

Meeting Agenda | Board of Directors

Thursday, June 23, 2016 | 1:00 p.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 19, 2016
- IV. Strategic Planning
- V. Committee Reports
 1. Health Care Policy Committee
 2. Retirement Policy Committee
 3. Finance, Administration, Audit and Compliance (FAAC) Committee
- VI. Old Business
 1. Director's Report
 2. Roundtable Discussion
- VII. Executive Session for Discussion of a Personnel Matter pursuant to S.C. Code of Laws § 30-4-70(a)(1).
- 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
BOARD MEETING**

Meeting Date: June 23, 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 the Board 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.

Responsiveness

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
- State Health Plan net expenditure per member per month
- 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
- State Health Plan net expenditure to revenue loss ratio is less than or equal to 1.0
- Cumulative cash balance of self-funded health plan reserves is at least 140 percent of current estimated outstanding liability
- 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

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

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- 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

Insurance

- Maintain overall patient health risk score for non-Medicare primary adult State Health Plan members that is adjusted for demographics
- Reach 40 percent of State Health Plan active employees through employer participation in PEBA Health Hub
- Increase unique count of members participating in tobacco cessation program or utilizing tobacco cessation prescription drugs by 5 percent
- Increase rate of State Health Plan members current with colorectal cancer screening by 1.5 percentage points

Retirement

- 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

Strategy 2.1

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

Staff actions

- 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

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- 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
- 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
- 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
- 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
- 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

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- 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

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- 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 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

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- 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