



## **Meeting Minutes | Board of Directors Retreat Business Session**

Thursday, August 25, 2022 | 9:30 a.m.

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

Minutes Approved October 5, 2022

**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, Chairman Joe “Rocky” Pearce, Mr. Alex Shissias, John Sowards, and Mr. Ed Walton.

**Board Members Absent:** Sheriff Steve Mueller

**Others Present for All or a Portion of the Meeting:** Peggy Boykin, Justin Ellis, Laura Smoak, Rob Tester, Travis Turner, Stephen Van Camp, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Jesse Epting and Carmen Wilson from BlueCross BlueShield of South Carolina; Jonathan Bethke, Karen Russell, and Robin Scott from Express Scripts, Inc.; and Mike Madalena; PEBA Consultant.

**Others Present for All or a Portion of the Meeting Via Virtual Means:** Gwen Bynoe, Amber Carter, Tammy Nichols, Heather Muller, and Angie Warren from PEBA; John Gentry from Federated Investment Consulting; and Melissa Simmons from the South Carolina State Treasurer’s Office.

### **I. Call to Order**

Chairman Rocky Pearce called the PEBA Board of Director’s (Board) Retreat Business Session 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. Alex Shissias, and passed unanimously, to approve the minutes from the June 15, 2022, Board meeting.

### **III. OPEB Investment Performance Report**

Mr. Travis Turner, Chief Financial Officer, introduced Mr. John Gentry, Senior Vice President and Senior Portfolio Manager for Federated Investment Counseling, and Ms. Melissa Simmons, Director of Banking and Investment Management Division, South Carolina State Treasurer’s Office, to present an Other Post-Employment Benefits (OPEB) portfolio overview.

Mr. Gentry reviewed a performance summary and portfolio composition for the Retiree Health Insurance Trust Fund and the Long-Term Disability Insurance Trust Fund. Mr. Gentry stated that the PEBA Board is the Trustee of the Funds, the South Carolina Treasurer is the Custodian of the Funds, and Federated Investment Counseling invest the Funds on behalf of the Treasurer. Mr. Gentry stated

that as of June 30, 2022, the Long-Term Disability Insurance Trust Fund has \$35,487,021 in assets, and the Retirees Health Insurance Trust Fund has \$1,531,931,603 in assets.

Mr. Gentry concluded his presentation by reviewing an economic outlook, including Bloomberg Index total returns through June 30, 2022, U.S. inflation rates, bond market volatility, and a U.S. recession probability forecast.

#### **IV. PEBA Connect Update and Strategic Plan Update**

Ms. Sarah Corbett, Chief Operating Officer, presented an update to the 2021-2025 Strategic Plan. Ms. Corbett advised that the updated Strategic Plan is primarily focused on PEBA's Information Technology modernization project, PEBA:Connect. Ms. Corbett stated that the Strategic Plan goals remain the same, but the staff action items for each goal will be focused around the PEBA:Connect project for the next three years. The PEBA:Connect project is scheduled to be completed in May 2025.

Ms. Corbett provided an update regarding PEBA:Connect, and advised that the PEBA:Connect project is in the implementation phase, and will be implementing the Ariel Enterprise Administrative Solution from Lifeworks. The new system will be deployed in three portals, which will be integrated for both retirement and insurance processes.

Ms. Corbett reviewed the project management, and advised that PEBA's Steering Committee holds weekly meetings to ensure that the project is moving forward as efficiently as possible. Ms. Corbett discussed key activities that have been completed, as well as future milestone dates including functional requirements; technical system requirements; and data conversion.

Ms. Corbett advised that LifeWorks recently announced that it had entered into an agreement to be acquired by TELUS, which is a communications technology company, with \$17 billion in annual revenue, 17 million customer connections, and 100,000 employees worldwide.

Ms. Corbett concluded her presentation by discussing potential risks for the PEBA:Connect project including human resources; data cleaning/conversion; technical; contract management; go-live and post-implementation risks; the LifeWorks acquisition; and the scope/functionality of the project.

#### **V. Communications Review**

Ms. Heather Young, Communications Manager, presented a communications strategy overview. Ms. Young stated that communication strategies are connected to the agency's Strategic Plan, and all aspects of on-going operations. PEBA communicates directly with more than 800 employers, more than 520,000 members, as well as external stakeholders, and internal staff.

