Chair Briner introduced Thomas Friedman, State Health Plan Executive Administrator; new trustee Brian Miller, M.D.; and new trustee Samuel Watts.

Judge Tamera Barringer administered the oath of office to Dr. Miller. North Carolina State Representative Stephen Ross administered the oath of office to Mr. Watts.

Roll Call for Attendance

Present: Bradford B. Briner; Melanie Bush; Russell "Rusty" Duke; Kimberly Jones; Brian Miller, M.D.; Mike Stevenson; Cyrus Vernon; Kerry Willis, M.D.; Samuel Watts; and Kristin Walker.

Chair Briner indicated that a quorum was present.

Conflict of Interest

No conflicts of interest were noted. During a Board meeting, members should notify the Board chair if a conflict arises.

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

Statements of Economic Interest (SEI) for Bradford B. Briner, Eric Naisbitt (Chief of Staff and designee for Bradford B. Briner), and Brian Miller, M.D., were read into the minutes. **(Attachment 1)**

Consent Agenda (Requires Vote)

Minutes – October 24, 2024, and November 15, 2024

Resolutions for Departing Board Members: Dale R. Folwell, Dr. Peter Robie and Wayne Fish

Board Vote: Motion by Ms. Jones; second by Dr. Willis: roll call vote was taken; unanimous vote by Board to approve the consent agenda.

Open Enrollment Report

Mr. Friedman began with an update on the Aetna transition as the Plan's new Third Party Administrator (TPA), effective January 1, 2025. He noted that Aetna and Blue Cross Blue Shield North Carolina (Blue Cross NC), the Plan's former TPA, have different policies and that Plan staff and Aetna are diligently working through issues as they come up.

Caroline Smart, Deputy Executive Administrator, and Beth Horner, Chief of Staff & Director of Communications, provided a preliminary report on Open Enrollment, which ended October 25, 2024. Regarding Medicare Advantage (MA), Ms. Smart and Ms. Horner noted that the majority of members benefit from being in the MA plan. In addition, the Plan would save approximately \$4,200 per member per year.

Financial Report

Financial Update

Emma Turner, Chief Economist, presented a financial update, highlighting that the actual experience for calendar year 2024 outperformed the budget, largely driven by lower-than-expected net pharmacy claims. The updated projection for 2025 reflects a similar downward adjustment to net pharmacy claims, with an anticipated year-end cash balance of \$97 million above the budgeted amount.

Compared to the previous quarterly projection through 2027, the updated projection shows a slight improvement; however, despite this progress, the Plan continues to face a deficit for 2026. Significant changes are required to balance the budget.

In response to a question about the Target Stabilization Reserve (TSR), it was noted that the TSR is 9% of Calendar Year (CY) claims. Under statute, the TSR is (1) the minimum required balance to pay providers for services already rendered to members, (2) required to manage a positive cash flow and maintain Plan operations for members, and (3) provide a reserve for the uncertainty and unpredictability of medical costs, pharmacy costs, atypical health seasons, emergencies, and disasters.

Budget Update and Requests

The Plan submitted budget requests to the Office of Budget and Management for increased funding to balance the budget and for an obesity management program to allow the plan to reinstate and some level of coverage for anti-obesity Glucagon-Like Peptide-1 (GLP-1) medications.

2026 Strategy Discussion

Mr. Friedman provided an overview of ways in which the Plan could drive down costs, and the process and timeline for the required final decisions by the board and Plan staff. He reiterated that the Board would not be voting on any changes at the February or March meetings. The benefit design vote is expected to occur in May and the vote on premiums targeted for late summer. He added that following the strategy discussion, the Board would be asked to vote on the Plan's ability to implement salary-based premiums.

Mr. Friedman reviewed the inherited financial challenges which have led to the projected shortfall of \$500 million in 2026, and an additional shortfall of \$800 million in 2027. Pharmacy trends have continued to exceed growth, and the General Assembly funding hasn't fully offset the Plan's financial shortage. In addition, the Plan experienced unintended financial consequences from the Clear Pricing Project (CPP) and movement away from Population Health initiatives.

Moving forward, the Plan's strategy is to address the fiscal cliff, implement changes to ensure financial stability and to improve and maintain the health of Plan members and their access to care.

Mr. Friedman presented potential options to address the financial shortfall and close the funding gap in 2026. Options include reassessing the Clear Pricing Project (CPP), adjusting Medicare Primary plan options, reassessing the pharmacy formulary and benefit structure, increasing copays, deductibles and the out-of-pocket maximum and increasing member premiums.

A board member asked what Plan members are paying for health care, including out-of-pocket expenses. An analysis will be provided at a future meeting.

The premium structure (salary-based premiums) for 2026 was presented and discussed, including an illustrative example of the salary bands and financial impact for active employees. A member suggested that premium increases would be a better option than changing co-pays, out-of-pocket costs and deductibles, etc.

