



Meeting Agenda

Finance, Administration, Audit and Compliance Committee | Board of Directors

Wednesday, July 22, 2020 | Via teleconference: 888-788-0099 Meeting ID: 357 765 4350 ##

Finance, Administration, Audit and Compliance Committee | 12:45 p.m.

- I. Call to Order
- II. Approval of Meeting Minutes March 4, 2020
- III. Fiscal Year 2022 Agency Budget Approval
- IV. Adjournment

Board of Directors | 1:00 p.m.

- I. Call to Order
- II. Approval of Meeting Minutes March 4, 2020 and April 17, 2020
- III. Recognition to the PEBA Board
 - a) Sheriff Leon Lott
 - b) Mr. Chuck Richardson
- IV. Welcome to the PEBA Board
 - a) Sheriff Steve Mueller
 - b) Ms. Amanda Blankenship
- V. Election of Chairman and Vice-Chairman
- VI. Announcement of Committee Assignments and Committee Chairman
- VII. Director's Report
- VIII. Finance, Administration, Audit and Compliance Committee-
Fiscal Year 2022 Agency Budget Approval
- IX. Executive Session for the Purpose of Discussing Personnel and Legal Advice Pursuant to S.C.
Code of Laws § 30-4-70(a)(1)(2)
- X. COVID- 19 Update
- XI. Old Business
- XII. 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: July 22, 2020

1. Subject: Election of PEBA Board Chairman and Vice-Chairman

2. Summary: The Board shall, in each regular meeting held in the month of July of even-numbered years, select one of its nonrepresentative members to serve as Chairman and Vice-Chairman for a term ending June 30 of the next even-numbered year, and until a successor is elected.

3. What is the Board asked to do? Elect a PEBA Board Chairman and Vice-Chairman

4. Supporting Documents:

(a) Attached:

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD MEETING**

Meeting Date: July 22, 2020

1. Subject: FY 2022 PEBA Agency Budget Request

2. Summary: The FY 2022 PEBA Agency Budget includes additional budget authorization of \$10 million recurring funds for PEBA's IT modernization project, peba:connect. This authorization was approved in Fiscal years 2018-FY 2021. It remains in the FY 2022 request.

3. What is the Board asked to do? Approve the FY 2022 Agency Budget as requested

4. Supporting Documents:

(a) Attached: Fiscal Year 2022 Budget Request



PEBASM
SC Retirement Systems
and State Health Plan

Serving those who serve South Carolina

Fiscal year 2022 budget request

Board of Directors

July 22, 2020

Operating budget trends

Trust Funds	Authorized budget						FY 2022 request
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	
Personal services	\$14,593,889	\$15,403,176	\$16,221,729	\$16,558,789	\$16,558,789	\$16,558,789	\$16,558,789
Other operating	\$12,663,734	\$11,049,436	\$9,704,626	\$8,948,509	\$8,948,509	\$8,948,509	\$8,025,601
Adoption assistance	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Employer contributions	\$4,472,468	\$5,277,479	\$5,803,736	\$6,222,793	\$6,222,793	\$6,222,793	\$7,145,701
New IT system project	-	-	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Total Trust Funds	\$32,030,091	\$32,030,091	\$42,030,091	\$42,030,091	\$42,030,091	\$42,030,091	\$42,030,091
General Funds ¹	\$8,271,510	\$7,495,020	\$125,737,331	\$109,468,739	\$112,368,739	\$112,266,880	\$112,266,880
Total	\$40,301,601	\$39,525,111	\$167,767,422	\$151,498,830	\$154,398,830	\$154,296,971	\$154,296,971

¹Details available on Slide 3.

FY 2020 statewide employer contributions

	FY21 authorized	FY22 budget request
III. Statewide Employer Contributions		
Ret Suppl-State Employee	\$233,258	\$233,258
Ret-Suppl-Public School Employee	\$199,855	\$199,855
Ret-Police Insur & Annuity Fund	\$960	\$960
Ret Suppl-Police Officer	\$17,506	\$17,506
Pension Ret-National Guard ¹	\$5,187,868	\$5,187,868
OPEB Trust Fund Pymt	\$2,375,300	\$2,375,300
Subtotal	\$8,014,747	\$8,014,747
SCRS Trust Fund	\$88,230,143	\$88,230,143
PORS Trust Fund	\$13,121,990	\$13,121,990
JSRS Trust Fund	\$2,900,000	\$2,900,000
Subtotal	\$104,252,133	\$104,252,133
Total pass through funds	\$112,266,880	\$112,266,880

¹The actual amount for fiscal year 2022 will be determined by the annual valuations, which will be available in January 2021.

History of approved budget authorization

- PEBA operations are funded by Trust Funds (insurance and retirement), not General Funds.
- Approved authorization for FY 2013 and FY 2014 totaled \$31,330,091.
- Additional \$700,000 was added in FY 2015 for fiduciary audit, and remained as part of the approved authorizations for FY 2016 through FY 2021; total authorization was \$32,030,091 for operations.

History of approved operating budget authorization

- Other than fiduciary audit addition, there have been no increases in approved authorization for operations from FY 2012 through the budget request for FY 2021.
- Additional budget authorization of \$10 million of recurring funds for PEBA's IT modernization project, peba:connect, was approved in FY 2018 through FY 2021. The funds remain in the FY 2022 request .

General Funds appropriation

- PEBA's General Fund appropriations are pass through appropriations only. They are not used for PEBA's operating expenses.
- General Funds for statewide employer contributions were added for FY 2016, with termination of the Budget and Control Board and as part of Act 121 of the 2014 restructuring.
- Pass through funds for the SCRS Trust Fund and PORS Trust Fund equal to 1 percent of the employer contribution increase were added as recurring funds in FY 2018.
- Pass through funds for the JSRS Trust Fund equal to \$2.9 million were added as recurring funds in FY 2020 to provide additional stabilization to the JSRS plan.

History of approved budget authorization

- The Investment Commission invests retirement systems assets to help fund the system over time; the State Treasurer's Office invests the insurance assets.
- PEBA does not set aside a budget in a separate account for deferred maintenance.
- To maximize investment income, money is left in Trust Funds until needed for operational expenses.
- The Investment Commission is also funded by the Retirement Trust Funds.

peba:connect project funding and personnel plan

- The peba:connect project will be a multi-year endeavor to update aging information systems.
- Significant PEBA resources and personnel will be dedicated and committed to the project.
- Client services vendor is onsite and assisting PEBA staff to ensure operational needs are met.
- Data conversion vendor is onsite and working to cleanse operational data for the new system.
- Request for proposal is in progress.

Disclaimer

This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD MEETING**

Meeting Date: July 22, 2020

1. Subject: COVID-19

2. Summary: Over the past five months, the COVID-19 pandemic has brought significant and wide ranging impact to both public health and employee insurance. Dr. Tripp Jennings and Carmen Wilson from Blue Cross will address multiple issues involved in the analysis of COVID-19 in South Carolina. In addition, Rob Tester will discuss some of the “stay-at-home” effects on claims experience in the State Health Plan.

3. What is the Board asked to do? Receive as information

4. Supporting Documents:

(a) Attached: COVID-19 update



South Carolina

COVID-19 Update

PEBA Board of Directors Meeting

July 22, 2020



PEBASM
SC Retirement Systems
and State Health Plan



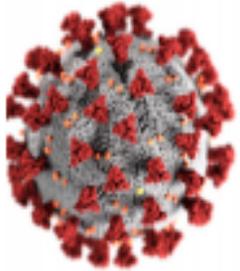
South Carolina

COVID-19

National View

Severe acute respiratory syndrome coronavirus 2 - (SARS-CoV-2)

coronavirus disease - (COVID-19)



Know about COVID-19

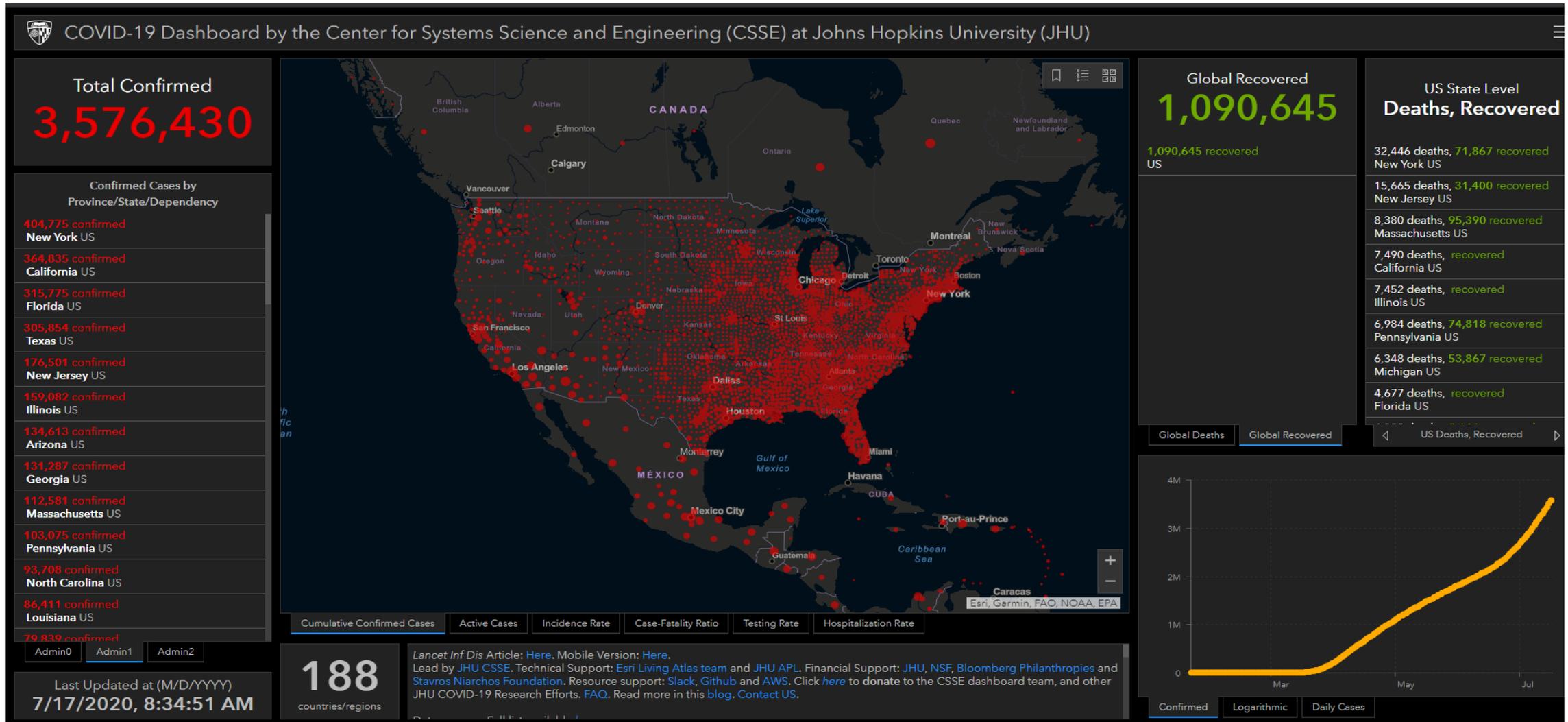
- Coronavirus (COVID-19) is an illness caused by a virus that can spread from person to person.
- The virus that causes COVID-19 is a new coronavirus that has spread throughout the world.
- COVID-19 symptoms can range from mild (or no symptoms) to severe illness.