Ms. Young advised that PEBA Communications partners with its third-party vendors to develop materials and messages, and oversees communications that vendors have with members and employers. Communications staff also collaborates internally with Employer Services, and Customer Service, to develop talking points when benefit changes or updates occur.

Ms. Young stated that PEBA Communications receives and solicits feedback from employers, members, and internal staff to ensure that communication materials are effective.

Ms. Young concluded the presentation by reviewing PEBA's communication tools for employers, members, external stakeholders, and internal staff.

#### **VI. Retirement Operations Review**

Mr. Travis Turner, 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, 2021, there were 641,473 members in the Retirement Systems, including 173,786 retirees and beneficiaries, and 238,080 active members. When a member terminates employment, they may leave their funds on deposit, or request a refund. Mr. Turner stated that the defined benefits plans provide a 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, unless the disability is job related. 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 2022, \$3.2 billion in benefits were paid to SCRS members, and \$449 million in benefits were paid to Police Officers Retirement System (PORS) members.

#### **VII. BlueCross BlueShield Operations Review**

Ms. Carmen Wilson, Account Executive, from BlueCross BlueShield of South Carolina, presented a State Health Plan Operations Overview. Ms. Wilson stated that BlueCross BlueShield processed 11.6 million claims in 2021 for the State Health Plan (SHP), and answered 107,571 customer service calls related to the SHP. Ms. Wilson advised that there are teams fully dedicated to the SHP including a dedicated customer service team, dedicated claims administration, communications support, strategic plan support, plan design support and administration, and employer analytics.

Ms. Wilson concluded her presentation by detailing the services that BlueCross Blue Shield provides to Plan members including health coaching, certified diabetes education, the No-Pay Co-Pay program, case management program, and peer support specialist.

#### **VIII. Express Scripts Operations Review**

Mr. Jonathan Bethke, Senior Account Executive, Federal and Public Sector Pharmacy Services-Government Markets from Express Scripts, Inc., presented an overview of the services provided to SHP members.

Mr. Bethke reviewed underlying factors impacting a member's health, and stated that 80 percent of a person's health is affected by what happens outside of a clinical setting, including 40 percent related to social and economic factors.

Ms. Robin Scott, Senior Account Manager, detailed Express Scripts' customer service access including a dedicated customer service team; pharmacist; Express Scripts mobile application and member website; and customized communications. Ms. Scott also reviewed virtual health solutions which include notifications when prior authorizations are expiring, lower cost alternatives to prescriptions, and care reminders.

Ms. Karen Russell, Senior Clinical Account Executive, reviewed Express Scripts' Therapeutic Resource Center. Ms. Russell advised that clinical specialization in a specific condition helps to better identify

issues and improve health outcomes for members. Ms. Russell reported that 98 percent of members are satisfied with Express Scripts' Specialist Pharmacists.

Ms. Russell reviewed the National Preferred Formulary; Express Scripts' SafeGuardRx program; enhancing member and provider experience; utilization management; Express Scripts patient assurance program; and advanced opioid management.

Ms. Russell also detailed the SHP Commercial Specialty Credentialed Network; the SaveOnSP Program, and academic detailing; which is educational outreach to doctors, hospital systems, and pharmacy directors to provide insights into lower-cost medications; clinical guidelines; and prescribing strategies resulting in total annualized savings of \$5,965,000.

Mr. Bethke concluded the presentation by reviewing utilization data; trend performance; rebates; discounts and subsidies; commercial performance; and Employer Group Waiver Plans (EGWP) performance.

## **IX. Old Business**

### **Roundtable discussion**

PEBA Board members expressed their appreciation to staff for their outstanding efforts in supporting the PEBA Board, particularly to Mr. Stephen Van Camp, General Counsel, and Ms. Sarah Corbett, Chief Operating Officer, both of whom will be retiring soon.

### **Recognition to the PEBA Board**

Chairman Pearce expressed his heartfelt thanks and appreciation to Ms. Corbett, who served the State of South Carolina for over 20 years, and to Mr. Van Camp, who also served the State of South Carolina for 25 years.

