



Meeting Minutes | Board of Directors Retreat

Thursday, August 29, 2024 | 9:30 a.m.

Wampee Conference Center | 2213 Pinopolis Road, Pinopolis, SC 29469

Minutes Approved October 23, 2024

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

Others Present for All or a Portion of the Meeting: Peggy Boykin, Robby Brown, Amber Carter, Heather Muller, Laura Smoak, Rob Tester, Travis Turner, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Jonathan Bethke, Annika Mitchell, and Robin Scott from Express Scripts, Inc.; James D’allesio, Jesse Epting, and Carmen Wilson from BlueCross BlueShield of South Carolina; and Mike Madalena, PEBA Consultant.

I. Strategic Healthcare Key Measures

Mr. Rob Tester, Insurance Policy Director, provided strategic key measures for the State Health Plan (SHP), and stated that there are 535,306 total participants in the SHP, including 205,561 active subscribers, and 94,730 retirees.

Mr. Tester reviewed the SHP financial analysis as of July 2024, and noted that the projected 2024 total loss ratio equals 100.0 percent. Mr. Tester added that the cash/liability ratio as of December 2023 was 1.72 percent, which exceeded the 1.4 percent benchmark.

Mr. Tester discussed 2023 average monthly total premiums; the 2023 average annual deductible; and the 2023 average annual gross plan cost per active employee, all of which compared very favorable to other large public and private sector employers.

Ms. Laura Smoak, Analytics and Health Initiatives Director, concluded the presentation by reviewing the Plan’s outcomes and benchmarking in the national Healthcare Effectiveness Data and Information Set (HEDIS) performance measures.

II. 2024 Public Policy/Election Update

Mr. James D’Alessio, Vice-President of Governmental Relations from BlueCross BlueShield of South Carolina, presented an update on current state and federal legislative efforts in healthcare, and what could happen that may affect the State Health Plan.

Mr. D’Alessio concluded by turning the discussion to the political climate, and provided a congressional landscape and a federal election update.

III. Retirement Operations Review

Mr. Travis Turner, Deputy Director and Chief Financial Officer, provided a review of the various stages of Retirement Operations including membership; the enrollment process; member contributions; service purchase; refund of contributions; disability and retirement benefits; and death benefits.

Mr. Turner reported that as of July 1, 2023, there were 678,207 members in the Retirement Systems, including 180,658 retirees and beneficiaries, and 246,060 active members. Mr. Turner stated that the defined benefit plans also provide a disability retirement benefit if a member becomes disabled. Act 278 of 2012 requires that the South Carolina Retirement System (SCRS) members qualify for Social Security disability to receive SCRS disability benefits. Members who reach retirement eligibility based on age and/or years of service may apply for a service retirement benefit. Mr. Turner reported that in fiscal year 2024, the average current age of service retirees in SCRS was 71 years old.

IV. FY 2026 Agency Administrative Budget Approval

Ms. Peggy Boykin, Executive Director, presented the fiscal year 2026 agency budget report, and noted that PEBA's budget authorization has remained constant since PEBA was created in 2012. Ms. Boykin advised that PEBA's operating budget is funded by the insurance and retirement Trust Funds, not from General Funds. Ms. Boykin explained that PEBA's General Fund appropriations are pass through appropriations only, and are not used for PEBA's operating expenses. The General Funds for statewide contributions were added in fiscal year 2016 with the termination of the Budget and Control Board.

Ms. Boykin reviewed the history of approved budget authorizations and advised that an additional \$700,000 was added in fiscal year 2015 for the required fiduciary audit (remaining as part of the approved authorizations for fiscal year 2015 through fiscal year 2025). Ms. Boykin advised that the General Assembly has suspended the requirement for PEBA to have a fiduciary audit, and PEBA instead had an actuarial audit conducted.

Ms. Boykin reminded the Board that an additional budget authorization of \$10 million of recurring funds for PEBA's IT modernization project, PEBA:Connect, was approved in fiscal year 2018. This additional budget authorization will remain in the budget until the completion of the project.

Ms. Boykin advised that the fiscal year 2026 budget request includes a request for an additional \$4 million authorization for increases in employer retirement and insurance contributions that have occurred over time.

Mr. John Sowards made a motion, which was seconded by Mr. Alex Shissias, and passed unanimously, to approve the fiscal year 2026 agency budget request as presented.

V. PEBA Board Bylaws Revision and Approval

Mr. Justin Werner, General Counsel, reviewed a minor change to the PEBA Board Bylaws.

Mr. Sowards made a motion, which was seconded by Mr. Shissias, and passed unanimously, to approve the amendments to the PEBA Board of Directors Bylaws as presented.

VI. Security Awareness

Mr. Robby Brown, Chief Information Officer, provided a security awareness training session, and reviewed various security aspects including understanding threats, fraud prevention, social engineering, password security, and other information technology security related issues.

Mr. Brown concluded his presentation by touching on Artificial Intelligence (AI) uses for security, techniques, and the potential risks of AI systems.

VII. PEBA Board Chairman and Vice-Chairman Elections

Mr. Sowards made a motion, which was seconded by Mr. Shissias, and passed unanimously, to nominate Mr. Rocky Pearce as the PEBA Board Chairman for the current term ending June 30, 2026.

Mr. Sowards made a motion, which was seconded by Mr. Shissias, and passed unanimously, to nominate Mr. Calvin Elam as the PEBA Board Vice-Chairman for the current term ending June 30, 2026.

VIII. Old Business

Director's Report

Ms. Peggy Boykin, Executive Director, expressed her appreciation to the Board for their commitment to the Board and taking the time to attend the Board Retreat. Ms. Boykin asked Board members to let staff know if there are additional educational opportunities that they would like to attend in the future, and advised that there will be fiduciary and ethics training available soon.

Ms. Boykin advised that the next Board meeting will be October 23, 2024, and final reports should be available from the Retirement System Investment Commission (RSIC) at the October meeting. Ms. Boykin stated that RSIC reported a 10.49 percent return for the fiscal year ending June 30, 2024.

Roundtable discussion

PEBA Board members expressed their appreciation to staff for their outstanding efforts in supporting the PEBA Board and providing such an educational and informative Board Retreat.

IX. Adjournment

There being no further business, and upon a motion by Mr. Steve Heisler, which was seconded by Chairman Pearce, and approved unanimously, the PEBA Board Retreat adjourned at 1:55 p.m.