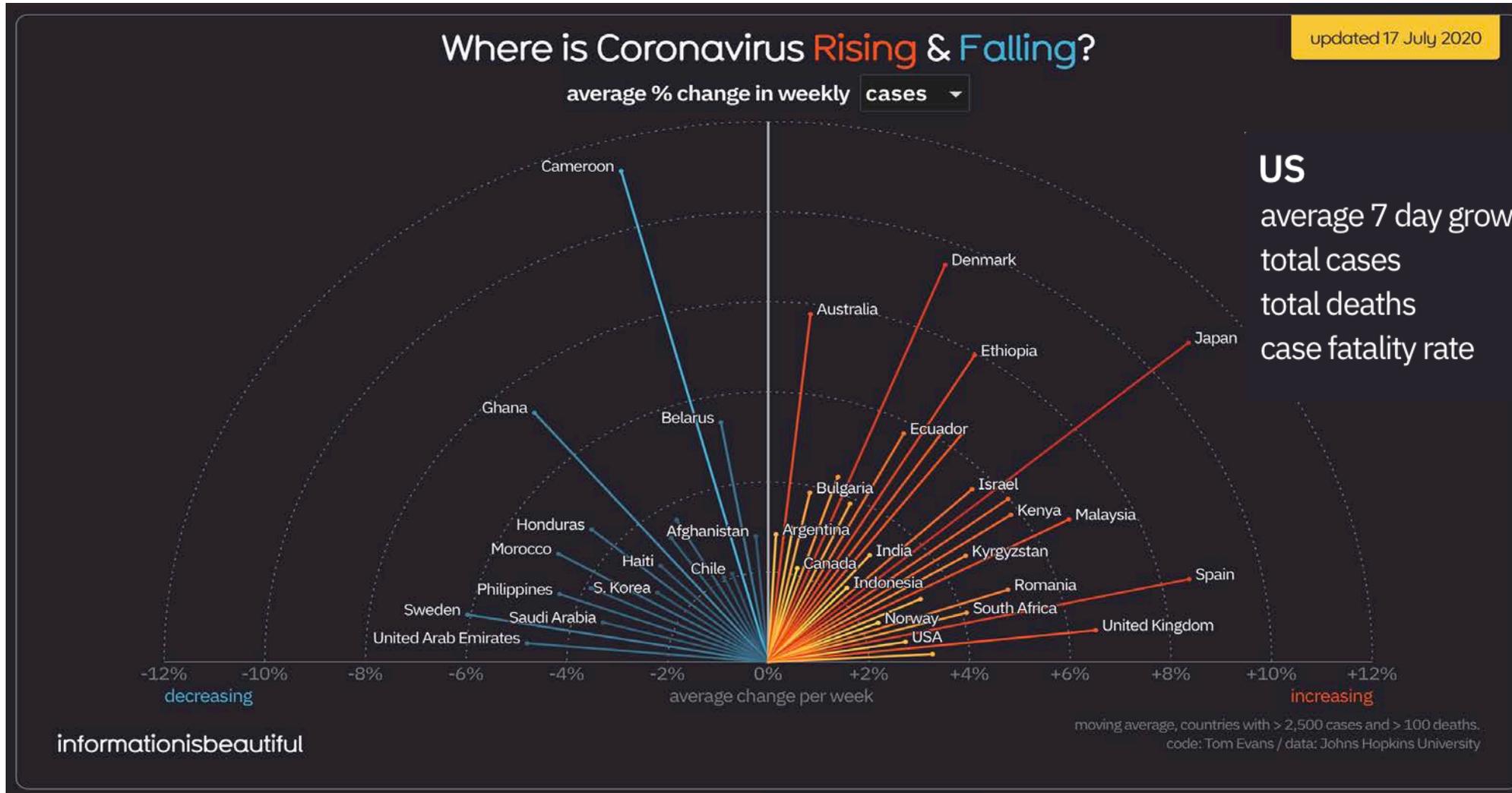
Know how COVID-19 is spread

- You can become infected by coming into close contact (about 6 feet or two arm lengths) with a person who has COVID-19. COVID-19 is primarily spread from person to person.
- You can become infected from respiratory droplets when an infected person coughs, sneezes, or talks.
- You may also be able to get it by touching a surface or object that has the virus on it, and then by touching your mouth, nose, or eyes.

Where we are as a nation



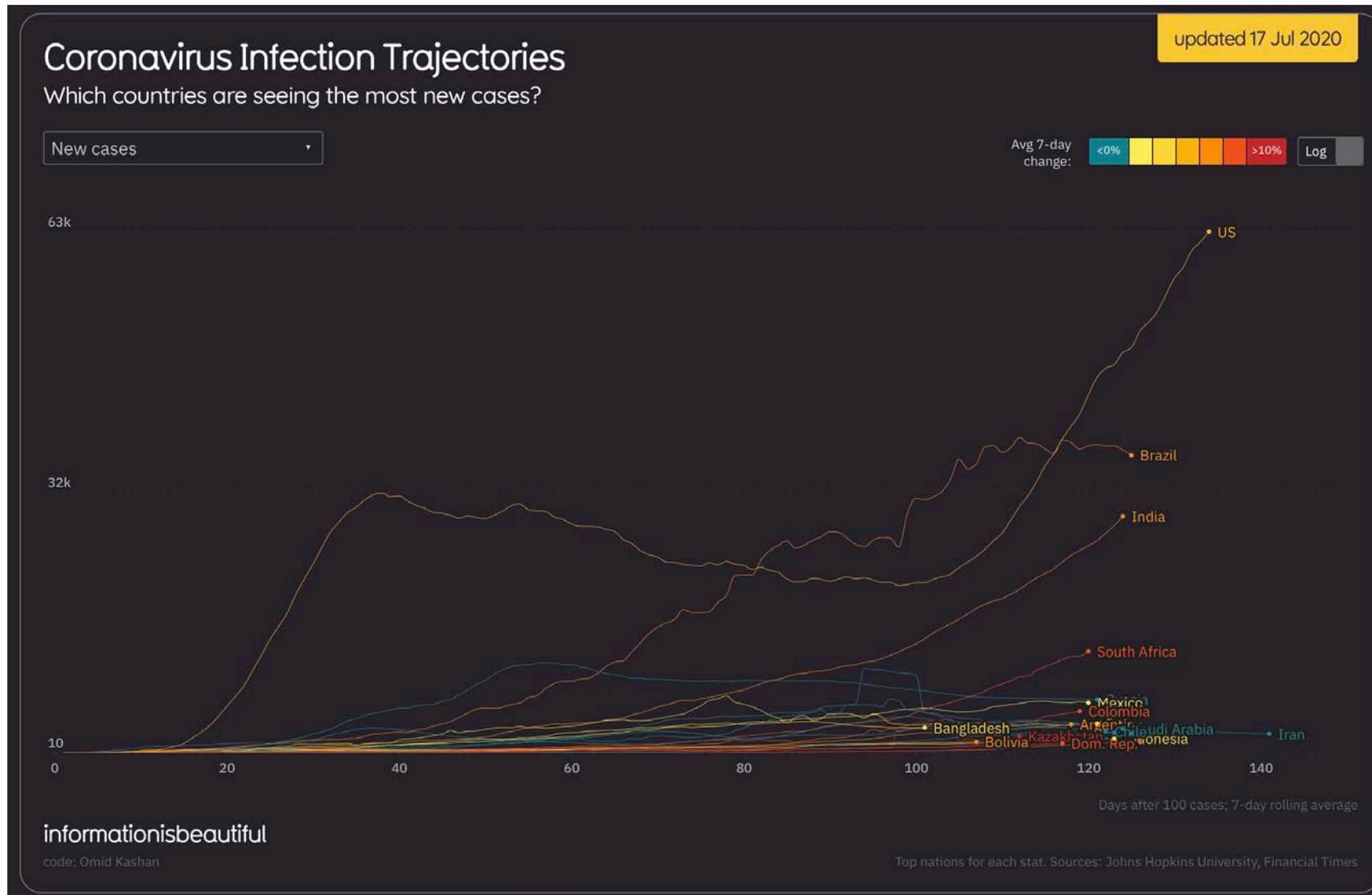
United States compared to the world



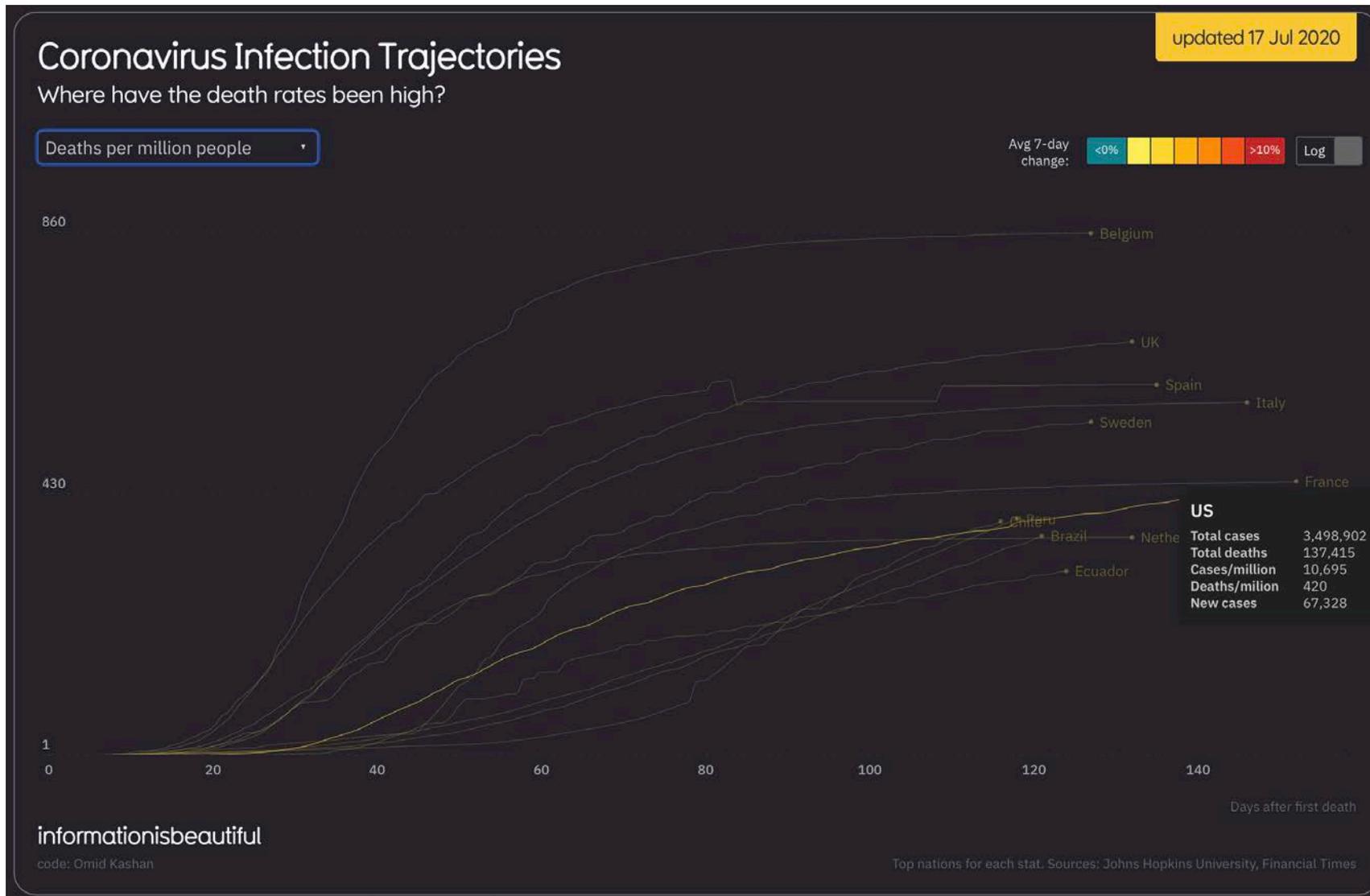
US

average 7 day growth of cases	2.8%
total cases	3,498,902
total deaths	137,415
case fatality rate	3.9%