Chairman Pearce noted a *Resolution in Recognition and Profound Appreciation of Distinguished Service by Sarah N. Corbett*. It reads as follows:

“WHEREAS, for over twenty years, the State of South Carolina has enjoyed the benefit of the dedication, experience, and leadership of Sarah N. Corbett through her service to the South Carolina Retirement Systems, the South Carolina Retirement System Investment Commission, and the South Carolina Public Employee Benefit Authority; and,

WHEREAS, over those more than two decades of service, Sarah has consistently provided outstanding leadership and exemplary guidance to the state programs for which she has served, whether through performing audits as a Certified Public Accountant or providing agency-level leadership as a Chief Operating Officer; and,

WHEREAS, in her service as PEBA's Chief Operating Officer since 2014, Sarah has not only been responsible for ensuring the success of PEBA's current operations, but she has also played a key part in setting the future course for PEBA, most significantly through her leadership roles related to the PEBA:Connect project and the agency's strategic planning efforts; and,

WHEREAS, the distinguished and dedicated leadership Sarah has provided to PEBA and its predecessor and sister agencies has been of immeasurable and invaluable benefit to those agencies

in fulfilling their mission of providing strong and secure retirement and insurance plans to hundreds of thousands of South Carolina public employees, retirees, and their families; and,

WHEREAS, working beyond the fiscal and operational concerns of a Chief Operating Officer, Sarah has also enriched the lives of PEBA's employees by ensuring the availability of wellness programs that serve the physical and mental well-being of employees, including personally leading yoga programs for employees; and,

WHEREAS, in recognition of Sarah's exemplary history of service and leadership to PEBA, and, speaking on behalf of her many friends across agencies in state government, the PEBA Board now takes great pleasure in wishing her all the best as she retires from public employment in September 2022;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Public Employee Benefit Authority hereby expresses its deep gratitude and appreciation for the distinguished and faithful service of Sarah N. Corbett to PEBA and the State of South Carolina as a whole on the occasion of her retirement from public employment and wishes her much success and fulfillment in all of her future endeavors.

ADOPTED by the South Carolina Public Employee Benefit Authority Board of Directors this 25th day of August, 2022."

Chairman Pearce also noted a *Resolution in Recognition and Profound Appreciation of Distinguished Service by Stephen R. Van Camp*. It reads as follows:

"WHEREAS, for some twenty-five years, Stephen R. Van Camp has honorably, faithfully, and diligently served the State of South Carolina in a variety of capacities with the South Carolina Retirement Systems, the State Budget and Control Board, the State Employee Insurance Program, and the South Carolina Public Employee Benefit Authority; and,

WHEREAS, over that quarter century of service, as the holder of a Juris Doctorate and a Master of Business Administration, Stephen has provided excellent legal counsel and outstanding leadership to the state programs for which he has served as an attorney and director; and,

WHEREAS, most notably, in his service as PEBA's General Counsel since its inception in 2012, Stephen's guidance and leadership were instrumental in the successful establishment of PEBA from the merger of the South Carolina Retirement Systems and Employee Insurance Program, and his guidance and leadership have remained crucial to PEBA's success as an agency over the last decade; and,

WHEREAS, the expert counsel, faithful dedication, and sage leadership Stephen has provided to PEBA and its predecessor agencies have played a key role in advancing the mission of providing strong and sustainable retirement and insurance benefits to hundreds of thousands of South Carolina public employees, retirees, and their families; and,

WHEREAS, beyond his role as General Counsel, Stephen has also enriched PEBA's employee culture and brought hours of enjoyment to PEBA's employees by offering his musical talents as a songwriter, band leader, and performer to many PEBA functions; and,

WHEREAS, in recognition of the legacy of commitment and leadership Stephen has provided to PEBA, and, speaking on behalf of his many friends across agencies in state government, the PEBA Board now takes great pleasure in wishing him all the best as he enters retirement in October 2022;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Public Employee Benefit Authority hereby expresses its deep gratitude and appreciation for the distinguished and faithful service of Stephen R. Van Camp to PEBA and the State of South Carolina as a whole on the occasion of his retirement and wishes him much success and fulfillment in all of his future endeavors.

ADOPTED by the South Carolina Public Employee Benefit Authority Board of Directors this 25th day of August, 2022.”

**X. Adjournment**

There being no further business, and upon a motion by Mr. Heisler, which was seconded by Mr. Shissias, and approved unanimously, the Board Retreat Business Session adjourned at 2:29 p.m.