

**Board of Trustees Meeting Minutes
February 28, 2020**

The meeting of the NC State Health Plan for Teachers and State Employees (the Plan) Board of Trustees was called to order at approximately 10:00 a.m. on February 28, 2020.

Board Members Participating: Dale R. Folwell, Chair, Charles Perusse, Ted Brinn, Larry Chewning, Wayne Fish, Kim Hargett, Lisa Grimes, Donald Martin, Peter Robie, Margaret Way

Welcome

Chair Folwell welcomed Board members to the meeting.

Conflict of Interest

No conflicts of interest were noted.

Public Comment

There were no requests from members of the public to address the Board.

Board Approval

Minutes – December 10, 2019

Board Vote: Motion by Dr. Martin; second by Ms. Grimes; unanimous approval by Board.

Operations Updates

Financial Update – 2019 CYTD and 19/20 FYTD

Matt Rish, Sr. Director of Finance, Planning & Analytics, presented the financial status through Calendar Year (CY) 2019 and Fiscal Year 2019-2020, stating that the Plan had a favorable outcome in revenue, expenses and the ending cash balance. He noted that a \$47 million pharmacy claims payment that should have been paid in December was made in January. However, the outcome would still have been favorable.

The CY report, compared to the authorized budget, was also favorable across the board. Plan revenue was up 3.7% compared to the prior year. Mr. Rish credited the Medicare Advantage savings from the previous year to the Health Insurance Tax (HIT) being suspended in 2019 for contributing to the favorable financial report.

Board Comments and Questions Addressed:

- The Plan doesn't have a specific plan in place to address the potential of increased expenses due to the COVID-19 virus.

- The Medicare Advantage Health Insurance Tax (HIT) was suspended in 2017 and 2019 but paid in 2018 and 2020. This tax was repealed beginning in 2021 and beyond and could increase enrollment in Medicare Advantage plans.

Plan Design 2021

Caroline Smart, Sr. Director of Plan Integration, presented proposed plan design changes for 2021. She reviewed the Clear Pricing Project (CPP) incentives which include waived and reduced member copays. The reduced copays will provide an opportunity for the Plan to promote therapies as an alternative to opioids for pain management. Plan staff also recommended offering preferred insulin to members with diabetes at \$0 copay on the HDHP, 80/20 and 70/30 plans. And finally, the Plan recommended removing the annual dollar maximum on the ABA Therapy benefit.

Board Comments and Questions Addressed:

- The Plan is proposing the co-insurance incentives for members to use CPP network providers. The CPP contract is effective for a minimum of one year and requires CPP providers to give a 6-month notice if they want to leave the network.
- The Plan will also review the cost-share on glucose monitors. Chair Folwell stated that experts and others would be consulted regarding insulin use and glucose monitors.
- Medication non-adherence, in general, is a known problem and the annual financial impact on the national health care system is approximately \$280 billion.

Follow-up: The Plan will provide the percentage of Plan members with diabetes who are prescribed insulin and provide the information to the Board.

Board Vote

✓ **CPP Provider Copay Incentives:**

- Approve CPP waived and reduced copays as outlined on slide 3.

✓ **\$0 Copay for Preferred Insulin:**

- Approve \$0 copay for preferred insulins as outlined on slide 4.

✓ **Removal of ABA Therapy Dollar Maximum:**

- Approve the removal of the \$36,000 annual benefit maximum on ABA Therapy as outlined on slide 5.



Board Vote on three Benefit Design Changes: Motion by Ms. Hargett; second by Dr. Robie; unanimous approval by Board.

Ms. Smart stated that the Plan would present Medicare Advantage design changes to the Board in March.

Open Enrollment Update

Beth Horner, Director of Customer Experience and Communications, provided an update on Open Enrollment (OE). She noted that the shift of members among plans was minimal. At this point, approximately 85% of Plan Medicare members are in the Medicare Advantage plan. Members enrolled in a Medicare Advantage Plan can make enrollment changes until March 31, 2020. Final enrollment numbers will be shared with the Board at a future meeting.

Ms. Smart stated that 94% of active members completed the tobacco attestation to get the premium credit. She noted that the process for members who were willing to participate in a tobacco cessation counseling session through the CVS Minute Clinic was substantially better but that the Plan would continue to review the process to improve it further.