COVID-19 – infection trajectories



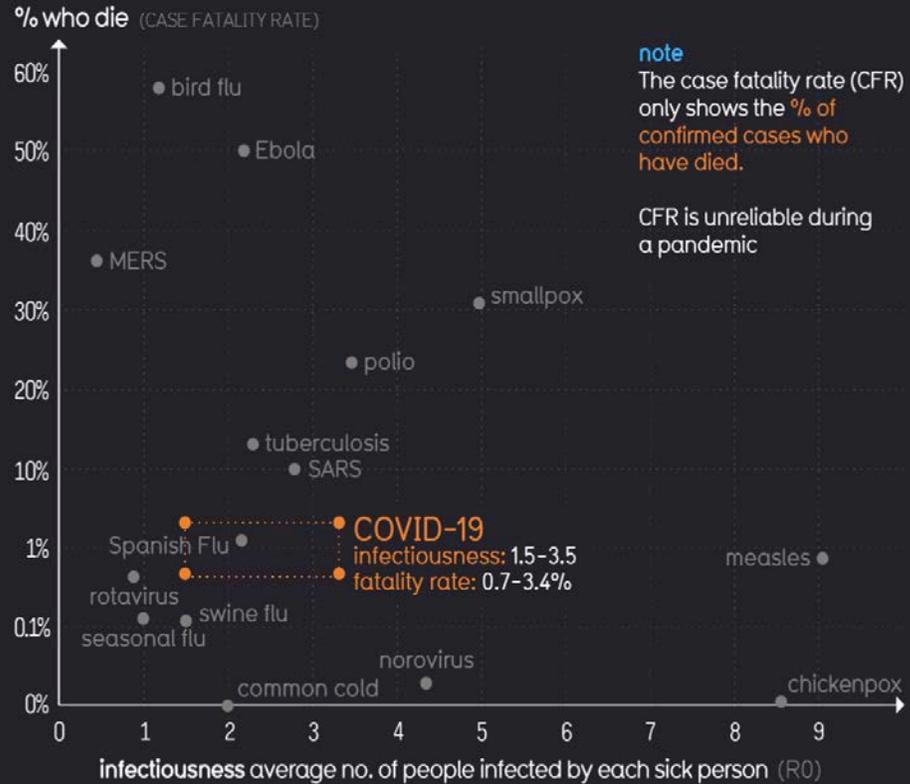
COVID-19 – infection trajectories



COVID-19

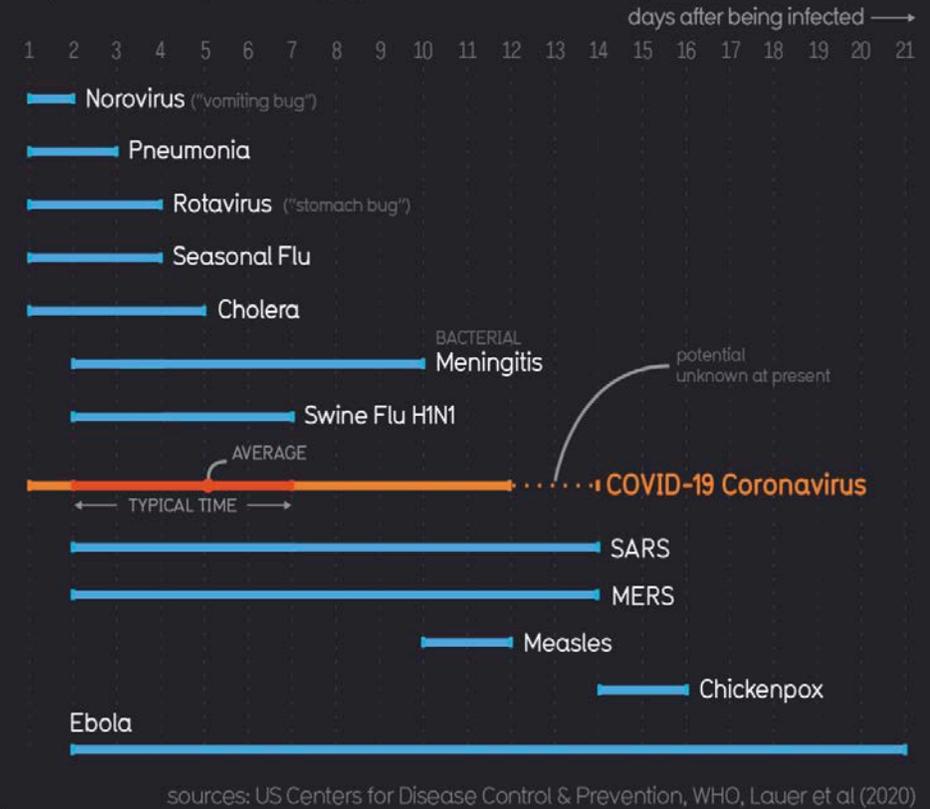
How Contagious & Deadly is It?

We don't fully know yet but it's in **this range**

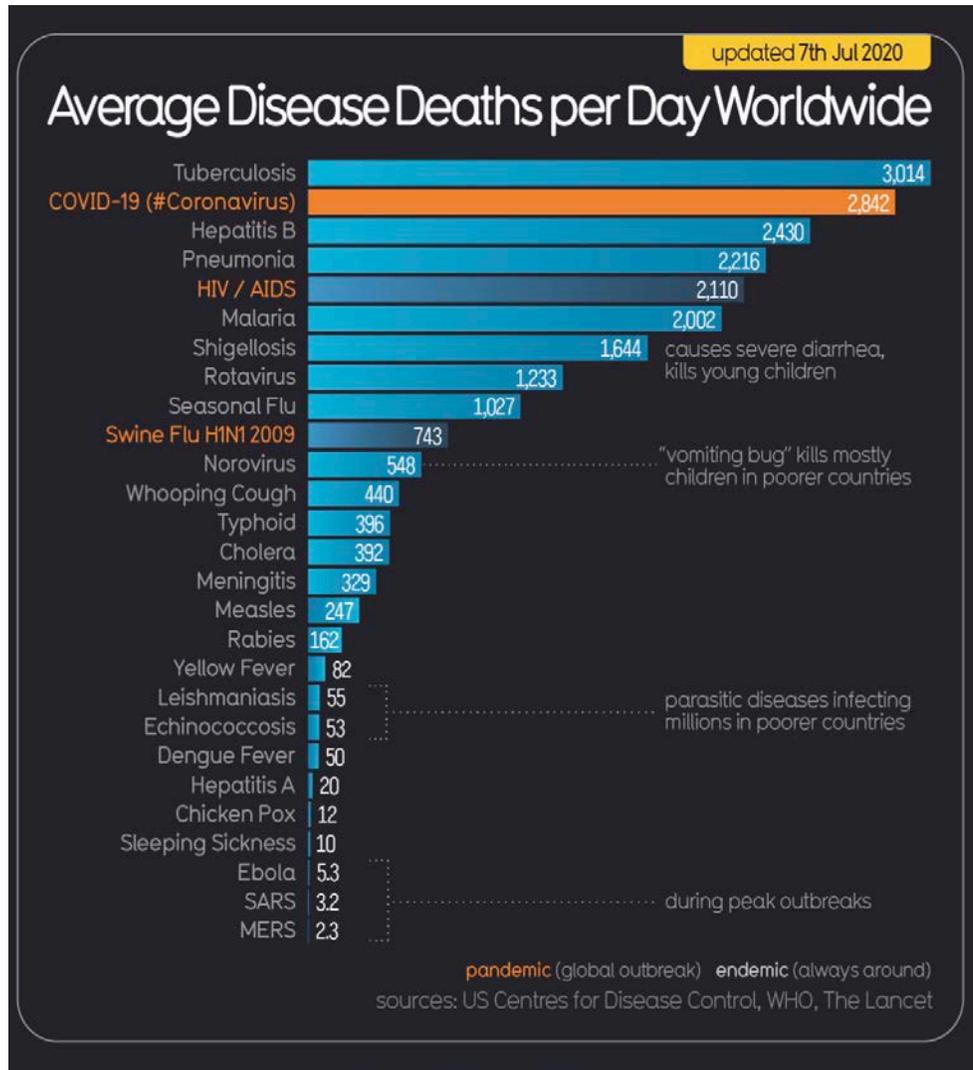


Incubation Periods

Range of time after infection but before showing symptoms.
A person can potentially spread a disease during this time.



COVID-19



Possible Symptoms of COVID-19

Main Common Less Common

chills nausea vomiting rash on skin
fever **fatigue** **muscle pain**
loss or change of taste or smell
shortness of breath **dry cough**
 conjunctivitis **sore throat** diarrhea headache
 discolouration of fingers or toes

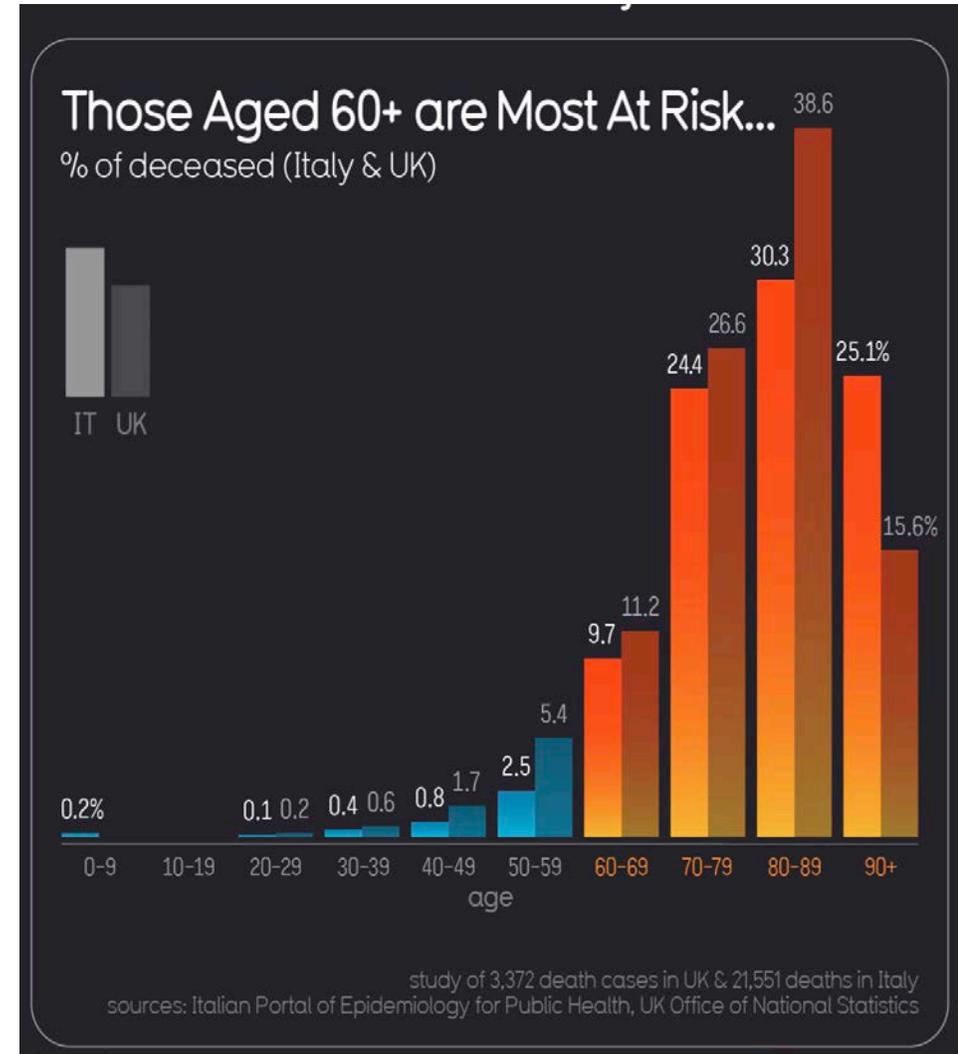
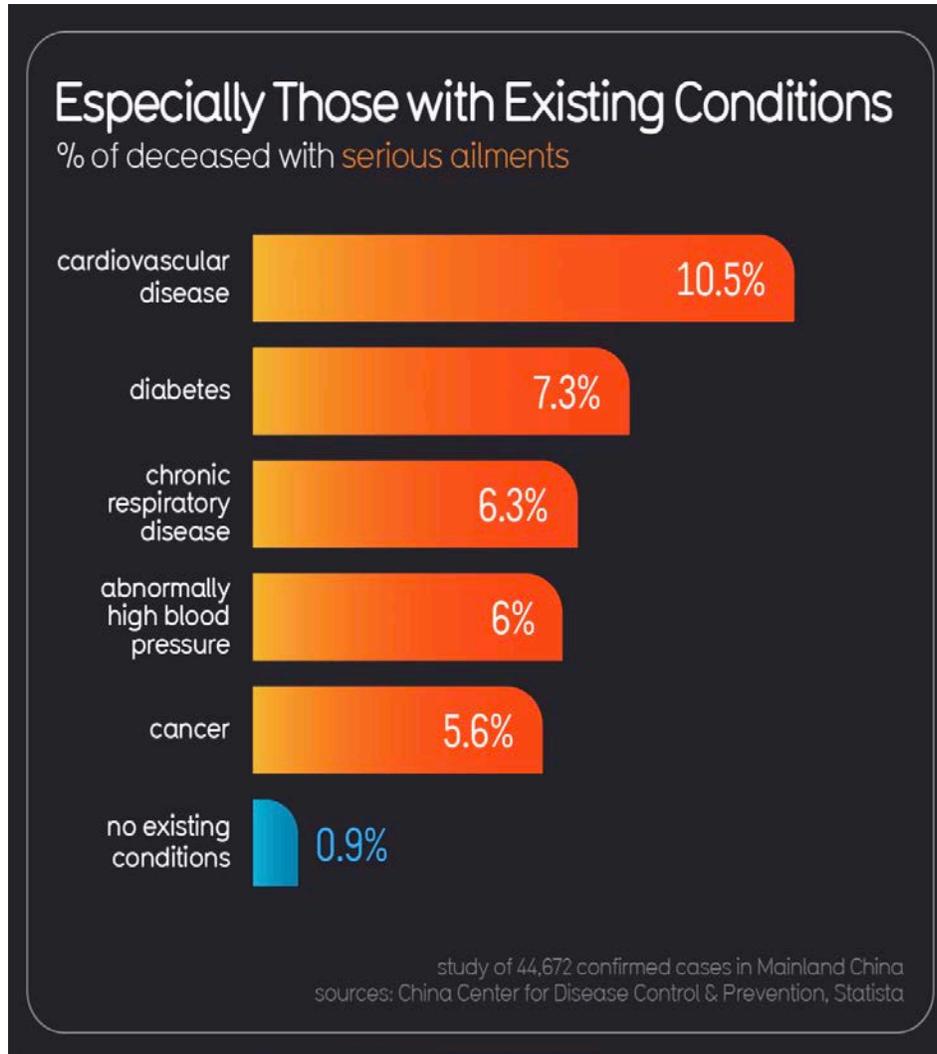
these are not all possible symptoms - others may be possible

