

Meeting Agenda | Retirement Policy Committee

Wednesday, July 20, 2016 | 11:00 a.m.

200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

- I. Call to Order
- II. Adoption of Proposed Agenda
- III. Approval of Meeting Minutes- May 18, 2016
- IV. Retirement/Pre-Retirement Advisory Panel Nominations
- V. Strategic Planning
- VI. Review of the Defined Benefit Plan
- VII. Old Business/Director's Report
- VIII. Adjournment

Notice of Public Meeting

This notice is given to meet the requirements of the S.C. Freedom of Information Act and the Americans with Disabilities Act. Furthermore, this facility is accessible to individuals with disabilities, and special accommodations will be provided if requested in advance.

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
RETIREMENT POLICY COMMITTEE**

Meeting Date: July 20, 2016

1. Subject: Retirement and Pre-Retirement Advisory Panel Nominations

2. Summary: Section 9-2-20 of the South Carolina Code of Laws governs membership of the Retirement and Pre-Retirement Advisory Panel (Panel) and includes guidelines on its terms of offices, vacancies, and officers. All seats on the Panel are based on four-year terms, with each member being allowed to serve two consecutive four-year terms.

The Panel consist of eight members:

- 1 member representing municipal employees
- 1 member representing county employees
- 3 members representing state employees-1 must be retired, 1 must be an active or retired PORS member
- 2 members representing public school teachers, 1 must be retired
- 1 member representing the higher education teachers

3. **What is Committee asked to do?** Elect members to fill expired terms and recommend to the Board for approval.

4. **Supporting Documents:**

- (a) Attached:
- 1. SC Code of Laws- Title 9, Chapter2
 - 2. List of current member and nominations
 - 3. Letters of recommendations

CHAPTER 2
Retirement and Preretirement Advisory Panel

Editor's Note

2008 Act No. 311, Section 55, provides as follows:

“Upon the effective date of this act, Regulations 19-900 through 19-997 of the South Carolina Code of Regulations shall have no application whatsoever to the operation of Title 9 of the 1976 Code.”

SECTION 9-2-10. Advisory panel.

There is created the South Carolina Retirement and Preretirement Advisory Panel for the purpose of advising the Director of the South Carolina Retirement System and the Director of the State Personnel Division on matters relating to retirement and preretirement programs and policies.

HISTORY: 1976 Act No. 696 Section 1; 2012 Act No. 278, Pt IV, Subpt 2, Section 45, eff July 1, 2012.

Effect of Amendment

The 2012 amendment removed “hereby” and substituted “Panel” for “Board”.

SECTION 9-2-20. Membership of panel; terms of offices; vacancies; officers.

(a) The panel shall consist of eight members appointed by the Board of Directors of the South Carolina Public Employee Benefit Authority and must be constituted as follows:

(1) one member representing municipal employees;

(2) one member representing county employees;

(3) three members representing state employees, one of whom must be retired and one of whom must be an active or retired law enforcement officer who is contributing to or receiving benefits from the Police Officers Retirement System. If this law enforcement member is retired, the other two members representing state employees do not have to be retired;

(4) two members representing public school teachers, one of whom must be retired;

(5) one member representing the higher education teachers. The board of directors shall invite the appropriate associations, groups, and individuals to recommend persons to serve on the panel.

(b) The terms of the members shall be for four years and until their successors have been appointed and qualify. No member shall serve more than two consecutive terms. After serving two consecutive terms a member shall be eligible to serve again, four years after the expiration of his second term. Provided that of those first appointed, four of the members shall serve for a term of two years. In the event of a vacancy, a successor shall be appointed in the same manner as the original appointment to serve the unexpired term.

(c) A chairman, vice chairman, and secretary shall be elected from among the membership to serve for terms of two years.

HISTORY: 1976 Act No. 696 Section 2; 1991 Act No. 170, Section 4, eff June 28, 1991; 2012 Act No. 278, Pt IV, Subpt 2, Section 45, eff July 1, 2012.

Editor's Note

1991 Act No. 170, Section 5, effective June 28, 1991, provides as follows:

“The three present members of the South Carolina Retirement and Preretirement Advisory Board representing state employees, as provided by Section 9-2-20(a)(3) of the 1976 Code, shall continue to serve their current terms of office. When the first of these three members' terms expires after the effective date of this act, his successor so appointed must be the active or retired law enforcement officer required by Section 9-2-20(a)(3) as amended by this act.”

