



Dale R. Folwell, CPA
State Treasurer of North Carolina
DALE R. FOLWELL, CPA

**Board of Trustees Teleconference
July 17, 2018
Minutes**

Welcome

The teleconference of the North Carolina State Health Plan was called to order at approximately 4:10 p.m. on July 17, 2018.

Board Members Present

Dale R. Folwell, Chair, Charles Perusse, Ted Brinn, Peter Chauncey, Kim Hargett, Donald Martin, Aaron McKethan, Peter Robie, Margaret Way

Board Members Absent

Elizabeth Poole

Conflict of Interest

No conflicts of interest were noted.

Board Approval

Approval of Minutes

The minutes from the June 5, 2018, teleconference were unanimously approved by the Board members.

2019 Active Premium Rates

Dee Jones, Executive Director, presented the Plan's recommendations for premium rates in 2019. She noted that the Plan would be able to maintain the rates for individuals and families in 2019.

Matthew Rish, Sr. Director, Policy, Planning and Analytics, summarized the 2019 employer/retirement systems contributions for each benefit plan option.

Plan Recommendations: Approve 4% increases in employer/Retirement Systems contributions for permanent employees and retirees, as authorized in the State Budget and shown on page 5 of the presentation; approve freezing the employee portion of the 2019 premium rates for the 80/20 and 70/30 plans and High Deductible Health Plan (HDHP) plan, as shown on pages 6 and 7 of the presentation; approve a 4% increase in the employer

premium rate for HDHP as shown on page 7 of the presentation; approve premium rate policies for “other member groups,” as described on page 8 of the presentation.

Follow-up Action: Plan staff will provide the number of subscribers in the Monthly Employee Premium charts and include that information in future presentations.

80/20 and 70/30 Plans 2019 Recommendation

- **Base Premiums:**
 - Base Premiums would not change for 2019.
 - Tobacco Attestation wellness surcharge kept flat at \$60.
- **Dependent Tiers:**
 - Premiums for the dependent tiers would not change for 2019.
 - The “Subscriber + Family” and “Subscriber + Children” tiers are frozen for the second year in a row.

Monthly Employee Premiums

Coverage & Tiers	2018 Rates	2019 Rates	Coverage & Tiers	2018 Rates	2019 Rates
80/20 Employees*			70/30 Employees*		
Subscriber Only	\$50.00	\$50.00	Subscriber Only	\$25.00	\$25.00
Subscriber + Child(ren)	\$305.00	\$305.00	Subscriber + Child(ren)	\$218.00	\$218.00
Subscriber + Spouse	\$700.00	\$700.00	Subscriber + Spouse	\$590.00	\$590.00
Subscriber + Family	\$720.00	\$720.00	Subscriber + Family	\$598.00	\$598.00
80/20 Retirees / Non-Med Dependents			70/30 Retirees/Non-Med Dependents		
Subscriber Only	\$50.00	\$50.00	Subscriber Only	\$0.00	\$0.00
Subscriber + Child(ren)	\$305.00	\$305.00	Subscriber + Child(ren)	\$218.00	\$218.00
Subscriber + Spouse	\$700.00	\$700.00	Subscriber + Spouse	\$590.00	\$590.00
Subscriber + Family	\$720.00	\$720.00	Subscriber + Family	\$598.00	\$598.00
*Assumes successful completion of tobacco attestation			70/30 Retirees/Med Dependents		
			Subscriber Only	\$0.00	\$0.00
			Subscriber + Child(ren)	\$155.00	\$155.00
			Subscriber + Spouse	\$425.00	\$425.00
			Subscriber + Family	\$444.00	\$444.00
			*Assumes successful completion of tobacco attestation		
Actuarial Value					
80/20 Active & Non-Medicare Plans		80.4%			
70/30 Active & Non-Medicare Plans		74.7%			
70/30 Medicare Plan		90.1%			



6

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High Deductible Health Plan 2019 Recommendation

- Increase Employer Premiums for the HDHP by 4%
- Employee Premiums would stay the same in 2019.
- HDHP COBRA rates: COBRA participants would pay the full monthly premium (the employer and employee shares)
- Affordability Safe Harbor caps Employee only contributions at \$99.75