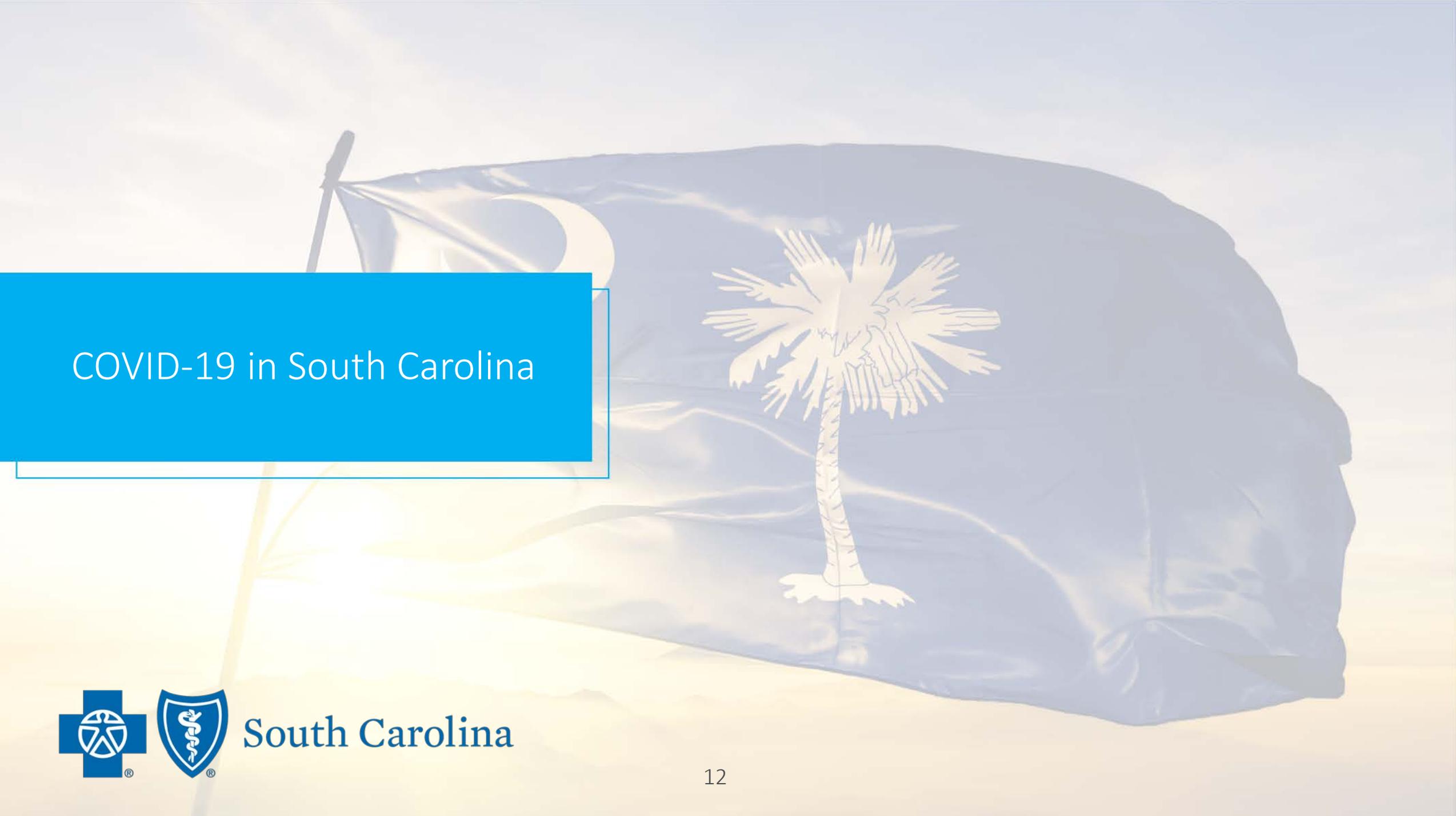
emergency symptoms seek medical attention

inability to wake or stay awake
difficulty breathing bluish lips or face
chest pain or pressure
loss of speech or movement new confusion

sources: US Centers for Disease Control & Prevention, World Health Organisation, UK NHS

Who is most at risk?



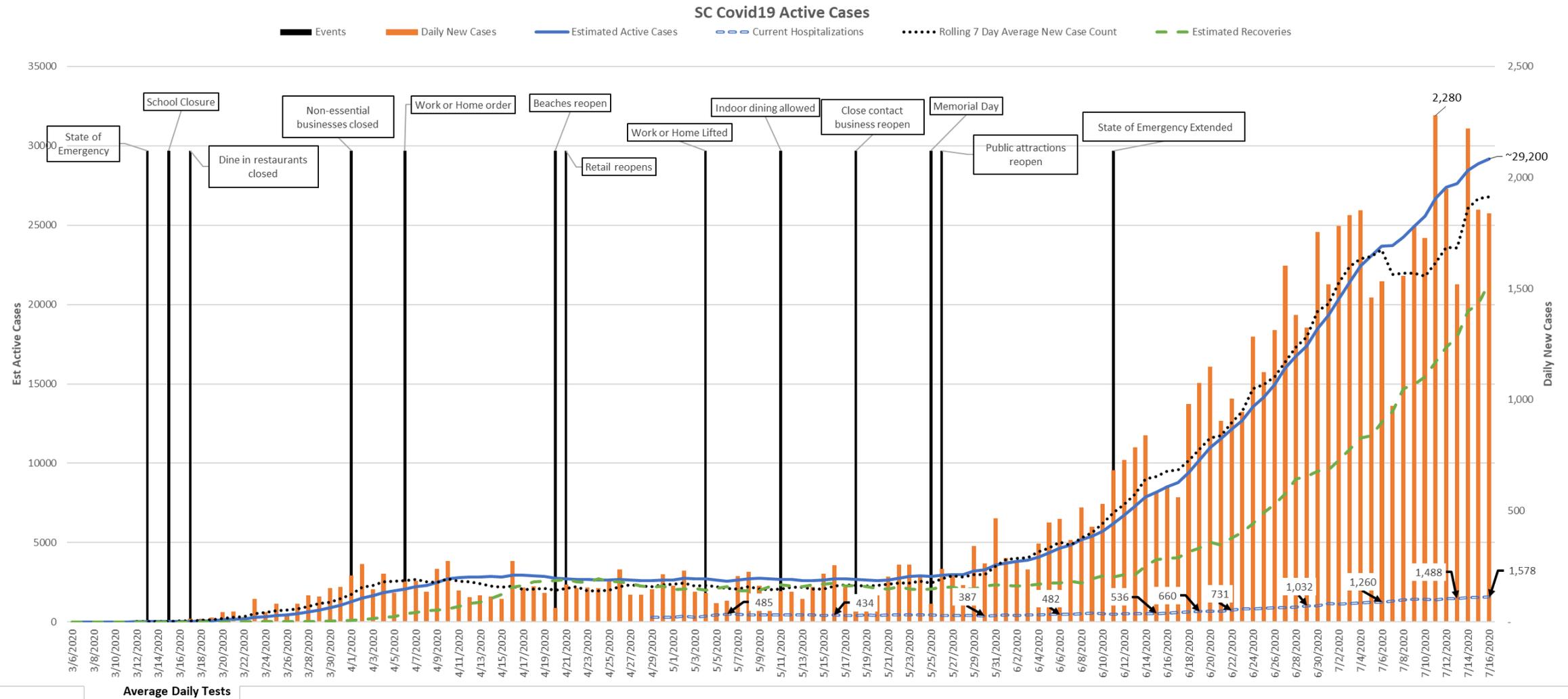


COVID-19 in South Carolina



South Carolina

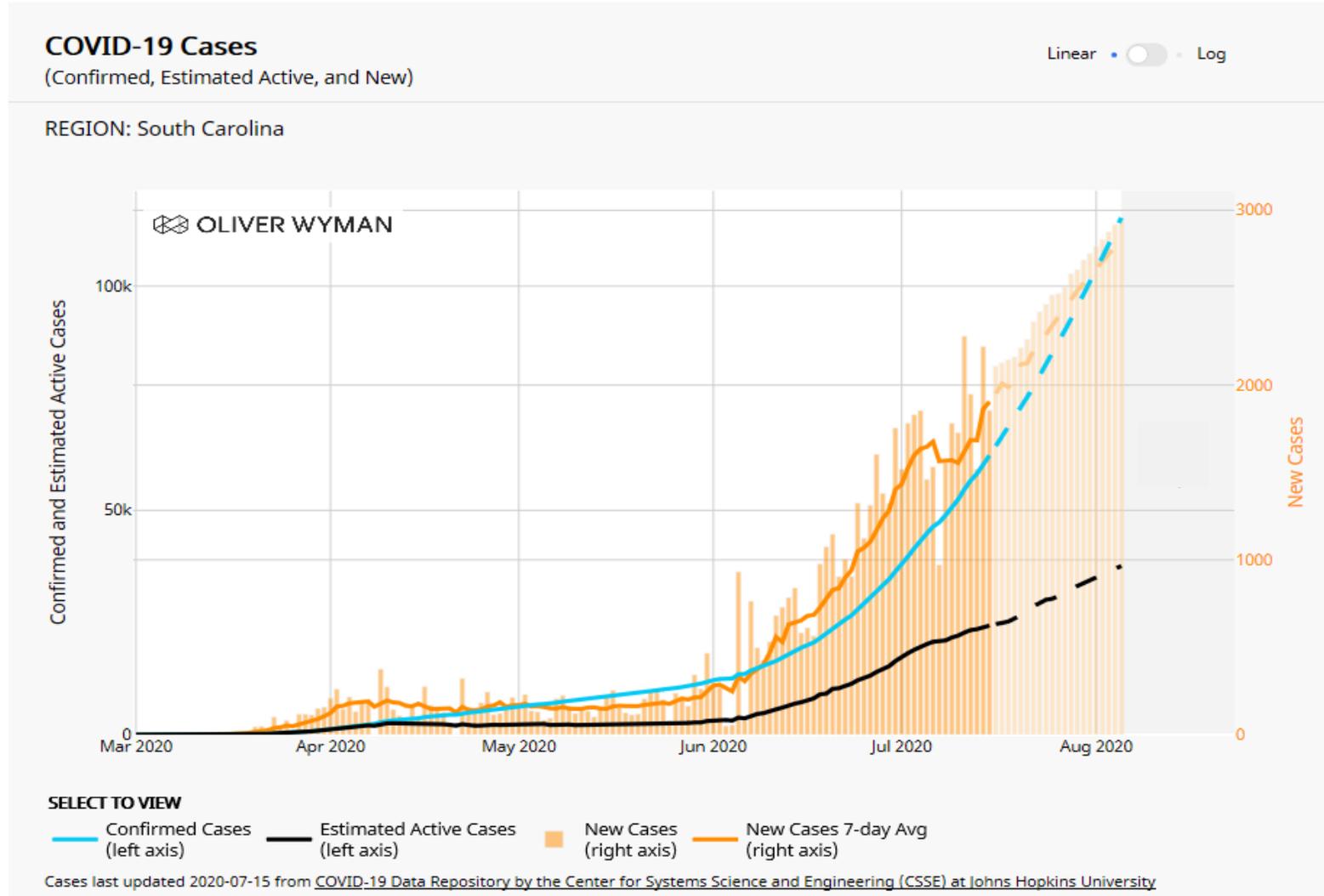
Active Cases of COVID-19 in SC



* Estimated recoveries are equal to the average number of new infections over a 7 day period from 14 to 21 days prior to the current date. Estimated recoveries include mortality.

