

**Board of Trustees Meeting
State Health Plan for Teachers and State Employees
Department of State Treasurer
November 28, 2017**

The meeting of the Board of Trustees of the North Carolina State Health Plan (Plan) for Teachers and State Employees was called to order at 12:00 p.m. on Tuesday, November 28, 2017.

Members

Dale R. Folwell, Chair
Peter Chauncey
Kim Hargett
Donald Martin
Aaron McKethan
David Rubin

Participated by Phone:

Margaret Way

Absent:

Charles Perusse
Elizabeth Poole

Welcome

Chair Folwell welcomed Board members and visitors to the meeting. He asked visitors to sign the Member and Public Comment sheet if they wished to address the Board.

Conflict of Interest

Presented by Dale R. Folwell, Chair

In compliance with the requirements of Chapter 138A-15(e) of the State Government Ethics Act, Chair Folwell requested that members who have either an actual or perceived conflict of interest identify the conflict and refrain from discussion and voting in those matters as appropriate. No conflicts were noted.

Introduction of New Board Members

Chair Folwell introduced and welcomed new Board member, Mr. Ted Brinn.

Resolution for Departing Board Member

Chair Folwell acknowledged Paul Cunningham, MD, for his service to the Board and a resolution was read. The resolution will be signed and sent to Dr. Cunningham and included with the approved meeting minutes.

Member and Public Comment Period

Andy DeRoin, NC State University employee and State Health Plan Member, addressed the Board and requested that in the future, the Benefits Booklets be finalized prior to Open Enrollment so that members will have this information available to them when making coverage decisions for the following year.

For Board Approval

Minutes – September 19, 2017, Meeting

Presented by Dale R. Folwell, Chair

The Board unanimously approved the September 19, 2017, meeting minutes, as written.

Board of Trustees Revised Bylaws

Presented by Ted Enarson, Senior Director, Contracting and Compliance; Board Secretary

Mr. Enarson reviewed the revised Board of Trustees Bylaws, highlighting the proposed changes. Dr. Rubin requested a clarification in the language that a quorum must be present in order for the Board to vote on a decision. Mr. Enarson and Mr. Andrew Norton, Deputy General Counsel for the Plan, concurred that the request was appropriate and the language in the bylaws would be amended.

Following a motion by Dr. Rubin, seconded by Dr. Martin, the Board voted unanimously to approve the revised bylaws with the language amendment.

Operations Updates

Introduction of New State Health Plan Leadership

Presented by Dee Jones, Executive Administrator

Ms. Jones introduced staff members who recently joined the Plan in leadership positions. She also introduced Mr. Jess Mekeel, Special Deputy Attorney General for the Plan.

Pharmacy & Therapeutics Committee Charter

Presented by Ted Enarson, Senior Director, Contracting and Compliance; Board Secretary

Mr. Enarson presented the Pharmacy & Therapeutics (P&T) Committee charter, stating that the NC General Statutes require the Plan to establish a P&T committee because the Plan utilizes a closed formulary. Mr. Chauncey suggested the discussion should be expanded given the level of focus and interest in the pharmaceutical area. Dr. Martin suggested adding a scope of membership as the number of members is not clearly defined in the Statutes.

Mr. Enarson stated that the Plan will establish bylaws for the P&T committee in the future which will address the committee membership.

Open Enrollment

Presented by Beth Horner, Director of Customer Experience and Communications, and Caroline Smart, Senior Director of Plan Integration

Ms. Horner reviewed the member communications and outreach events prior to, and during, Open Enrollment. She stated that the enrollment process was streamlined by reducing the number of clicks required to complete enrollment. The call center was open on Saturdays and hours were extended on weeknights to provide support to members throughout the enrollment period. Ms. Smart stated that final enrollment numbers will be available in March.

In response to a question regarding tobacco attestation completion, Ms. Smart stated that the numbers and percentages would be provided at the next Board meeting.

Chair Folwell stated that he wants Medicare-eligible members to know that the Medicare Advantage Enhanced plan is better than if they purchased an individual prescription drug card elsewhere. Overall, he was pleased with the simplified process and commended staff for making it easier for members.

2019 Benefits and TPA Contract Implementation

Presented by Caroline Smart, Senior Director of Plan Integration

Ms. Smart stated that the designated provider program and various out-of-pockets (OOP) on the 80/20 Plan have been difficult for members to understand and a challenge to administer. In response to a question regarding why so few members took advantage of the program, Ms. Smart stated that the incentive for members to choose designated providers isn't significant enough. In addition, members are satisfied going to specialists recommended by their primary care provider. Ms. Smart offered to provide more details on the designated provider program at a future Board meeting or workgroup.

Board members agreed that the designated provider program shouldn't be eliminated without further discussion. Chair Folwell added that Plan stakeholders should also have a chance to discuss and provide feedback on the program.

Ms. Smart reviewed the issues regarding the current OOP maximum and presented potential solutions to consider for 2019. She asked Board members for feedback and to consider solutions that would be financially beneficial for both the Plan and members. A vote for the 2019 benefit design is required no later than mid-February to allow for system programming and testing.

Plan staff are currently working with Plan vendors on the 2019 Third Party Administrator (TPA) implementation requirements. Ms. Smart reviewed the timeline from September 2017 through September 2018 when Open Enrollment begins. She noted that Plan vendors have their own schedules that will be integrated into the implementation timeline.

Chair Folwell stated that as Plan members become more informed regarding the costs of visits, procedures, prescriptions, etc., they will be equipped to make better health care decisions. Ms. Hargett stated that she felt members on the Consumer-Directed Health Plan (CDHP) were more aware of health care costs and how their money was spent. She encouraged Board members to think outside the box when considering benefit changes for 2019 and to put some power back into the hands of members.

In response to a question regarding the Dependent Eligibility Verification Audit, Ms. Smart stated that one final letter was sent to approximately 2,500 members who had not yet responded. A full report will be provided the Board when the audit numbers are finalized.

October 2017 Financial Report

Presented by Mark Collins, Financial Analyst

Mr. Collins reviewed the financial report for calendar year 2017 through October. The Plan's total expenses were approximately \$35 million below the authorized budget amount and the revenue was approximately \$30 million higher than the budgeted amount. The net loss was lower than expected. The net administrative expenses on the Per Member Per Month (PMPM) report were nearly \$5 under the budgeted amount.

Several line items on the Administrative Expense Detail report will be eliminated in 2018. Chair Folwell asked that future administrative expense reports be shortened and include notes about contracts or vendors that have changed or been eliminated.

Mr. Collins reviewed the 3rd Quarter Forecast Update: Long-Term Outlook End-of-Year Closing Cash Balance Comparisons report. Although progress has been made over the past year, there is still work to do in order to bring the cash balance closer to the targeted reserves goal. He noted that the Open Enrollment numbers were not reflected in the graph and the increased membership in the Medicare Advantage plans may help to close the gap.

Chair Folwell added that a strong balance sheet for the Plan may affect future business in the State. Businesses look to build and grow in financially stable areas.

Chair Folwell asked each Board member if they had any additional comments or questions to discuss before the meeting concluded.

In reviewing future benefit design options, Ms. Hargett again encouraged the Board to put some power back into the hands of members.

At the request of Chair Folwell, Dr. Martin made a motion to adjourn, which was seconded by Ms. Hargett. The Board unanimously voted to adjourn at 2:15 pm.


Dale R. Folwell, Chair