Effect of Amendment

The 1991 amendment in subsection (a), item (3), inserted a requirement that one of the members representing state employees must be a law enforcement officer.

The 2012 amendment substituted “panel” for “board” and substituted “Board of Directors of the South Carolina Public Employee Benefit Authority” for “State Budget and Control Board” in subsection (a);

substituted “board of directors” for “Budget and Control Board” and “panel” for “board” in subsection (a)(5); (a)(5); and made other nonsubstantive changes.

SECTION 9-2-30. Meetings of panel.

The panel shall meet once a year with the Director of the South Carolina Retirement System, once a year with the State Personnel Director, and once a year with the Executive Director of the South Carolina Public Employee Benefit Authority. The chairman may call additional meetings of the panel at such other times as considered necessary and shall give timely notice of such meetings.

HISTORY: 1976 Act No. 696 Section 3; 2012 Act No. 278, Pt IV, Subpt 2, Section 45, eff July 1, 2012.

Effect of Amendment

The 2012 amendment substituted “panel” for “board” throughout; substituted “Executive Director of the South Carolina Public Employee Benefit Authority” for “State Budget and Control Board”; and, substituted “considered” for “deemed”.

SECTION 9-2-40. Duties of panel.

The panel shall review retirement and preretirement programs and policies, propose recommendations, and identify major issues for consideration.

HISTORY: 1976 Act No. 696 Section 4; 2012 Act No. 278, Pt IV, Subpt 2, Section 45, eff July 1, 2012.

Effect of Amendment

The 2012 amendment substituted “panel” for “board”, and made other nonsubstantive changes.

SECTION 9-2-50. Staff assistance from other agencies; other resources.

The panel is authorized to seek reasonable staff assistance from the South Carolina Retirement System, the State Personnel Division, and other state agencies which may be concerned with a particular area of study. The panel is also encouraged to use such resources as faculty and students at public universities, colleges, and technical education schools in South Carolina.

HISTORY: 1976 Act No. 696 Section 5; 2012 Act No. 278, Pt IV, Subpt 2, Section 45, eff July 1, 2012.

Effect of Amendment

The 2012 amendment substituted “panel” for “board” throughout, and made other nonsubstantive changes.

	<u>NAME</u>	<u>TERM</u> <u>BEGAN</u>	<u>TERM</u> <u>EXPIRES</u>	<u>SEAT</u>	<u>TERM</u> <u>SERVING</u>	<u>REPLACEMENT</u> <u>NAME</u>	<u>NOMINATING</u> <u>AGENCY</u>	<u>TERM</u> <u>BEGAN</u>	<u>TERM</u> <u>EXPIRES</u>
	Ms. Beverly K. Barbee 105 Garmony Road Columbia, SC 29212 (803) 603-0333 bev.barbee@gmail.com bevbarbee@bellsouth.net	12/17/2014	12/17/2018	Public School Employees (Retired)	second	Ms. Rebecca Rochester 864-466-6981 rrochester@thescea.org (Retired)	SC Education Assoc	7/21/2016	7/21/2020
	Dr. Peggy Makins 823 Whitney Lane Lexington, SC 29072 803-356-2912 (H) 803-467-6521 C	12/17/2014	12/17/2018	Public School Employee (active)	First		Palmetto State Teachers Assoc.		
	Ms. Ruth Seigler P.O. Box 3601 Irmo, SC 29063 803-771-4740	12/17/2014	12/17/2018	Higher Education Employees (Retired)	first		State Retirees Assoc.		
	Mr. Timothy Winslow Assistant General Counsel S.C. Association of Counties P O Box 8207 Columbia, SC 29202-8207 803-252-7255 twinslow@scac.sc	12/17/2014	12/17/2018	County Employees (Active)	First		S.C. Assoc. of Counties		

(Secretary) RESIGNED 6/10/16

June 14, 2016

Heather Muller
Board Liaison
SC PEBA
202 Arbor Lake Dr.
Columbia, SC 29223

Dear Ms. Muller:

Thank you for requesting my recommendation for a municipal representative to serve on the Retirement and Preretirement Panel.

It is my recommendation that Scott Slatton serve in this position. Scott currently serves as the Legislative and Public Policy Advocate for the Municipal Association and prior to that he served as a field service manager.