COVID-19

Cumulative cases



Growth in South Carolina

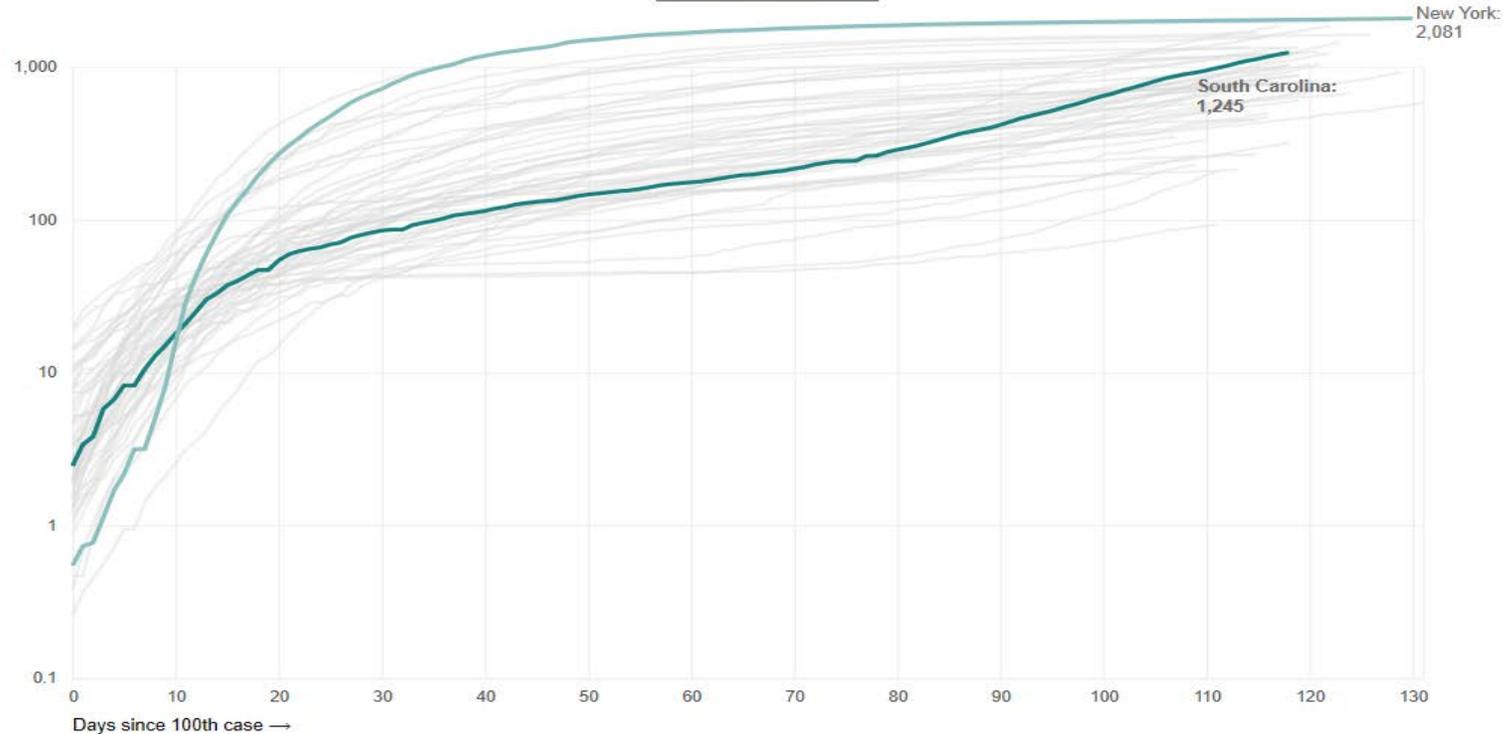
Are New Cases Still Growing In Your State?

Click below to toggle between new total cases, total cases and per capita cases.

Data as of 11:59 p.m. ET, July 16

NEW DAILY CASES TOTAL CASES PER 100,000 PEOPLE

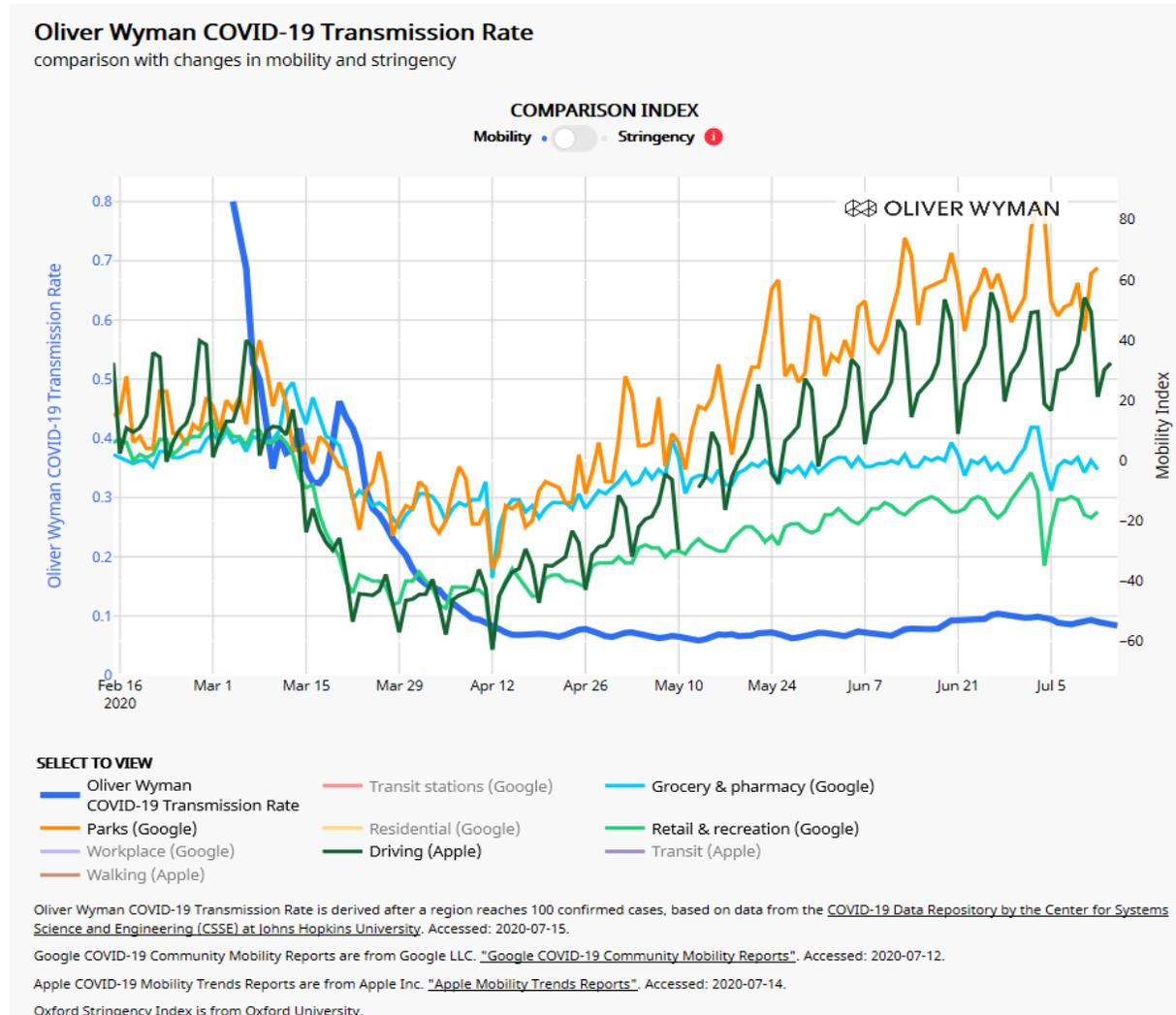
South Carolina



Notes : This chart uses a logarithmic scale, which is meant to emphasize rate of change and allows for the display of a wide range of numbers. Every axis line is 10 times greater than the previous one. In the “new daily cases” chart, the x-axis uses total confirmed cases on a logarithmic scale rather than date to underscore the overall size of a state’s outbreak relative to its daily growth. *Source: [Center for Systems Science and Engineering at Johns Hopkins University](#)*