Member Premium	2018 Rates	2019 Rates
HDHP		
Employee Only	\$96.00	\$96.00
Employee + Children	\$284.00	\$284.00
Employee + Spouse	\$513.00	\$513.00
Family	\$617.00	\$617.00

	2018	2019
HDHP Employer Contribution	\$136.30	\$141.75



7

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Premium Rates for Other Member Groups

2019 Recommendation

- **100% Contributory Subscribers & COBRA Participants:**
 - Employee Premium + 2019 Employer Premium + Tobacco surcharge (\$0 or \$60)
 - Vary based on Medicare status, Coverage, and Tier.
 - Tobacco Wellness surcharge also applies for Active, COBRA, and 80/20 Non-Medicare Retirees.
- **50% contributory Subscribers:**
 - Employee Premium + (50% x 2019 Employer Premium) + Tobacco surcharge (\$0 or \$60)
 - Vary based on Medicare status, Coverage, and Tier.
 - Tobacco Wellness surcharge also applies for Active, COBRA, and 80/20 Non-Medicare Retirees
 - Medicare Advantage subscribers will not add more than the fully insured premium + administrative costs to the Non-contributory premiums in the same tier.
- **National Guard, Firefighters, and Emergency Medical Personnel:**
 - (Employee Premium + 2019 Employer Premium) x 120% + Tobacco surcharge (\$0 or \$60)
 - Vary based on Coverage and Tier.
 - The additional 20% rate factor to protect against adverse selection (See §135-48.58 NC General Statutes)
 - If the tobacco attestation is not complete, the \$60 tobacco surcharge applies.



6

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Vote: The Board unanimously approved the Plan recommendations for the 2019 premium rates.

2019 Plan Design with Tobacco Cessation

Caroline Smart, Sr. Director, Plan Integration, presented the recommendations for the 2019 benefit strategy.

Board Questions Addressed: The vote by the Board in 2017 to eliminate the designated provider program within the 80/20 Plan option in 2019 is due to low member participation in the program. The Plan is working to implement a provider reimbursement strategy in 2019. Plan staff anticipates providing information regarding the reimbursement strategy at the August Board meeting and implementing the program sometime in 2019.

Plan Recommendation for the 80/20 Plan: Remove the Designated Provider Program; reduce the copays impacted by the removal of the program: \$80 specialist copay and \$300 hospital copay.

Board Vote: The Board voted, 6-1, to approve the Plan recommendations.

Ms. Smart reviewed the 2019 tobacco cessation program change.

Operations Updates

Ms. Jones provided a staffing update, stating that 18 positions have been filled since June 2017.

Follow-up from Previous Board Meeting: Mr. Rish provided the allocation of claims expenditures in calendar years 2015 through April 2018, the number of charter schools approved for coverage under the Plan as of May 31, 2018, and the actuarial value of the Medicare plans.

Board Concern Discussed and Addressed: Each charter school has to demonstrate financial stability as a part of their application process. If a school doesn't pay their premiums, the Plan doesn't pay the claims. In addition, the Plan works with the Department of Public Instruction (DPI) to financially monitor the charter schools and will step in to assist the Plan to secure funding, if necessary. It was noted that since 2010, only two schools covered by the Plan have gone out of business.

May Financial Results

Mr. Rish provided the May 2018 financial report, stating that most of the numbers continue to run favorable to the budget.

2018 Short Session Legislative Agenda Update

Andrew Norton, Deputy General Counsel, provided an update of several legislative changes related to the Plan.

Board Question Addressed: The Plan will provide more information regarding the solvency fund at the next Board meeting.

August Board Meeting

The next meeting will be held at the Department of State Treasurer on Thursday, August 30, 2018, 10:00 a.m. to 2:00 p.m.

Adjournment

The Board voted unanimously to adjourn at approximate 5:00 p.m.

Minutes submitted by: Andrew Norton, Secretary

Approved by: _____


Dale R. Folwell, Chair