Before his work with the Municipal Association, Scott served as a town manager in North Carolina and South Carolina.

Please let me know if I can provide any additional information.

Sincerely,



Miriam Hair
Executive Director
Municipal Association of South Carolina



South Carolina Troopers Association

4961 Broad River Road • Columbia, SC 29212 • Tel 800-633-2236 • Fax 803-772-1125

www.sctroopers.org

May 26, 2016

RECEIVED

MAY 31 2016

PEBA-ADMIN

S.C. PEBA
Attn: Lori Anna Varnadoe
202 Arbor Lake Drive
Columbia, SC

Dear Ms. Varnadoe,

We would like to nominate Captain Robert G. Woods, IV, of the South Carolina Highway Patrol to serve on your PEBA Advisory Panel. Contact information for Captain Woods is as follow:

Captain Robert G. Woods, IV
SC Highway Patrol
PO Box 1993
Blythewood, SC 29016-1993

Thank you for allowing us to participate in your nomination process.

Sincerely,

Mark A. Gosnell
Executive Director

/dr



South Carolina State Employees Association

Established 1943



Chartered 1946

June 13, 2016

Heather Muller
PEBA

Dear Mrs. Heather Muller:

Thank you for your call last week regarding the advisory committee. The South Carolina State Employees Association is recommending Walter G. Woodrum, III as our representative. Walt has served two terms as SCSEA President and was this year's Outstanding State Employee.

He has worked for the Forestry Commission since the early eighties and would serve employees well. Please call me if you have any questions.

Thank you,

Carlton B. Washington

Carlton B. Washington
SCSEA Executive Director

Office: 421 Zimalcrest Drive, Suite 302
Columbia, SC 29210
Phone: (803) 765-0680

Mailing: P.O. Box 8447
Columbia, SC 29202
Email: mail@scsea.com



421 Zimalcrest Drive • Columbia, South Carolina 29210-6899
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www.thescea.org

May 13, 2016

Ms. Lori Anna Varnadoe
202 Arbor Lake Drive
Columbia, SC 29223

Dear Ms. Varnadoe:

I am submitting Ms. Rebecca Rochester, President The South Carolina Education Association – Retired, as a candidate for consideration for appointment to Retirement and Pre-Retirement Advisory Panel. Ms. Rochester can be contacted at rrochester@thescea.org, or 864-466-6981.

Rebecca holds a B. S. degree in Elementary Education from Winthrop University, a Master of Education degree from The Citadel, and received her National Board for Professional Teaching Standards in Early Adolescence Language Arts in 2000. The one thing that helped her most in receiving her NBC was that she learned to answer the questions with as few words and as exact as possible.

Rebecca retired in 2004 after teaching in South Carolina public schools for over thirty three years. During her active teaching years, she served more than eight years on the Board of Directors for The South Carolina Education Association and on many of The SCEA's committees. Rebecca also served as president of both The York County Education Association and The York County Education Association Retired.

Rebecca continues to be active advocating for public education at the local, state and national levels. She sees that today's public school students and employees benefit from the years of experience of the retired teachers who provide hundreds of volunteer hours with youth across the state annually. Rebecca currently is serving in several roles using her teaching experience. She is immediate past dean of the South Carolina Conference United Methodist Women's mission school, Mission u and will be one of the twelve study leaders at the 2016 Mission u.

She also serves as vice president of the Friends of the Union County Carnegie Library, a group advocating and supporting this historic Carnegie public library. Rebecca is president of her local church's United Methodist Women. A member of the South Carolina Christian Action Council and the State Retirees' Association. A driving force in her continuing efforts to promote public education is her belief that the future begins in today's public schools. She lives with her husband Bill in Union, S. C. Contact her at rrochester@thescea.org or 864-466-6981.

Please give consideration to Ms. Rebecca Rochester. I strongly recommend her for this position. Should you choose Rebecca you will find a dedicated and fully engaged member of the Retirement and Pre-Retirement Advisory Panel.

Thank you and please do not hesitate to contact me should you have any questions.

Sincerely,


Roger Smith

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
RETIREMENT POLICY COMMITTEE**

Meeting Date: July 20, 2016

1. Subject: Strategic Planning

2. Summary: Mrs. Sarah Corbett, Chief Operating Officer, will review a draft revision of the 2016-2018 Strategic Plan. Revisions include formatting changes and the addition of key measures and action items.