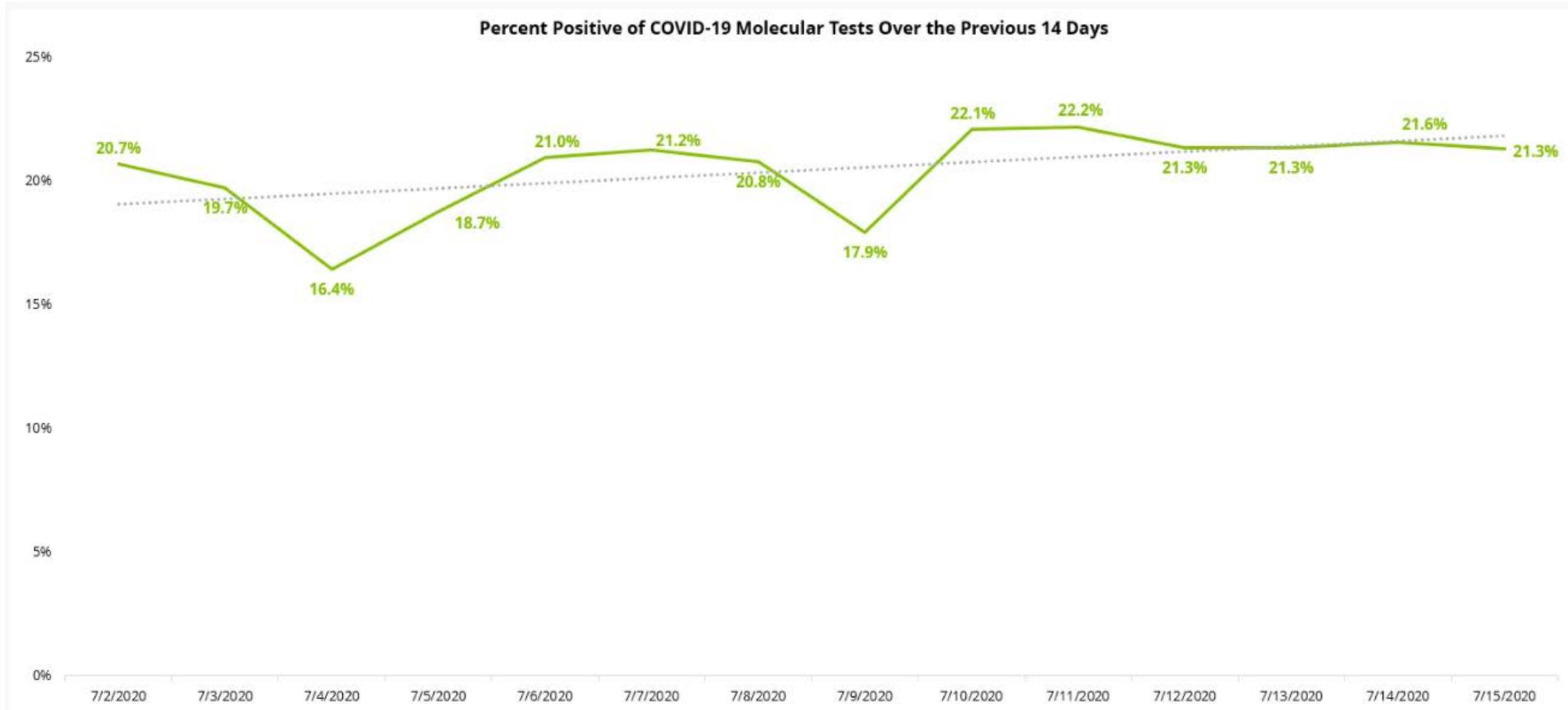
Transmission rate

Tracked with changes in mobility and stringency



Percent positive tracking

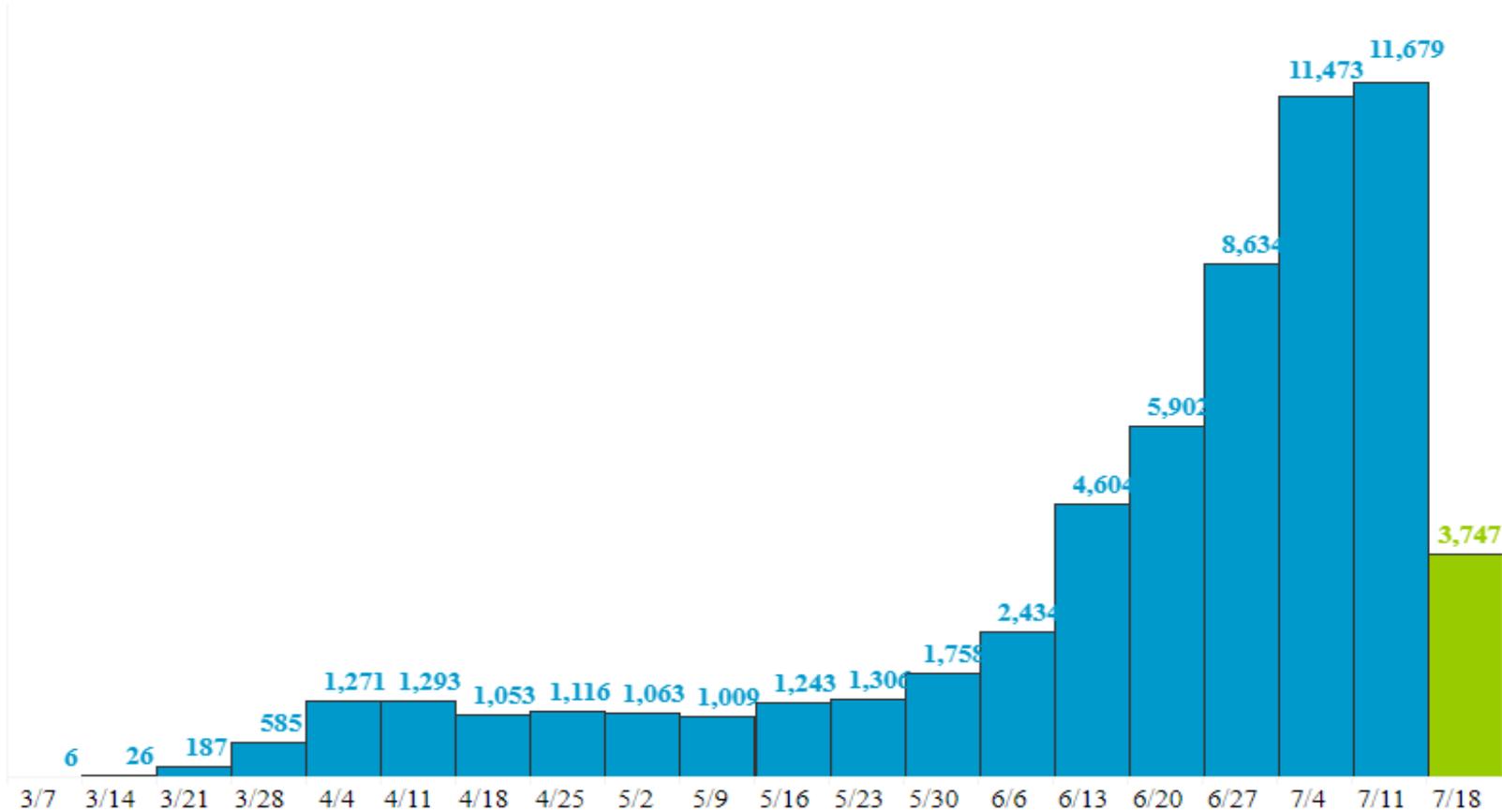
SC DHEC



Weekly case count

SC DHEC

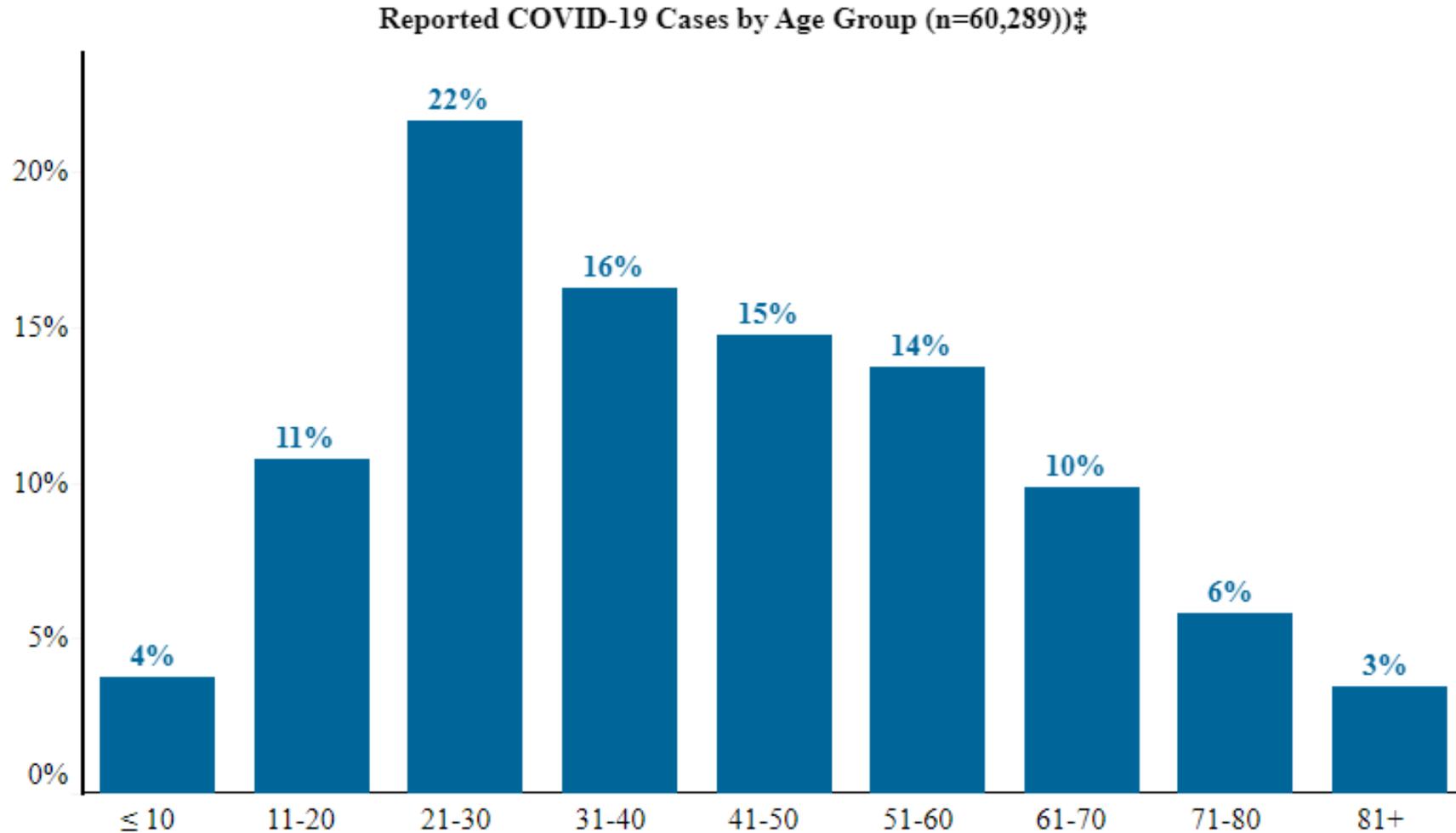
Reported COVID-19 Cases, by Week of Report (n=60,389)*



Note: Information presented are by week of report to DHEC. Data for the current week, highlighted in green, are not complete until the end of the identified reporting period. Comparison of disease activity by week should be made with caution.

Demographic data

SC DHEC – Age group



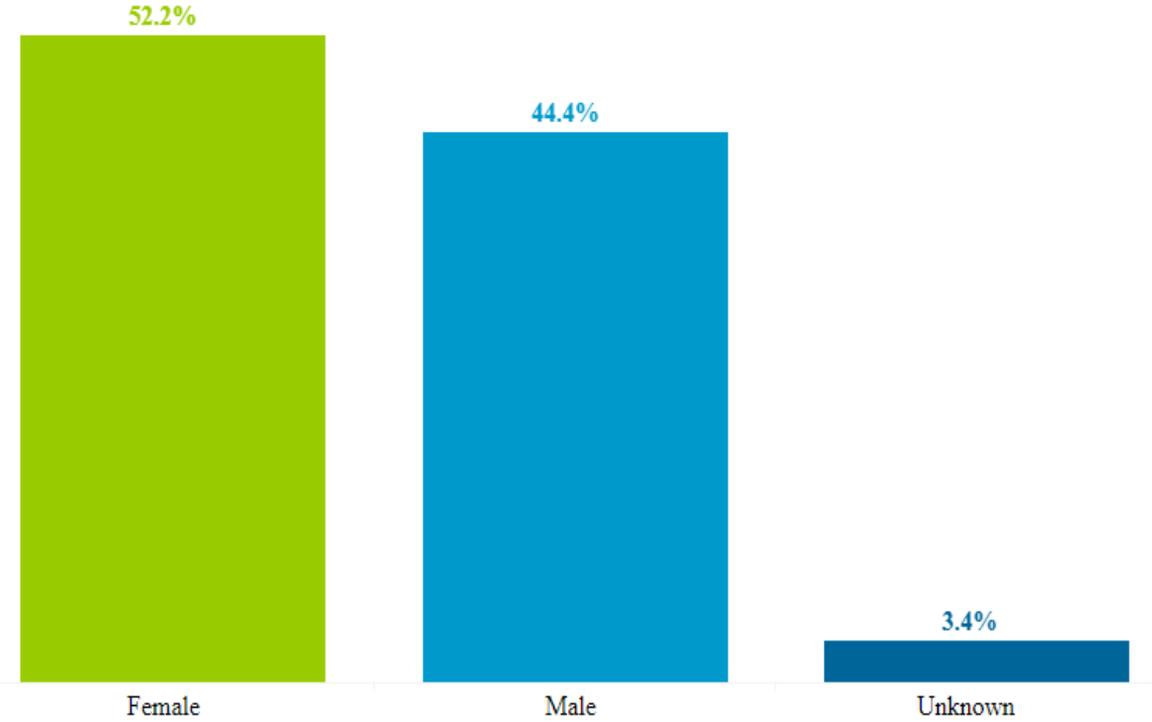
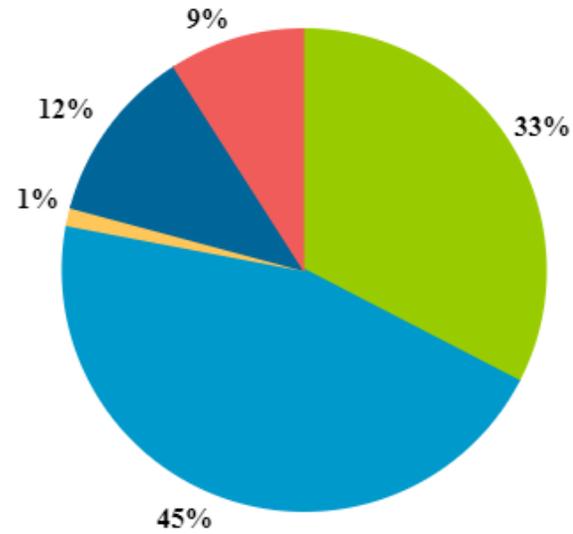
Demographic data

