PEBA
SC Retirement Systems and State Health Plan

South Carolina Public Employee Benefit Authority
Serving those who serve South Carolina

Meeting Agenda

|Health Care Policy Committee |Finance, Administration, Audit and Compliance Committee |Retirement Policy Committee| Board of Directors
Wednesday, March 1, 2023 | 202 Arbor Lake Drive., Columbia, SC 29223| 1st Floor Conference Room

Health Care Policy Committee |10:30 a.m.

I. Call to Order
II. Approval of Meeting Minutes – December 7, 2022
III. State Health Plan Benchmark Review
IV. Telehealth: Growth, Opportunities, and Challenges
V. Old Business/Director's Report
VI. Adjournment

Finance, Administration, Audit and Compliance Committee |11:30 a.m.

I. Call to Order
II. Approval of Meeting Minutes- December 7, 2022
III. Internal Audit Reports
    i. Internal Audit Report 2022-3 Retirement Electronic Employer Services (EES)
    ii. SC PEBA Internal Audit Plan for 2023
IV. Old Business/Director's Report
V. Adjournment

LUNCH

Retirement Policy Committee |1:00 p.m.

I. Call to Order
II. Approval of Meeting Minutes – December 7, 2022
III. Defined Contribution Plans Quarterly Investment Performance Report
    i. Deferred Compensation Program
    ii. State ORP
IV. Deferred Compensation Program Quarterly Plan Summary
V. State ORP Service Provider Review (Voya Financial)
VI. Old Business/Director's Report
VII. 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.

Board of Directors | 2:30 p.m.

I. Call to Order
II. Approval of Meeting Minutes- December 7, 2022
III. Ethics Training
IV. Committee Reports
    i. Health Care Policy Committee
    ii. Finance, Administration, Audit and Compliance Committee
    iii. Retirement Policy Committee
V. Old Business
    i. Director's Report
    ii. RoundTable Discussion
VI. Adjournment

PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
Health Care Policy Committee

Meeting Date: March 1, 2023

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1. Subject: State Health Plan Benchmarks

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2. Summary: Rob Tester will review the latest iteration of the State Health Plan's annual comparison with national and regional benchmarks.

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3. What is Committee asked to do? Receive as information

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4. Supporting Documents:

(a) Attached: 1. SHP Benchmarks March 2023
2. SHP Benchmarks Appendix March 2023

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State Health Plan benchmarks

Health Care Policy Committee

March 1, 2023

State Health Plan enrollment as of March 2023

Participants		
Subscribers		296,620
Actives	199,654	
Retirees	93,682	
Others	3,284	
Spouses		88,335
Children		138,880
Total covered lives		**523,835**

Total employer groups: 821

Active subscribers	
State agencies	33,144
Higher education	25,703
School districts	86,050
Charter schools	3,393
Local subdivisions	37,666
MUSC hospitals	10,885
Other	2,813
Total employees	**199,654**

Retirees	
Medicare	76,366
Non-Medicare	17,316
Total retirees	**93,682**
Funded retirees	***86,882***

Numbers represent enrollment in the State Health Plan, the MUSC Health Plan and TRICARE Supplement Plan.

State Health Plan versus national trends

Target is to maintain net expenditure growth at least two points below benchmark.

	Benchmark	State Health Plan
2018	7.1%	3.2%
2019	6.8%	2.5%
2020	5.7%	3.7%
2021	8.3%	7.0%
2022	7.1%	1.5%[1]
5-year average (2018-2022)	**7.0%**	**3.6%**

[1]Incurred in 12 months; paid in 13 months.

The benchmark is a blended number derived from annual health care cost trend surveys produced by national consulting firms including Aon, Buck, PriceWaterhouseCoopers, Segal and Willis Towers Watson, when available.

State Health Plan contribution rate increases versus CPI growth for medical care

Target is to control annual contribution increase to no more than CPI for medical care plus 3 percentage points. Two-year lag in CPI data used for measure because of timing of the State Health Plan rate setting process.