3. What is Committee asked to do? Review the revised PEBA Strategic Plan

4. Supporting Documents:

(a) Attached: 1. Business Plan 2016-2018

Business Plan

2016-2018



Mission

PEBA's mission is to provide competitive retirement and insurance benefit programs for South Carolina public employers, employees and retirees.

Vision

Serving those who serve South Carolina

Core values

Solutions oriented

We anticipate the needs of our members, colleagues and supervisors, and work daily to improve processes and increase customer satisfaction.

Communication

We encourage and facilitate the flow of information, listen effectively and are receptive to constructive feedback.

Credibility

We accept responsibility for our individual jobs and achieving the goals of PEBA. We are accountable, thorough and accurate.

Collaboration

We foster cooperative relationships, and appreciate and respect the contributions of others.

Responsive

We strive to achieve our goals and objectives. We adapt to change. We follow through.

Emotional intelligence

We maintain self-awareness and modify behavior appropriately. We work to build rapport with others and effectively manage and resolve conflict.

Ethical behavior

We value honesty, trust, fairness and consistency.

Strategic goals

At the broadest level, PEBA's goals are to:

Goal one

Promote financially sound PEBA programs

Goal two

Improve health outcomes and promote retirement awareness

Goal three

Enhance the customer experience for members and employers

Goal four

Responsibly manage risk to the organization

Goal five

Maintain a workforce and work environment conducive to achievement of agency goals and objectives

Goal six

Improve internal efficiencies through new system implementation

Goal one

Promote financially sound PEBA programs

PEBA has a responsibility to its stakeholders to control public employee benefit costs while providing maximum benefits. The cost to members and taxpayers is impacted by investment performance, member behavior, competitive developments in relevant labor markets, policy determinations regarding cost-allocations and the willingness to pay of participants and taxpayers.

Key measures

Insurance

- State Health Plan expenditure growth per subscriber is at least two percentage points below the five-year average national benchmark (See key measure 1 in the appendix on Page 16 for actual measure)
- State Health Plan net expenditure per member per month (See key measure 2 in the appendix on Page 16 for actual measure)
- State Health Plan actuarial value ratio (AVR) is equal to or higher than the benchmark of the average of bordering peer plans (Florida, Georgia, North Carolina and Tennessee) and the southeast regional states (See key measure 3 in the appendix on Page 16 for actual measure)
- State Health Plan net expenditure to revenue loss ratio is less than or equal to 1.0 (See key measure 4 in the appendix on Page 16 for actual measure)
- Cumulative cash balance of self-funded health plan reserves is at least 140 percent of current estimated outstanding liability (See key measure 5 in the appendix on Page 16 for actual measure)
- State Health Plan average monthly composite premium is at or below the southeast regional state employee plan average for the employer, enrollee and total premium (See key measure 6 in the appendix on Page 16 for actual measure)

Retirement

- Ensure employer and employee contribution rates are sufficient to maintain a funding period for the Retirement Systems that does not exceed 30 years

Strategy 1.1

Provide the legislature with information to properly determine contributions and funding to ensure long-term viability of benefit programs.

Staff actions

- July 1, 2016
Communicate results of experience study and required contribution rate increases for retirement systems

-
- November 15, 2016
Communicate the proposed budget requirements for both the State Health Plan and Basic Dental Plan for the 2018 plan year
 - July 1, 2017
Conduct an independent actuarial audit one year after the next scheduled experience study

Strategy 1.2

Research best practices, and recommend and implement health plan design changes.

Staff actions

- July 1, 2016
Develop strategies to address specialty pharmacy spend and to better manage specialty pharmacy sector; work collaboratively with pharmacy and medical contractors
- July 31, 2016
Continue financial analysis of MUSC Health Plan pilot performance and work collaboratively with MUSC on plan management
- December 31, 2016
Complete a review of the major cost drivers of the State Health Plan and develop methods for improvement
- December 31, 2017
Evaluate Patient-Centered Medical Home initiative's effectiveness, provider accessibility and member participation; continue to evaluate PCMH cost effectiveness
- December 31, 2017
Continue to evaluate new opportunities for reference based pricing strategies and continue a phased-in approach to implement current reference-based pricing