SC DHEC – Race and gender reported

Reported COVID-19 Cases, by Reported Race (n=45,437)~

Race

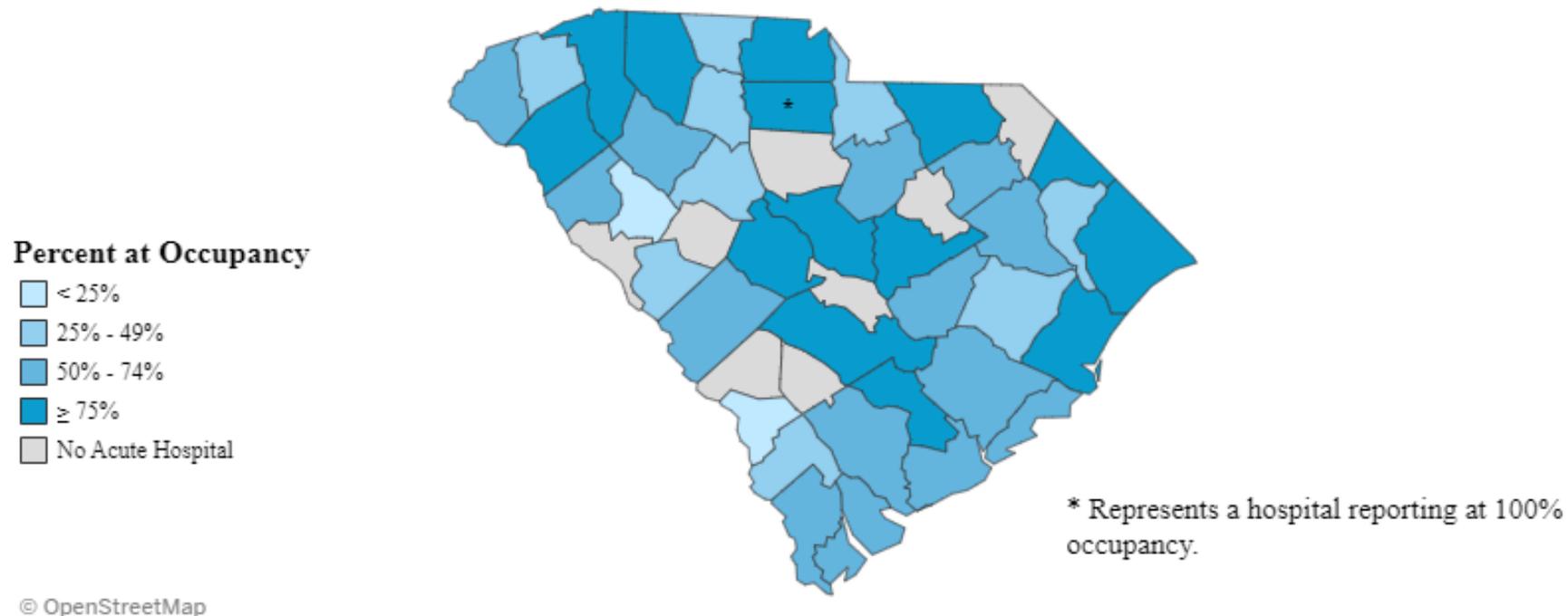
- Black
- White
- Asian/American Indian/Alaskan/Pacific Islander
- Unknown
- Other



COVID-19 hospitalization in SC

Acute Hospital Bed Occupancy Report *As of 7/16/2020*

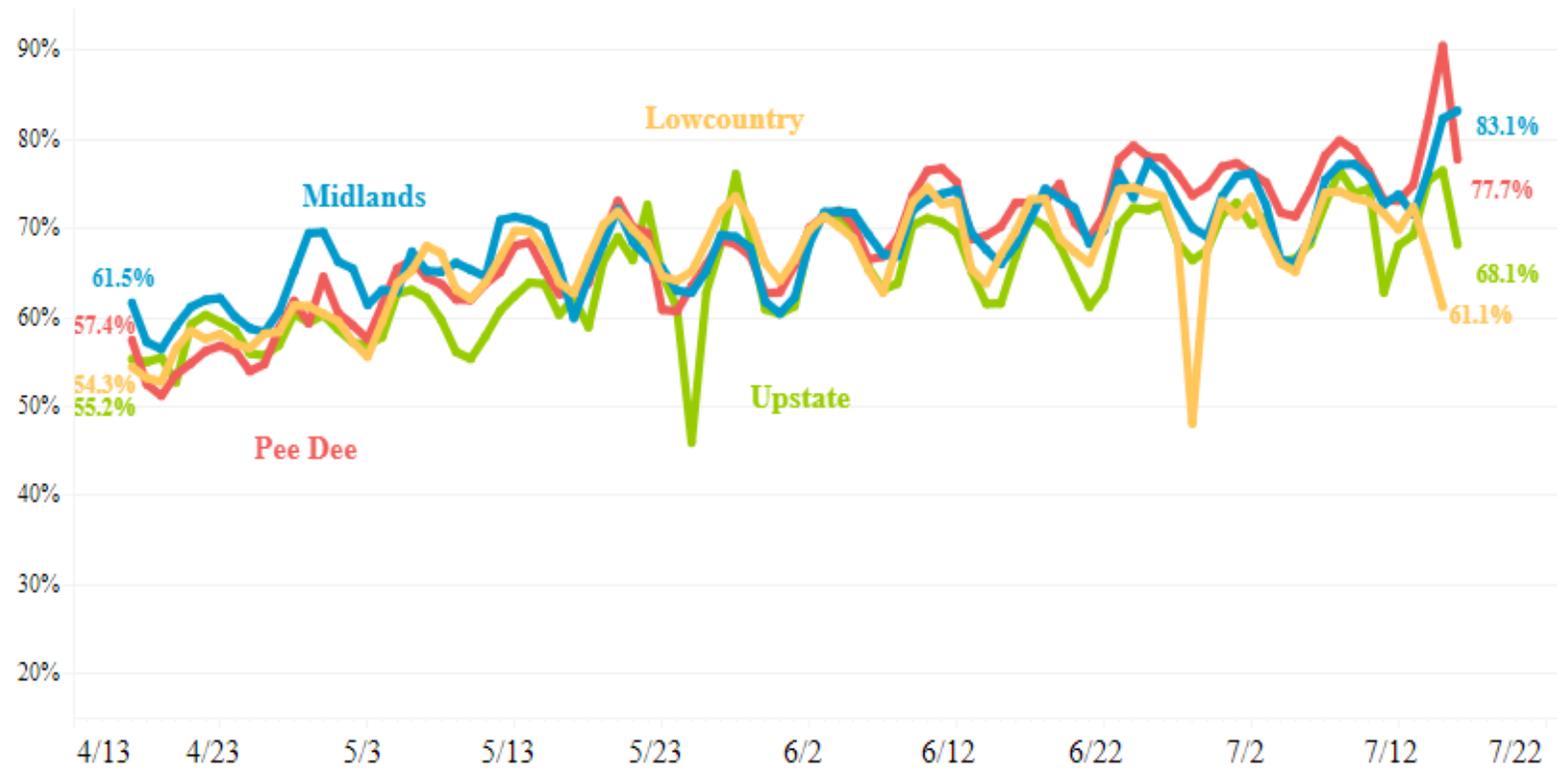
Acute Hospital Bed Occupancy, by County



COVID-19 hospitalization in SC

Acute Hospital Bed Occupancy, by Region

Percentages are based on hospitals that reported on 7/16



Please note that data are provisional and subject to change. Not all hospitals report at the same frequency. At the time of publication the data was as up-to-date as possible. Data quality improvement is continually taking place and will be updated as available. A breakdown of regions is found below:

Lowcountry - 0 out of 15 Pee Dee - 1 out of 18 Midlands - 3 out of 13 Upstate - 8 out of 21



South Carolina



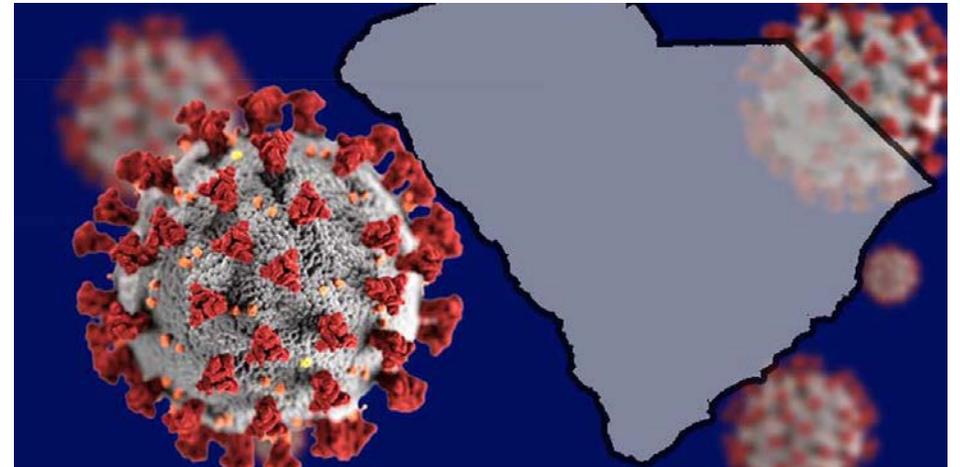
BCBSSC & State Health Plan

Local response

Policy updates – temporary/emergency actions

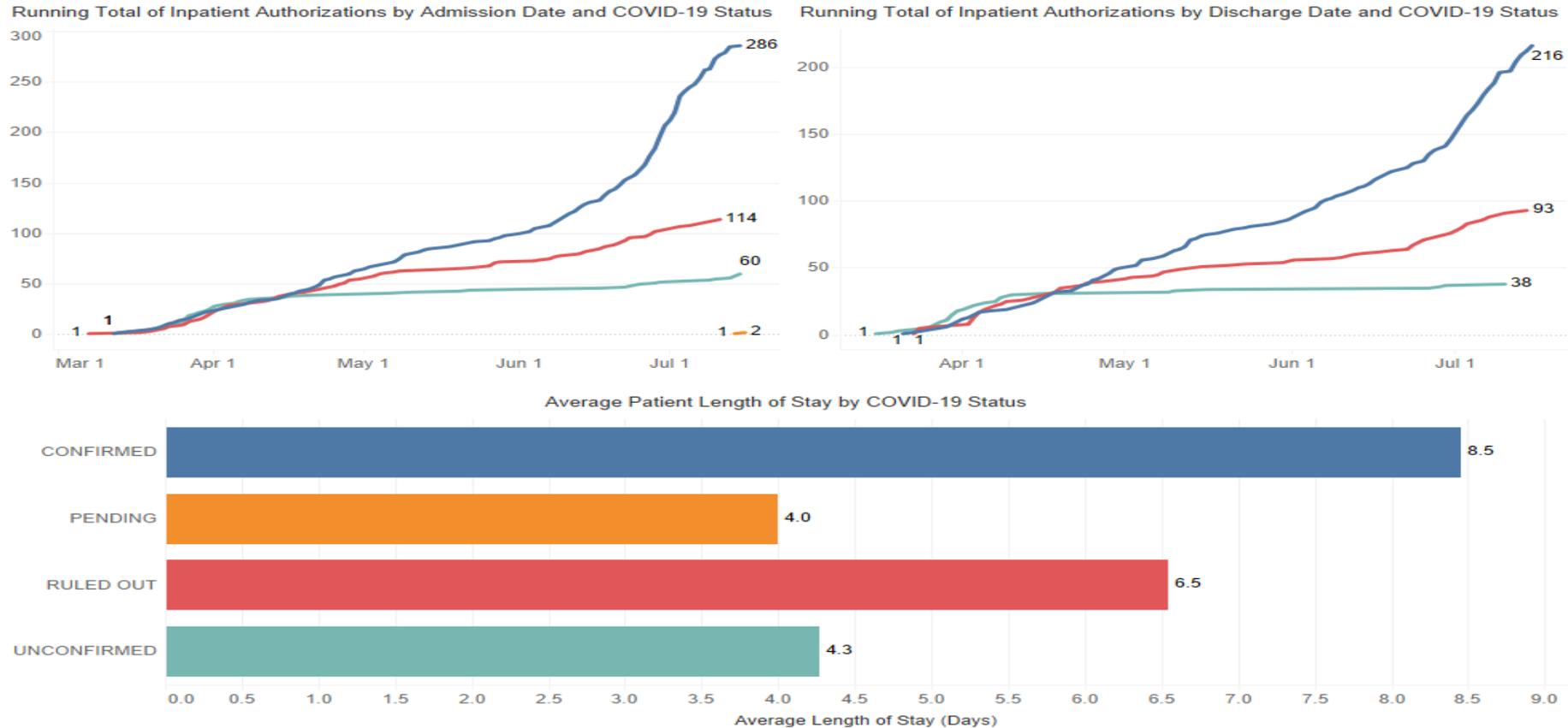
Benefits for members and providers

- Diagnostic Testing at no member cost
- Temporary/emergency expansion of telehealth
 - Reimburse at parity - traditional office visits
 - Expansion of provider network
 - Expanded services
 - Telephone visits
 - Inpatient
 - PT/OT/ST
 - ABA
 - Pediatric
- Blue Care OnDemand
 - No cost to members or State Health Plan
 - Physical and behavioral health



Data and analytics

State Health Plan specific surveillance



* Note: Numbers here are not reflective of total inpatient admissions as CARES Act legislation prohibits requirement of prior authorization for COVID-19 inpatient admissions.

