



## Meeting Minutes | Board of Directors Meeting

Minutes Approved November 30, 2021

Wednesday, October 6, 2021 | 2:00 p.m.

Via Zoom Teleconference

**Board Members Present for All or a Portion of the Meeting Via Telephone:** Ms. Amanda Blankenship, Ms. Jennifer Blumenthal, Mr. Calvin Elam, Mr. Steve Heisler, Ms. Paige Lewis, Sherriff Steve Mueller, Vice Chairman Joe “Rocky” Pearce, Mr. Alex Shissias, Chairman John Sowards, and Mr. Ed Walton.

**Board Members Absent:** Mr. Steve Matthews

**Others Present for All or a Portion of the Meeting Via Telephone:** Peggy Boykin, Robby Brown, Amber Carter, Sarah Corbett, Jessica Moak, Heather Muller, Tammy Nichols, John Page, Rob Tester, Travis Turner, Stephen Van Camp, Angie Warren, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); and Rob Hungerbuhler and Mike Wright from Segal Marco Advisors.

### I. Call to Order

Chairman John Sowards called the PEBA Board of Director’s (Board) meeting to order at 2:02 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### II. Approval of Meeting Minutes- July 28, 2021

It was noted that the July 28, 2021, Board meeting minutes were approved as presented.

### III. Committee Reports

#### A. Finance, Administration, Audit and Compliance (FAAC) Committee

Ms. Jennifer Blumenthal reported that the FAAC Committee met this morning, and stated that Mr. John Page, Director of Internal Audit, presented internal audit reports related to PEBA’s Adoption Assistance Program and the Internal Audit Plan Update.

#### B. Health Care Policy Committee

Mr. Pearce reported that the Health Care Policy Committee met earlier in the morning, and the Committee received an update on the Patient-Centered Medical Home (PCMH) program and a presentation on the Oncology, Rheumatology, and Chronic Kidney Disease value-based programs.

Mr. Rob Tester, Health Care Policy Director, reminded the Board of the extraordinary claims expense that the State Health Plan has experienced during the first half of 2021, primarily due to COVID-19 expenses. Mr. Tester stated that PEBA will again ask the General Assembly to

suspend the sweep of the State Health Plan into the Other Post-Employment Benefits (OPEB) trust fund that would normally occur on January 31, 2021, so that any surplus could be retained to pay claims expenses in 2022.

Mr. Tester reviewed the 2023 Initial State Health Plan Budget and Continuation Requirements, and stated that PEBA will ask the General Assembly at the upcoming budget hearing for a supplemental appropriation of \$2,559.7 million to replenish the State Health Plan's cash reserve for the remainder of 2022.

Mr. Tester reported that there will be a 0.8 percent contribution rate increase effective January 1, 2022. Funding in the amount of \$3.873 million was appropriated for the January-June 2022 period, and a similar amount will be required in the upcoming budget for the July-December 2022 period to make agencies and school districts whole for the rate increase.

Mr. Tester advised that the 2023 rate increase would be 15.2 percent effective January 1, 2023, which equals to \$87.96 per subscriber per month. Mr. Tester advised if the increase is provided entirely through the employer, the State-appropriated funding for the rate increase would equal \$100.195 million for January-June 2023. If the increase is distributed proportionally to the employer and member, the State-appropriated funding for the rate increase would equal \$79.349 million for January-June 2023, and the average enrollee rate increase equals \$23.10 per month.

Mr. Pearce advised that the Health Care Policy Committee moved that the PEBA Board approve the preliminary budget requirements for the 2023 State Health Plan as presented for submission in the state budget process, with a recommendation that the current plan be adjusted to adopt plan design savings permitted under ACA-grandfathered status and to include expanded well visit coverage. Chairman Sowards stated that a Committee motion does not require a second. The motion passed unanimously.

#### **C. Retirement Policy Committee**

Ms. Paige Lewis reported that the Retirement Policy Committee met this afternoon, and stated that Segal Marco Advisors presented the South Carolina Defined Contribution Plans report for the quarter ending June 30, 2021, and Empower Retirement presented the second quarter Deferred Compensation plan activity summary to the Committee.

### **IV. Old Business**

#### **Director's Report**

Ms. Peggy Boykin, Executive Director, provided the Director's Report, and stated that draft retirement and insurance financial statements have been submitted to the Comptroller General's Office and PEBA's external auditor, CliftonLarsonAllen. Ms. Boykin noted that the draft financial statements will be finalized by the October 15, 2021, deadline, and thanked PEBA staff for their tremendous efforts in getting the financial statements completed.

Ms. Boykin stated that CliftonLarsonAllen will be at the PEBA Board retreat on November 30-December 1, 2021, to review the audited financial statements, and Gabriel, Roeder, Smith & Company will also be in attendance to review the actuarial valuations.

Ms. Boykin advised that the South Carolina Retirement System Investment Commission (RSIC), reported fiscal year ending June 30, 2021, returns of 28.6 percent net of fees. The value of the fund increased by over eight billion dollars, for a year-end market value total of 39 billion dollars. This exceptional performance should offset the adverse investment performance from last year, and should mitigate the impact on the unfunded liability of reducing the assumed rate of return from 7.25 percent to 7.00 percent.

Ms. Boykin reported that PEBA's budget presentation to the Governor's office will be next Thursday, October 14, 2021.

Ms. Boykin noted that PEBA's fiscal year 2020-2021 Accountability Report was submitted to the General Assembly in September.

Ms. Boykin stated that the annual insurance open enrollment is October 1-31, 2021, and staff works very diligently to ensure employers and their employees are educated about PEBA's benefits. Typically, the Benefits at Work (BAW) conference is held each year, and is dedicated to informing employers on open enrollment and benefit changes for the upcoming year. However, throughout the pandemic, staff has produced informative videos for employers to help them prepare for the open enrollment period.

Ms. Boykin advised that the PEBA Board Retreat will be November 30, 2021- December 1, 2021, in Wampee, SC. The first day of the retreat will be focused on comprehensive educational programs for Board members, including PEBA's actuaries providing the actuarial valuations, funding of the plan, and plan design proposals.

Ms. Boykin invited Mr. Robby Brown, Chief Information Officer, to review the 2021 Runner-Up SCITDA Innovation Technology Award that PEBA received for the Multifactor Authentication Project for Employer Portals. The SCITDA Innovation award recognizes a state agency or institution of higher education that uses a creative and innovative technology solution resulting in a positive impact for the organization. Mr. Brown expressed his appreciation to PEBA staff that was involved with the development and support of the project.

#### **V. Adjournment**

There being no further business, and upon a motion by Mr. Calvin Elam, which was seconded by Ms. Blumenthal, and approved unanimously, the Board meeting adjourned at 2:41 p.m.