Completed staff actions

- Completed pharmacy benefits manager contracting process in a timely manner; complete implementation process in a manner which serves the best interest of the SHP and its membership
- Implemented referenced based pricing strategy for certain imaging, pathology and endoscopy services commonly performed in non-hospital settings to make pricing more comparable with those other settings and evaluated plan impact related to new strategy
- Implemented State Health Plan benefit design incentivizing members to receive care at a network Patient-Centered Medical Home by waiving the \$12 office visit copay and reducing the member coinsurance to 10 percent

Goal two

Improve health outcomes and promote retirement awareness

PEBA understands the importance of making appropriate changes to health plan design to improve health outcomes and reduce costs, including changes to reduce member behaviors that negatively affect health outcomes. In addition, the agency has a new focus on retirement awareness to ensure that members are aware of the benefits available to them through PEBA-administered plans, as well as options to supplement their benefits.

Key measures

- Maintain overall patient health risk score for non-Medicare primary adult State Health Plan members that is adjusted for demographics (See key measure 1 under “improve member health” in the appendix on Page 17 for actual measure)

Strategy 2.1

Promote member engagement with both retirement and insurance programs to ensure members understand benefit options and can make educated decisions and take personal responsibility regarding health and retirement.

Staff actions

- December 31, 2016
Reach 40 percent of State Health Plan active employees through employer participation in PEBA Health Hub
- December 31, 2016
Increase unique count of members participating in tobacco cessation program or utilizing tobacco cessation prescription drugs by 5 percent
- December 31, 2016
Increase rate of State Health Plan members current with colorectal cancer screening by 1.5 percentage points
- December 31, 2016
Achieve 10,000 interactions with members and employers to promote retirement awareness through the following channels:
 - Online resources (retirement awareness webpage)
 - Attendance at early- and mid-career seminars
 - Conversations with members who call the Customer Contact Center
 - Increase active accounts for deferred compensation

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- January 1, 2017
Require worksite screening providers to electronically provide biometric data to the plan
 - March 1, 2017
Implement Rally, a new digital platform to help members get and stay healthy through personalized challenges, rewards and content
 - March 31, 2017
Develop and execute marketing plans and goals for MoneyPlus/cafeteria plan
 - December 31, 2017
Engage employers to host worksite or regional preventive screenings using participating PEBA screening providers and collaborate with employers using their own screening provider to potentially share biometric data
 - December 31, 2017
Develop a “navigating your benefits” series to provide members with easy-to-use information about their insurance and retirement benefits
 - December 31, 2017
Target and engage executive management of our employers in managing the health of their employees and provide ready-to-use resources to promote benefits available to State Health Plan members

Completed staff actions

- Identified best practices among other insurance plans regarding improving health outcomes and reducing costs
- Defined and measured appropriate benchmarks against both public and private sector insurance plans
- Reviewed marketing plans for State Health Plan administrative services, behavioral health, life insurance, long term and supplemental long term disability, vision plan, pharmacy benefits and dental plan
- Implemented value-based insurance design at no member cost for routine and diagnostic colonoscopies, adult vaccinations recommended by the Centers for Disease Control, tobacco cessation prescription drugs (Chantix and generic Zyban) and diabetes education
- Included retirement awareness presentations on the agency website and incorporated into Field Services’ seminars
- Developed and communicated a wellness scorecard to employers to engage them in managing the health of their employees

Goal three

Enhance the customer service experience for members and employers

PEBA aims to provide the best quality service to its stakeholders, including members, dependents and beneficiaries. As such, PEBA strives for continuous improvement of the level of service we provide, as well as those services provided by our third-party administrators.

Key measures

- PEBA's customer satisfaction survey score should be greater than or equal to a 95 percent satisfaction rate for both the Visitor Center and Customer Contact Center (See key measure 4 under "provide positive member experience" in the appendix on Page 17 for actual measure)
- Trust: members feel the State Health Plan is a plan they can trust. Score at least an 8 out of 10 on the BlueCross BlueShield of South Carolina *Consumer Brand Index Survey* where "1" means strongly disagree and "10" means strongly agree (See key measure 1 under "provide positive member experience" in the appendix on Page 17 for actual measure)
- Likelihood to recommend: how likely members are to recommend the State Health Plan to family and friends; score at least an 8 out of 10 on the BlueCross BlueShield of South Carolina *Consumer Brand Index Survey* where "1" means very unlikely to recommend and "10" means likely to recommend (See key measure 2 under "provide positive member experience" in the appendix on Page 17 for actual measure)
- State Health Plan medical third party administrator customer satisfaction after-call survey average total score is greater than or equal to 4.5 where "1" means very dissatisfied and "5" means very satisfied (See key measure 3 under "provide positive member experience" in the appendix on Page 17 for actual measure)
- Deferred Compensation third party administrator customer satisfaction after-call survey average total score is greater than or equal to 4.5 where "1" means very dissatisfied and "5" means very satisfied

Strategy 3.1

Implement cost effective integrated systems and processes that are intuitive, practical and provide value for members and employers.

