

## Meeting Minutes | Board of Directors

Thursday, December 1, 2016 | 9:00 a.m.  
Nexsen Pruet | 1230 Main St., Suite 700 Columbia, SC 29201

Minutes Approved January 12, 2017

**Board Members Present:** Mr. Frank Fusco, Mr. Steve Heisler, Sheriff Leon Lott, Vice Chairman Joe “Rocky” Pearce, Mr. Audie Penn, Chairman John Sowards, and Mr. David Tigges

**Board Members Present via Telephone:** Mr. Steve Matthews and Mr. Steve Osborne

**Others Present for All or a Portion of the Meeting:** Peggy Boykin, Ashley Brindle, Amber Carter, Sarah Corbett, Jennifer Ford, Heather Muller, Tammy Nichols, Laura Smoak, Rob Tester, Travis Turner, Heather Young, Stephen Van Camp, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Joanie Lawson from the South Carolina Education Association; Wayne Bell and Wayne Pruitt from the State Retirees Association of South Carolina; Brooks Goodman and Karen Patton from Blue Cross Blue Shield of South Carolina; Robin Scott from Express Scripts, Inc.; Alex Tomlinson from Milliken Law Firm and Thomas Rey from CliftonLarsonAllen.

### I. Call to Order

Chairman John Sowards called the PEBA Board of Director’s (Board) retreat to order at 9:03 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### II. Adoption of Proposed Agenda

It was noted that the proposed Board meeting agenda was adopted unanimously as presented.

### III. Approval of Meeting Minutes- October 20, 2016

It was noted that the October 20, 2016, meeting minutes were adopted unanimously as presented.

### IV. FY 15/16 Health and Retirement Financial Statements Audit Deferred Compensation Program Audit Report

Mr. Thomas Rey, CPA, from CliftonLarsonAllen, PEBA’s External Auditor, reviewed the Health Financial Statement, the South Carolina Retirement Systems (SCRS) Financial Statements, and the Deferred Compensation Program Audit Reports for fiscal year 2015-16. Mr. Ray reported that all three audit reports are unmodified “clean” opinions with no internal control findings and no deficiencies identified. Mr. Ray advised that both SCRS and the Other Post Employment Benefits (OPEB) trust funds adopted the Governmental Accounting Standards Board (GASB) Statement No. 72 (Fair Value Measurement and Application) which requires state and local governments to measure investments at fair value. Mr. Rey stated that the Health Insurance Financial Statement was

previously three separate financial statements, and have been combined to one financial statement. Mr. Rey also reviewed SCRS financial highlights and the fiduciary net position as of June 30, 2016.

Mr. Steve Heisler made a motion, which was seconded by Mr. Audie Penn, and passed unanimously, to receive the Health Financial Statement, the South Carolina Retirement Systems Financial Statements, and the Deferred Compensation Program Audit Report as information.

#### **V. 2017 Board and Committee Meeting Dates**

Ms. Peggy Boykin, Executive Director, reviewed the proposed 2017 Board and Committee dates and noted that the meeting schedule remains the same for 2017. The Retirement Policy Committee and the Finance, Administration, Audit and Compliance (FAAC) Committee meet on the third Wednesday of each month, and the Health Care Policy Committee and the Board meet on the third Thursday of each month. Ms. Boykin pointed out that during the month of June all meetings would be held during the second week of the month due to scheduling conflicts.

Upon review, the Board requested to update the meeting schedule to reflect the Board Retreat on November 30, 2017, and December 1, 2017, and delete the regularly scheduled November and December 2017 Board meeting dates. It was noted that the Committee Chairmen could determine if November and December 2017 Committee meetings would be necessary closer to the date.

Mr. Heisler made a motion, which was seconded by Sheriff Leon Lott, and passed unanimously, to approve the 2017 Board and Committee Meeting Date schedule as amended.

#### **VI. Executive Session to receive legal advice pursuant to S.C. Code Ann. Section 30-4-70(A)(2)**

At 10:00 a.m., Mr. Frank Fusco made a motion, which was seconded by Mr. Heisler, and passed unanimously, to recede into executive session for the purpose of receiving legal advice.

The Committee reconvened in open session at 10:30 a.m. Chairman Sowards announced that no action was taken by the Board while in executive session.

#### **VII. Committee Reports**

##### **A. Retirement Policy Committee**

Mr. David Tigges reported that the Retirement Policy Committee did not meet in November.

##### **B. Finance, Administration, Audit and Compliance (FAAC) Committee**

Mr. Steve Matthews advised that the FAAC Committee did not meet in November.

##### **C. Health Care Policy Committee**

Mr. Rocky Pearce reported that the Health Care Policy Committee met on October 20, 2016, and November 9, 2016, and approved adding an annual adult well exam to the State Health Plan (SHP) for 2018.

Ms. Laura Smoak, Analytics and Health Initiatives Director, reviewed the annual adult well exam that is proposed for 2018, and outlined the assumptions made in the development of the benefit including:

- The benefit would be available annually to all non-Medicare primary adults covered by the SHP
- The benefit would be "first dollar" in nature in that it would not be subject to general plan provisions (deductible or coinsurance)
- The benefit would cover all evidence-supported services typically performed in an adult checkup
- The benefit would cover all evidence-supported services typically performed in an adult well-woman checkup that are not currently covered by the SHP
- The benefit could also cover other commonly performed adult checkup related services
- The benefit assumes the adult checkup would be limited to primary care physician provider type or specialty to include physicians specializing in General Practice, Family Practice, Internal Medicine, and Obstetrics and Gynecology
- Follow-up services performed as a result of the adult checkup would be subject to existing plan provisions (per occurrence copays, deductible, and coinsurance subject to applicable out-of-pocket maximums)

Ms. Smoak also discussed the annual adult checkup scope of coverage, and additional services that may be covered based on the United States Preventive Services Task Force (USPSTF) recommendations. If approved, the SHP will cover one adult checkup per year.

Ms. Boykin reviewed the State Health Plan budget requirements for 2018, and detailed four different scenarios with the applicable cost factors.

Mr. Pearce stated that the Health Care Policy Committee made a motion that the Board recommend to the General Assembly that the State Health Plan stay grandfathered and add annual adult well exam visits with increased patient liability for 2018. This option includes a 3.5 percent increase in budget continuation requirements. Chairman Sowards stated that a Committee motion does not require a second. The motion passed unanimously.

## **VIII. Old Business**

### **A. Director's Report**

Ms. Boykin thanked PEBA staff and Board members for their preparation and participation during the Board retreat.

Ms. Boykin announced that a Senate budget hearing is scheduled for December 14, 2016, regarding the State Health Plan.

Ms. Boykin stated that the Joint Committee on Pension Systems Review expects to have a recommendation regarding funding options for the South Carolina Retirement Systems by January 2017.

### **B. Roundtable Discussion**

At the conclusion of the Director's Report, Chairman Sowards provided an opportunity for a roundtable discussion. Chairman Sowards thanked Ms. Boykin and staff for their abundant efforts this past year. Board members echoed Chairman Sowards' comments thanking Ms. Boykin and PEBA staff for their hard work during the year.

**IX. Adjournment**

There being no further business, and upon motion by Mr. Frank Fusco which was seconded by Mr. Rocky Pearce, and approved unanimously, the Board meeting adjourned at 11:06 a.m.