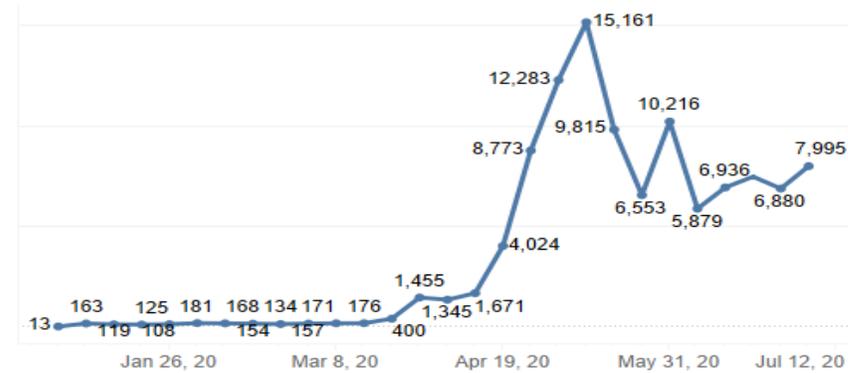
Data and analytics

State Health Plan specific surveillance

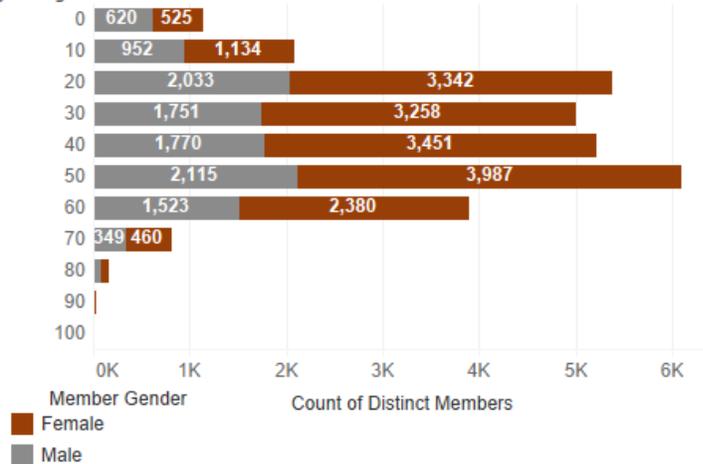
Count of Test Claims Paid by Processed Week
*Restricted to last full week of data



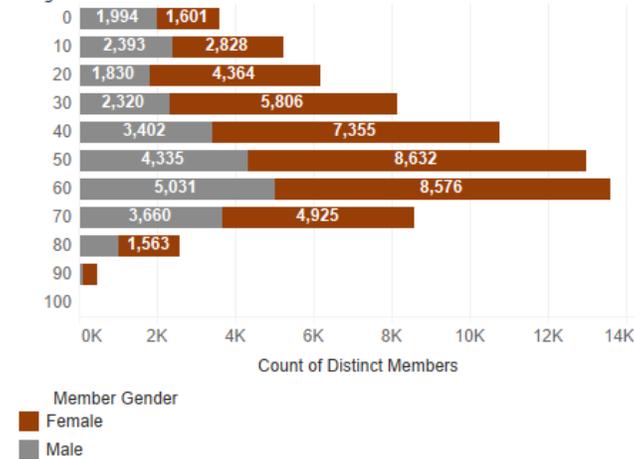
Count of Paid Virtual Health Claims by Processed Week
*Restricted to last full week of data



Age Ranges



Age Ranges





Impact of
Stay-at-Home

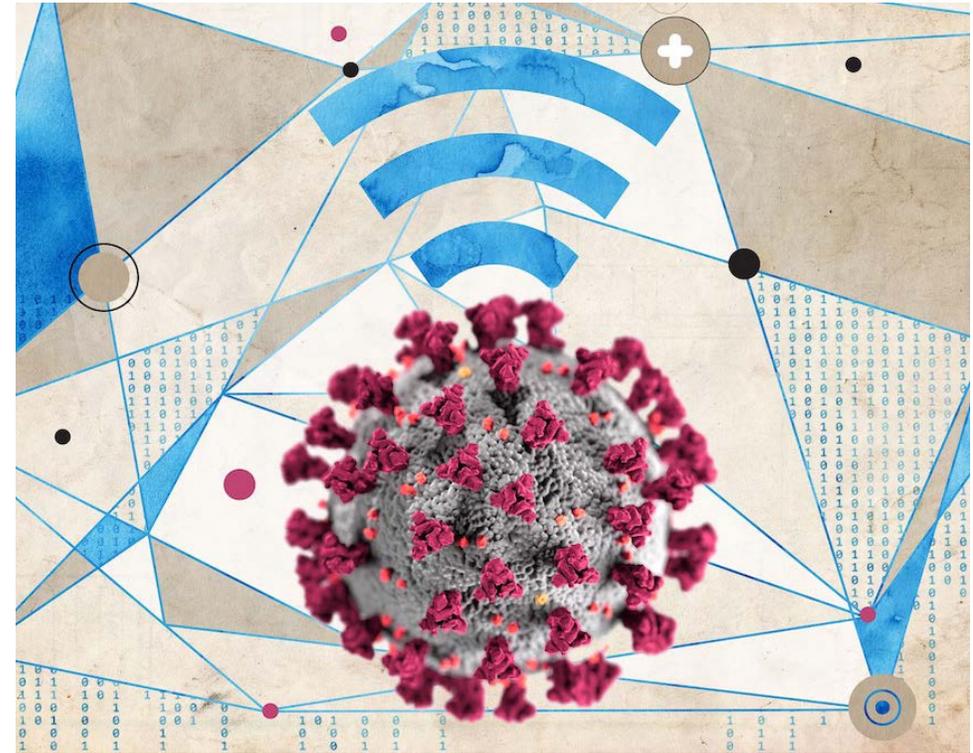


South Carolina

Stay-at-Home effect

Pharmacy

- Refill-too-soon pharmacy limits waived following state-wide lockdown
- Subsequent surge in pharmacy expense
- Surge has yet to be offset



Pharmacy volume and expenditure for 2020 year-to-date remains higher than expected

Stay-at-Home effect

Medical

- Service types were affected very differently by the lockdown and continuing caution resulting from the coronavirus.
 - Across the board there is a greater effect on volume than on expenditure.
 - Lower complexity, less expensive services are more likely to be avoided.
 - Higher complexity, more expensive services are more likely to continue to occur.



Medical expense overall year-to-date is somewhat lower than expected

Stay-at-Home effect

Common medical service types/categories

No Material Effect

- Chemotherapy
- Dialysis
- Well child visits
- Childhood immunizations

Mild Effect

- Inpatient hospital
- Orthopedic surgery
- Ambulance

Modest Effect

- Regular office visits
- Emergency room

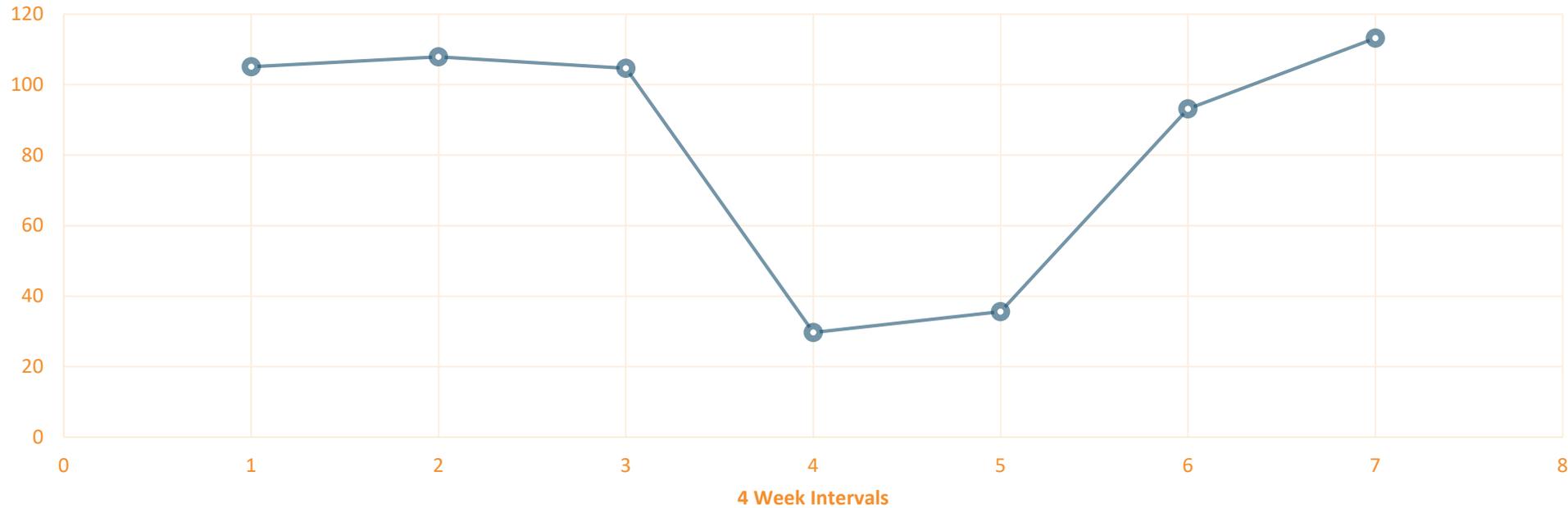
Significant Effect

- Preventive screenings
 - Colonoscopy
 - Mammography
 - Cervical cancer tests

Stay-at-Home effect

Dental

2020 Base Dental Plan claims in comparison to 2019



Dental experience fell drastically with the lockdown, but is beginning to surge now with the re-opening of dentist offices and establishment of COVID safety protocols



South Carolina

June processed claims clearly show a resumption toward “normal” claims activity but it is apparent that we are in an unsettled situation and the near future (remainder of 2020/2021) is less predictable than ever

Communication efforts



Healthy today, healthy tomorrow.



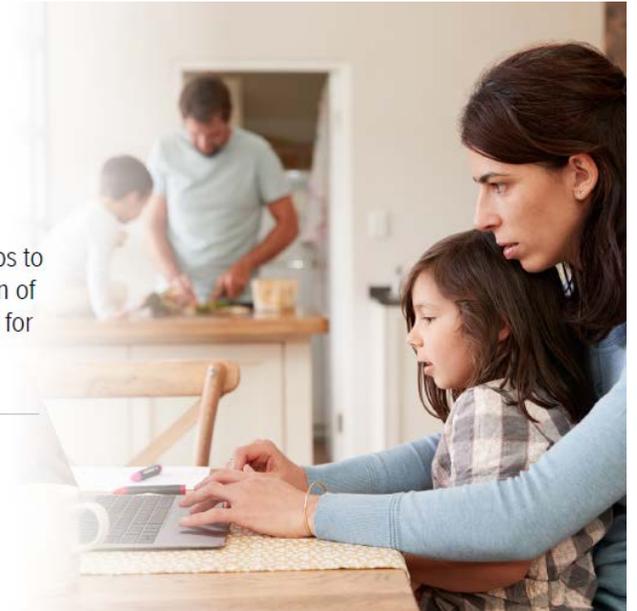
Protecting your child's health is on your mind now more than ever, but taking precautions shouldn't include missing a doctor's appointment. Talk to your pediatrician about how to safely keep on schedule with your child's well visits and immunizations. Together, you can make sure your child is healthy today and remains healthy for tomorrow.

Learn more about well-child benefits at www.PEBAPerks.com.



Stay healthy at home

Working remotely? Take some simple steps to stay healthy. Visit the *Live Healthy* section of www.StateSC.SouthCarolinaBlues.com for more information.





Thank You