Staff actions

- September 30, 2016
Implement an updated call management system

-
- December 31, 2016
Evaluate demand for additional regional services and/or offices
 - January 1, 2017
Implement the Business Transformation Project for the South Carolina Deferred Compensation Program
 - June 30, 2017
Complete requirements for new Governmental Accounting Standards Board other post-employment benefits (OPEB) standards (GASB 74)
 - July 1, 2017
Implement data sharing between PEBA and the third-party record keepers for the State Optional Retirement Program and Deferred Compensation Program in order to simplify enrollment and claims processes for members and employers
 - June 30, 2018
Complete requirements for new Governmental Accounting Standards Board other post-employment benefits (OPEB) standards (GASB 75)

Completed staff actions

- Launched a new agency identity to include logo, tagline, colors, templates and identity guidelines for staff and vendors
- Launched a consolidated agency website and implemented a survey feature on the website to solicit feedback from members regarding use and content
- Developed a comprehensive communications plan
- Created an employer advisory group which provides employers a forum to give feedback on processes and improvements related to customer satisfaction
- Implemented elimination of revenue sharing to State Optional Retirement Program third party administrators
- Implemented Governmental Accounting Standards Board 67 and 68 by communicating with stakeholders, employers and policy makers on new pension reporting requirements

Goal four

Responsibly manage risk to the organization

It is incumbent upon our individual employees and organization to continually assess and mitigate the threats and risks to which we are exposed. Through enterprise risk management, we will plan, organize, lead and control the activities of our organization in order to minimize the effects of risk. This will include financial, strategic and operational risks.

Key measures

- Compliance with state-issued Information Technology Security mandates
- Third-party relationships identified as high risk have a risk action plan developed
- Internal process changes rated as high risk have a risk action plan developed prior to implementation
- Routine/existing high-risk processes by functional area have a risk action plan developed

Strategy 4.1

Implement enterprise risk management to ensure compliance with internal and external policies, procedures and reporting requirements.

Staff actions

- December 31, 2016
Develop a risk management framework
- January 31, 2017
Incorporate risk identification and measures into the change management program for the agency
- March 31, 2017
Develop a plan to communicate high-risk changes and the associated plan for controls, transfer or acceptance of risk
- April 30, 2017
Complete an agency risk assessment
- May 31, 2017
Document agency compliance requirements and responsibilities
- December 31, 2017
Develop a risk action plan with associated controls, risk acceptance or risk transfer in association with business leaders for existing high-risk processes

Strategy 4.2

Create a culture of risk awareness through the development, implementation and maintenance of an Enterprise Risk Management (ERM) program.

Staff actions

- August 31, 2016
Develop a strategy to assess risks associated with third-party vendors
- January 31, 2017
Document the identified risks associated with third-party vendors, including financial impacts associated with risks
- March 31, 2017
Develop a risk plan that documents the mitigating controls, transfer or acceptance of identified risks for third-party vendors
- March 31, 2017
Document a strategy for ongoing evaluations

Strategy 4.3

Ensure information technology resources are utilized to implement continuing security initiatives.

Staff actions

- June 30, 2016
Comply with state-issued information security policies
- August 31, 2016
Develop an ongoing program to review policies and compliance with the policies
- December 31, 2016
Evaluate the need for cyber insurance

Complete staff actions

- Completed a business continuity plan
- Created a security review and practice calendar for internal review
- Hired an Enterprise Risk Management and Compliance Director
- Engaged external firm to review cyber security risks to the organization

Goal five

Maintain a workforce and work environment conducive to achievement of agency goals and objectives

Like many organizations, PEBA is faced with staffing challenges brought on by loss of staff due to retirement and new skills requirements due to advances in technology. We utilize our Characteristics of High Performance throughout the agency to develop a positive agency culture.