Public Comments

The following individuals made a public comment: Ardis Watkins and Tameka Walker-Kelly.

Vote

Chair Briner called for a vote on the Plan's ability to implement salary-based premiums.

Board Vote: Motion by Ms. Bush; second by Judge Duke: roll call vote was taken; unanimous vote by Board to approve the ability to implement salary-based premiums.

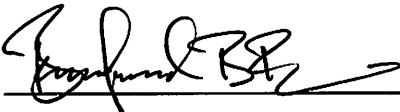
Chair Briner called for a motion to adjourn the meeting.

Board Vote: Motion by Mr. Vernon; second by Ms. Jones: roll call vote was taken; unanimous vote by Board to adjourn the meeting.

Adjournment

The meeting was adjourned at 11:30 a.m.

Minutes submitted by Joel Heimbach, Secretary

Approved by: 

Bradford B. Briner
Chairman of Board of Trustees
North Carolina State Health Plan

Attachment 1

**State Health Plan Board of Trustees
February 7, 2025 Meeting**

MISCELLANEOUS NON-ACTION AGENDA ITEM

Statement of Economic Interest evaluations of members pursuant to the Ethics Act § 138A-15(c).

The following packet contains a Statement of Economic Interest (SEI) evaluation issued by the State Ethics Commission. This is being provided for Commission 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 updated evaluations to inform and remind them of the identified actual or potential conflicts of interest.

The SEI Evaluation for the following is being provided for review:

- Treasurer Bradford B. Briner
- Eric Naisbitt (designee for Brad Briner)
- Dr. Brian J. Miller

Via Email

STATE ETHICS COMMISSION
POST OFFICE BOX 27685 RALEIGH, NC 27611
PHONE: 919-814-3600

January 7, 2025

The Honorable Bradford B. Briner
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

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

Dear Treasurer Briner:

Our office is in receipt of your 2025 Statement of Economic Interest for the **State Health Plan Board** (“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 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. The letter is not meant to impugn the integrity of the covered person in any way. 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 663,000 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).

You no longer serve as the investment chief for Willett Advisors. However, you disclosed that you and your spouse have financial interests in several companies including but not limited to Boston Omaha, Berkshire Hathaway, Eaton Vance, Blackstone Mortgage Trust, Ventas and City Office REIT. In addition, you have disclosed financial interests in several private equity, index, real estate and hedge funds. Furthermore, you disclosed that you are the manager of North Street Properties and Brisun Partners. In addition, as a state employee you may be insured by the State Health Plan. As such, you have the potential for a conflict of interest and should exercise appropriate caution in the performance of your public duties should issues involving your potential benefits, or any entity in which you or an immediate family member 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, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. 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 shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership 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,

Jane Steffens, SEI Unit
State Ethics Commission

cc: Elizabeth Hawley, Ethics Liaison

Attachment: Ethics Education Guide

Via Email

STATE ETHICS COMMISSION
POST OFFICE BOX 27685 RALEIGH, NC 27611
PHONE: 919-814-3600

January 7, 2025

The Honorable Bradford B. Briner
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

Re: Evaluation of Statement of Economic Interest Filed by Mr. Eric Naisbitt
State Health Plan Board

Dear Treasurer Briner:

Our office is in receipt of **Mr. Eric Naisbitt's** 2025 Statement of Economic Interest as a designee for the State Treasurer to the **State Health Plan Board** ("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 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. The letter is not meant to impugn the integrity of the covered person in any way. 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 or the likelihood of a conflict of interest.

The State Health Plan insures more than 663,000 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).

The Honorable Bradford B.
Briner January 7, 2025
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In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. 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 shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership 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,

Jane Steffens, SEI Unit
State Ethics Commission

cc: Eric Naisbitt
Elizabeth Hawley, Ethics Liaison

Attachment: Ethics Education Guide

Via Email

STATE ETHICS COMMISSION
POST OFFICE BOX 27685 RALEIGH, NC 27611
PHONE: 919-814-3600

January 3, 2025

The Honorable Bradford B. Briner
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

Re: Evaluation of Statement of Economic Interest Filed by Dr. Brian J. Miller
State Health Plan Board of Trustees

Dear Treasurer Briner:

Our office is in receipt of **Dr. Brian J. Miller's** 2024 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 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. The letter is not meant to impugn the integrity of the covered person in any way. 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 663,000 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

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January 3, 2025
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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. Miller fills the role of an at-large member on the Board. He is an associate professor at Johns Hopkins University, received salary from the Medicare Payment Advisory Commission and an honorarium from Digestive Health Physicians Association. In addition, he is an adjunct associate professor at the University of North Carolina at Chapel Hill, and as such may be 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 any entity that he receives a financial benefit from, come before the Board for official action.

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

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Sincerely,

Jane Steffens, SEI Unit
State Ethics Commission

cc: Dr. Brian J. Miller
Elizabeth Hawley, Ethics Liaison

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