Executive Director Updates

Dee Jones, Executive Director, provided Plan updates, noting that Phase I of the CPP has been completed. Claims processing is in progress using referenced based pricing. The Plan is moving into Phase 2, which includes the development of Alternative Payment Models (APMs) and working groups, who will begin meeting in March. Plan staff anticipates reviewing, developing and implementing pilot programs during 2020.

Board Comments and Questions Addressed:

- At a future meeting, Mr. Fish would like to share what a group has done to support the CPP across the state.
- Chair Folwell stated that a common healthcare theme among states and at the federal level is pricing transparency. Hospital conglomerates are buying up smaller hospitals and provider practices, driving up healthcare costs for members. He noted that Article I, Section 34 of the North Carolina Constitution states that “perpetuities and monopolies are contrary to the genius of a free state and shall not be allowed.”

Chair Folwell called for a motion to move into executive session.

Board Vote to Move into Executive Session: Motion by Dr. Robie; second by Mr. Brinn; unanimous approval by Board

Executive Session

Request for Proposal (RFP) Recommendation – Medicare Advantage & Prescription Drug (MAPD) Services

Ted Enarson, Sr. Director, Contracting and Compliance, presented detailed information regarding the procurement process for the Medicare Advantage and Prescription Drug (MAPD) Services RFP. He noted that the Plan received four proposals, but two vendors didn't meet the minimum requirements and were eliminated early in the process. An evaluation committee, composed of Plan staff, including subject matter experts, reviewed the technical components of the RFP. Segal, the Plan's actuarial vendor, reviewed the cost proposals and presented their findings to the evaluation committee. The weight of the technical and cost components was 50/50.

The scoring was tracked during the process by the Plan's Contracts Manager and kept confidential from the evaluation committee until the entire process was completed. Based upon the results of the evaluation process, the evaluation committee is recommending awarding the contract to Humana.

Mr. Enarson outlined the terms of the contract and associated estimated savings.

Board Vote: Motion to approve Plan's recommendation for the MAPD Services RFP award by Ms. Way; second by Mr. Fish; unanimous approval by Board.

Request for Proposal (RFP) Recommendation – Third Party Administrative (TPA) Services

Mr. Enarson reviewed the procurement process for the Third Party Administrative (TPA) Services RFP. He stated that the Plan received three proposals and all three bidders met the minimum requirements. An evaluation committee, composed of Plan staff, including subject matter experts, reviewed the technical components of the RFP. Segal, the Plan's actuarial vendor, reviewed the cost proposals and presented their findings to the evaluation committee. The scoring weight for the technical component was 60% and the cost component was 40%.

Based upon the results of the evaluation process, the evaluation committee is recommending awarding the contract to Blue Cross Blue Shield of North Carolina.

He noted that the RFP included more CPP aspects, enhanced performance guarantees, and updated terms and conditions. The estimated savings for the contract were also shared with the Board. Estimated savings will go toward the unfunded liability.

Board Vote: Motion to approve Plan's recommendation for the TPA Services RFP award by Mr. Chewning; second by Mr. Fish; unanimous approval by Board.

Follow-up: Recognize staff who worked and evaluated both RFPs at the next in-person Board meeting.

Ms. Jones requested Board members to keep all information discussed during the executive session confidential until notified that the awards were being publicly announced.

Chair Folwell called for a motion to move into open session.

Board Vote to Move into Open Session: Motion by Ms. Grimes; second by Mr. Brinn; unanimous approval by Board

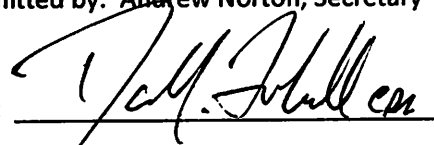
Adjournment

Chair Folwell called for a motion to adjourn the meeting.

Board Vote to adjourn the meeting at 1:00 p.m.: Motion by Ms. Grimes; second by Ms. Way; unanimous approval by Board.

Minutes submitted by: Andrew Norton, Secretary

Approved by: _____


Dale R. Folwell, Chair