Key measures

- Maintain employee satisfaction and engagement
- Monitor turnover rate by functional area
- Reduce absenteeism

Strategy 5.1

Ensure a consistent, viable talent pool that adapts effectively and fulfills business needs for the present and future.

Staff actions

- August 31, 2016
Conduct bi-annual employee satisfaction and engagement survey
- December 31, 2016
Map succession needs and actions (positions, retirement eligibility)
- December 31, 2016
Benchmark and assess turnover rate and absenteeism

Strategy 5.2

Develop and maintain effective training and development programming.

Staff actions

- July 31, 2016
Ensure each operational area has up-to-date written policies and procedures, as well as specific training to be used in cross-training and on-the-job training
- September 30, 2016
Implement Phase I of onboarding process (includes new employee education of immediate compliance and awareness issues)
- September 30, 2016
Assess, identify and deliver employee and organizational training and development opportunities

-
- December 31, 2016
Implement Phase II of onboarding process (includes expansion of education on agency functions and operations)
 - December 31, 2016
Develop and deliver “The PEBA Way” training for all employees

Strategy 5.3

Foster an agency culture driven by high performance.

Staff actions

- August 31, 2016
Develop and deliver monthly high performance characteristics training
- December 31, 2016
Research the utilization of bonuses

Strategy 5.4

Ensure a safe, secure and functional physical working environment.

Staff actions

- December 31, 2016
Execute a long-term facilities plan to include updates to the physical property

Completed staff actions

- Created an Employer Services unit
- Hired a Director of Employer Services
- Hired an Insurance Policy Director
- Hired a Training and Development Director
- Developed characteristics of high performance
- Integrated characteristics of high performance into performance management process and performance compensation policy
- Updated signage in building and on Highway 277 to better identify PEBA for visitors
- Retained services of the Bureau of Protective Services to provide full-time security for the PEBA campus
- Received required approval to replace HVAC system and carpeting for building 202

Goal six

Improve internal efficiencies through new system implementation

PEBA is challenged with aging information systems. Operational systems and business processes are being assessed with assistance from benefits administration experts to create a roadmap for securing internal efficiencies through new technology. This system implementation project will be a multi-year endeavor requiring intensive capital and human resources.

Key measures

- Successfully transition all custom software programs written in Natural to a new technology with an expected life of at least 15 years
- Accomplish implementation with minimal service disruption to members and employers; meet project implementation milestone deliverables
- Complete transition on-budget

Strategy 6.1

Conduct and maintain multi-phase initiatives to generate system and operational changes to improve internal efficiencies.

Staff actions

- June 30, 2016
Complete phase three of the operational assessment to include a high-level roadmap, cost benefit analysis, recommendations for implementation projects, budget requirements and a final assessment report
- September 1, 2016
Define, develop, release RFP and award contract for client support services
- December 31, 2016
Define, develop, release RFP to procure new benefits administration system
- April 1, 2017
Define, develop, release RFP and award contract to data migration vendor
- June 30, 2017
Award contract to vendor for new system implementation
- June 30, 2017
Identify and collaborate with business units to implement process improvements specific to data integrity and operational efficiencies prior to new system implementation

Completed staff actions

- Completed phase one of the operational assessment
- Completed phase two of the operational assessment to include a future business flow document, high-level design of future systems and alternative proposal solution

Goal: Financially sustainable

Key measures:

1. State Health Plan expenditure growth per member is at least two percentage points below the five year average national benchmark. (annual)

	2011	2012	2013	2014	2015 (12/16)	5 year avg. (2011-2015)
State Health Plan	2.3%	6.4%	4.0%	-1.4%	9.0%	4.1%
National benchmark	6.7%	6.5%	5.6%	8.0%	8.1%	7.0%

This measures year over year SHP expenditure growth compared to national benchmark.

Source: Most recent Segal Health Plan Cost Survey.

2. State Health Plan net expenditure per member per month (PMPM). (annual)

	PMPM
2014 (12-15)	\$328.68
2015 (12-15)	\$356.99

This measures, on an incurred basis, the SHP net expenditure per member per month. This PMPM amount takes into account all expenditures (claims and administrative) offset by pharmacy rebates and subsidies.

