



## Meeting Minutes | Health Care Policy Committee

Wednesday, October 5, 2022 | 9:30 a.m.

202 Arbor Lake Dr., Columbia, SC 29223 | First Floor Conference Room

Minutes approved December 7, 2022

**Board Members Present for All or a Portion of the Meeting:** Mr. Steve Heisler, PEBA Board Chairman Joe “Rocky” Pearce, Mr. Alex Shissias, and Mr. John Sowards.

**Others Present for All or a Portion of the Meeting:** Peggy Boykin, Phyllis Buie, Amber Carter, Justin Ellis, Denise Hunter, Heather Muller, Laura Smoak, Rob Tester, Travis Turner, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Jessie Epting, Michelle Davis, and Carmen Wilson from BlueCross BlueShield of South Carolina; and Karen Russell from Express Scripts, Inc.

### I. Call to Order

Chairman Alex Shissias called the PEBA Health Care Policy Committee (Committee) meeting to order at 9:30 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### II. Approval of Meeting Minutes – June 15, 2022

Mr. Steve Heisler made a motion, which was seconded by Mr. John Sowards, and passed unanimously, to approve the minutes from the June 15, 2022, Committee meeting.

### III. State Health Plan 2024 Initial Budget and Continuation Requirements

Mr. Rob Tester, Insurance Policy Director, reviewed the 2024 Initial State Health Plan Budget and Continuation Requirements, and reported that there will be a 2.4 percent contribution rate increase effective January 1, 2024. This increase includes funding for coverage of birth control for non-spouse dependents with no patient cost share.

Mr. Tester advised that the 2024 rate increase equals to \$20.06 per subscriber per month, effective January 1, 2024. If the increase is provided entirely through the employer, the State-appropriated funding for the rate increase would equal \$18.139 million for January-June 2024. If the increase is distributed proportionally to the employer and member, the State-appropriated funding for the rate increase would equal \$14.836 million for January-June 2024, and the average enrollee rate increase would be \$3.66 per month.

Mr. Tester reported that last year’s State Health Plan budget item included a request for \$200 million in one-time funds to refresh reserves because of unanticipated spending from COVID-related claims. This request was presented to avoid a potential cash shortage at the end of 2022, as well as raising Plan reserves consistent with statutory requirements. Mr. Tester noted that the funds requested will not be required to pay 2022 claims since the 18.1 percent employer-only

contribution increase goes into effect January 2023, which is forecast to stabilize Plan finances through the course of the year.

Mr. Tester stated that Plan losses through the end of 2022 are anticipated to drive cash reserves below the one-and one-half claim month threshold set out in SC Code Section 1-11-710(A)(4). Recurring rate requirements established for 2024 align Plan income with projected expenditures, and there is no amount included to replenish reserves. It is requested that PEBA be allowed to draw \$71 million of the unallocated American Rescue Plan Act (ARPA) funds referenced in the 2022 Appropriations Act proviso, to bring State Health Plan cash reserves to the statutory amount.

Mr. Heisler made a motion, which was seconded by Mr. Sowards, and passed unanimously, to recommend that the PEBA Board approve the preliminary budget requirements for the 2024 State Health Plan as presented.

#### **IV. Strategic Key Measures Review**

Mr. Tester provided strategic key measures for the State Health Plan (SHP), and stated that there are 517,586 total participants in the SHP, and 819 total employers.

Mr. Tester reviewed the SHP financial analysis as of August 2022, and noted that the total loss ratio of 102.8 percent was attributed to a surge in COVID related expenses. Mr. Tester added that the cash ratio as of December 2021 was 1.63 percent, which exceeded the 1.4 percent benchmark.

Mr. Tester discussed 2021 average monthly total premiums; the 2021 average annual deductible; and the 2021 average annual gross plan cost per active employee, all of which compared very favorable to other large public and private sector employers.

Mr. Tester reviewed the historical SHP increases and funding, and stated that there has not been an employee increase since 2012.

Mr. Tester concluded his presentation by reviewing various benchmark data for the SHP including Dental Plus, the State Vision Plan, Optional Life, and Supplemental Long-Term Disability.

#### **V. PCMH Update**

Ms. Michelle Davis, director of the Patient-Centered Medical Home (PCMH) Program of BlueCross BlueShield, discussed the most recent PCMH program results, as well as how the program's structure is evolving.

Ms. Davis provided a brief overview of the PCMH program, and stated that the PCMH plus program launched in 2019. This is an adult program that has a shared savings component, and focuses on total cost of care. The PCMH plus program includes two performance tracks: track one includes upside risk only, and the standard provider share of savings is up to five percent. Track two includes bi-directional risk, and the standard provider share of savings or losses is up to 20 percent. There are currently 533 PCMH plus participating practice locations in South Carolina.

Ms. Davis advised that the PCMH Kids Program launched on January 1, 2021. All pediatric practices transitioned to the new program, and there are currently 130 pediatric practice locations.

Ms. Davis concluded her presentation by reviewing program statistics; and updating the Committee on 2021 PCMH plus quality measures; PCMH Kids quality measures; and PCMH plus shared savings for the SHP.

**VI. Old Business/Director's Report**

Ms. Peggy Boykin, Executive Director, thanked Mr. Tester and his staff, along with BlueCross BlueShield of South Carolina, and Express Scripts, Inc., for all their collaborated efforts in providing quality health care to members of the State Health Plan.

**VII. Adjournment**

There being no further business, and upon a motion by Mr. Heisler, which was seconded by Mr. Sowards, and approved unanimously, the Committee meeting adjourned at 10:53 a.m.