	State Health Plan total rate increase		Medical care CPI increase
2020	0.0%	**2018**	2.0%
2021	0.0%	**2019**	4.6%
2022	0.6%	**2020**	1.8%
2023	14.2%	**2021**	2.2%
2024	2.4%	**2022**	4.0%
5-year average (2020-2024)	**3.4%**	**5-year average (2018-2022)**	**2.9%**

2022 Average monthly total premiums[1]

	Single	Family
State Health Plan	$500	$1,325
Large public and private sector employers[2]	$686	$1,960
Public and private sector in South[3]	$667	$1,872
Public employers	$657	$1,749
Private – manufacturing	$703	$1,986
Private – financial services	$698	$1,905

[1]Average monthly total premiums in PPO (Preferred Provider Organization) plans
[2]Large public and private sector employers: ≥ 200 employees in public and private sectors
[3]Public and private sector employers in South includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the *Kaiser Family Foundation Employer Health Benefits 2022 Annual Survey*

2022 Average annual deductible[1]

	Amount
State Health Plan	$490
Large public and private sector employers[2]	$1,023
All employers	$1,322

[1]Average annual deductible in PPO (Preferred Provider Organization) plans
[2]Large public and private sector employers: ≥ 200 employees in public and private sectors

Data from the *Kaiser Family Foundation Employer Health Benefits 2022 Annual Survey*

2021 Average annual gross plan cost per active employee[1]

	Amount[2]
State Health Plan	$11,954
Public employers	$14,665
Private – manufacturing	$15,241
Private – financial services	$15,289
All employers	$14,718
Employers – 500+	$14,648
Employers – 20k+	$13,795
South[3]	$13,370

[1]Average cost in PPO (Preferred Provider Organization) and POS (Point of Service) plans
[2]Average annual gross plan cost per employee (medical and pharmacy only for active employees and their dependents) = (Claims cost for employee and dependents + administrative costs + employee contributions)/number of active employees
[3]South includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the 2021 *Mercer National Survey of Employer-Sponsored Health Plans*

2023 Composite monthly premiums[1]

	Employer	Employee	Total
State Health Plan	$683.16	$159.77	$842.96
South[2]	$830.10	$199.95	$1,030.06
United States	$1,003.01	$181.16	$1,184.16
State Health Plan percentage of regional average	82.3%	79.9%	81.8%
State Health Plan percentage of national average	68.1%	88.2%	71.2%

Survey uses most prevalent plan among state employee options for analysis.
[1]Composite monthly premiums: Weighted average of all PEBA health subscribers enrolled in each coverage level
[2]South includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the 2023 *PEBA 50-State Survey of State Employee Health Plans*

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.

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Appendix: State Health Plan benchmarks

Health Care Policy Committee

March 1, 2023

2022 Average monthly contribution by employees

	Single	Family
State Health Plan	$98	$307
Large public and private sector employers[1]	$133	$497
Public and private sector in South[2]	$123	$564

[1]Large public and private sector employers: ≥ 200 employees in public and private sectors
[2]Public and private sector employers in South includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the *Kaiser Family Foundation Employer Health Benefits 2022 Annual Survey*

2022 Average percentage of contribution by employer

	EE contribution	Total premium	ER contribution
State Health Plan			
Single	$98	$500	80.5%
Family	$307	$1,325	76.9%
Large public and private sector employers[1]			
Single	$133	$686	80.6%
Family	$497	$1,960	74.6%
Public and private sector employers in South[2]			
Single	$123	$648	80.8%
Family	$564	$1,819	69.0%

[1]Large public and private sector employers: ≥ 200 employees in public and private sectors
[2]Public and private sector employers in South includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the *Kaiser Family Foundation Employer Health Benefits 2022 Annual Survey*

2022 Average Rx copayment

	Amount
State Health Plan	$9/$42/$70
Public and private sectors[1]	$11/$37/$67

[1]Public and private sectors includes small and large firms with Health Maintenance Organizations, Preferred Provider Organizations

Data from the *Kaiser Family Foundation Employer Health Benefits 2022 Annual Survey*

2021 Median individual in-network deductible amount[1]

	Amount
State Health Plan	$490
Public employers	$600
Private – manufacturing	$750
Private – financial services	$750
All employers[2]	$750
Employers – 500+	$750
Employers – 20k+	$700
Public and private sector employers in South[3]	$750

[1]Median deductible amount in PPO (Preferred Provider Organization) and POS (Point of Service) plans
2Public and private employers in South includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the 2021 *Mercer National Survey of Employer-Sponsored Health Plans*

2021 Median individual in-network coinsurance maximum amount[1]

	Amount
State Health Plan	$2,800
Public employers	$2,500
Private – manufacturing	$3,000
Private – financial services	$3,000
All employers	$3,500
Employers – 500+	$3,000
Employers – 20k+	$3,500
Public and private sector employers in South[2]	$3,500