Source: PEBA

3. State Health Plan Actuarial Value Ratio (AVR) is equal to or higher than the benchmark of the average of bordering peer plans (North Carolina, Georgia, Florida and Tennessee) and the southeast regional states. (annual)

	2016 Actuarial Value Ratio
State Health Plan-Standard Plan option	80.2
Average of bordering peer plans	79.02
All southern states MEP	73.758

This measure illustrates the portion the Plan pays of the total allowable amount taking into account patient cost-sharing elements such as deductibles, coinsurance, and copayments.

Source: Benefit design for each plan applied to the Centers for Medicare and Medicaid Service's 2015 Actuarial Calculator.

4. State Health Plan net expenditure to revenue loss ratio is less than or equal to 1.0. (annual)

	2015 incurred claims paid through 03.31.16
2015 State Health Plan	0.965

This measure provides a method of monitoring Plan expenses as compared to Plan revenue.

Source: PEBA

5. Cumulative cash balance of self-funded health plan reserves is at least 140 percent of current estimated outstanding liability. (annual)

	As of 12.31.15	Cash balance compared to estimated outstanding liability
SHP cash balance	\$272,990,827	186%
Outstanding liability	\$146,695,978	

This measure illustrates the amount of cash reserves available for claims payment and for any unexpected claims fluctuation.

Source: PEBA, quarterly GRS IBNR report

6. State Health Plan monthly composite premium at or below the southeast state plan average for employer, enrollee and total premium. (annual)

2016	Employer composite premium	% of southern regional	Enrollee composite premium	% of southern regional	Total composite premium	% of southern regional
State Health Plan	\$510.60	77.2%	\$159.51	91.3%	\$670.11	80.2%
Southern regional states	\$661.20		\$174.80		\$830.00	

Source: PEBA 2016 50-State Survey

This measure illustrates contribution efficiency of the employer, enrollee and total premium compared to peers in the southern regional states.

Goal: Improve member health

Key measure:

- Maintain overall patient health risk score for non-Medicare primary adult State Health Plan members that is adjusted for demographics. (annual)

	Low risk (00-01)	Medium risk (02-03)	High risk (04-05)	Overall Risk
2011	0.4757	1.4429	4.7305	1.5651
2013	0.4172	1.3942	4.5589	1.5148
2015	0.4160	1.4047	4.4710	1.4665

This measure quantifies the prospective (in the next year) risk for adult, non-Medicare State Health Plan members compared to the overall non-elderly (age less than sixty-five) United States population.

Source: SHP eligibility and claims data evaluated using Johns Hopkins Adjusted Clinical Grouper 10.0.

Goal: Provide positive member experience:

Key measures:

- Trust: members understand the plan and perceive that the benefits are delivered in accordance with that understanding relative to access to care and member cost share: score at least an 8 out of 10 where “1” means strongly disagree and “10” means strongly agree. (annual)

	2014		2015	
	Survey score	Participants	Survey score	Participants
State Health Plan	8.1	322	8.3	277
System average	8.2	N/A	8.1	N/A

- Likelihood to recommend: how likely members are to recommend the State Health Plan to family and friends; score at least an 8 out of 10 where “1” means very unlikely to recommend and “10” means very likely to recommend. (annual)

	2014		2015	
	Survey score	Participants	Survey score	Participants
State Health Plan	8.1	322	8.3	277
System average	8.2	N/A	8.1	N/A

Source: 2015 BCBS Consumer Brand Index Survey- this survey is an index of measures developed by the BlueCross Association in collaboration with the American Customer Satisfaction Index (ACSI). This survey is designed to measure business outcomes of customer experience such as loyalty and retention. The survey is conducted by the BlueCross Association and members from each BlueCross Plan are surveyed twice a year. State Health Plan survey participation numbers statistically valid with a 95% confidence level.

- State Health Plan Medical Third Party Administrator Customer Satisfaction After-Call Survey average total score is greater than or equal to 4.5 where “1” means very dissatisfied and “5” means very satisfied. (annual)

	2015 survey score
BCBSSC	4.5

Source: 2015 BCBSSC State Health Plan After-Call survey- this brief six question survey is offered after each customer service call to a BCBSSC Customer Service representative.

- PEBA Customer Satisfaction survey score should be greater than or equal to a 95 percent satisfaction rate for both the Visitor and Customer Contact Center. (annual)

Customer Satisfaction

Visitor Center survey results procedure changed in November 2013 to begin using automated email surveys.

Source: 2015 PEBA Customer Satisfaction survey.