[1]Median coinsurance maximum amount in PPO (Preferred Provider Organization) and POS (Point of Service) plans
[2]Public and private employers in South includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the 2021 *Mercer National Survey of Employer-Sponsored Health Plans*

2021 Median prescription drug retail 3-tier copayment amounts

	Amount
State Health Plan	$9/$42/$70
Public employers	$10/$30/$50
Private – manufacturing	$10/$30/$60
Private – financial services	$10/$35/$60
All employers	$10/$35/$60
Employers – 500+	$10/$30/$60
Employers – 20k+	$10/$30/$58
Public and private sector employers in South[1]	$10/$35/$60

[1]Public and private employers in South includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the 2021 *Mercer National Survey of Employer-Sponsored Health Plans*

2023 State Health Plan member benefits, contributions compared to other State Health Plans in the Southeast

	Lower	Higher	Same
Deductible	6	7	
Coinsurance max	8	3	2
Generic copay	5	8	
Brand copay	3	10	
Employer contribution	9	4	
Employee contribution	10	3	
Total contribution	11	2	

Data from the 2023 *PEBA 50-State Survey of State Employee Health Plans*

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PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
Health Care Policy Committee

Meeting Date: March 1, 2023

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1. Subject: Telehealth: Growth, Opportunities, and Challenges

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2. Summary: The use of telehealth grew exponentially during the COVID-19 pandemic and became more established as a regular feature in health plans. Dr. Tripp Jennings of BCBSSC will present on telehealth's progress as well as the challenges it presents to payers.

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3. What is Committee asked to do? Receive as information

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4. Supporting Documents:

(a) Attached: 1. Telehealth Overview

Telehealth Overview

Tripp Jennings, MD FACEP

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Objectives

- Telehealth Industry Perspective
- Investments
- Data Points
- Pros and Cons Observed
- Path Forward

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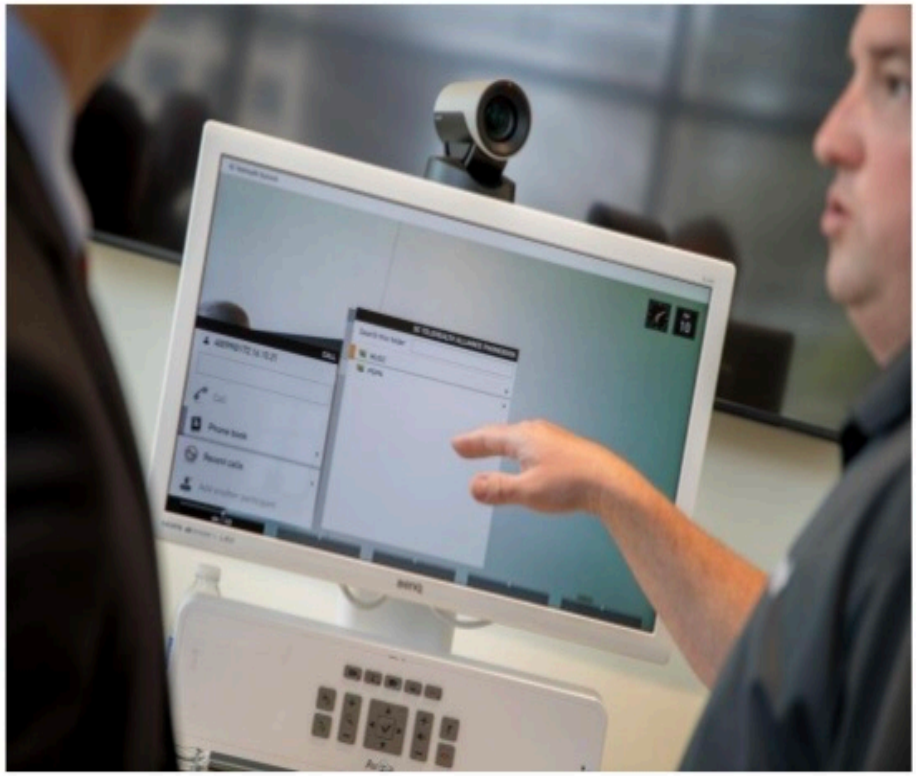
The Need for Telehealth

- Clinical shortages
- Access in rural/underserved communities to primary/specialty
- Aging population
- Millennials – tech savvy, convenience, no waiting
- Travel time, transportation, costs, absenteeism at work
- Delayed treatment
- Clinical education programs



PALMETTO CARE CONNECTIONS™

South Carolina

Benefits of Telehealth

- Reduces barriers to access
- Increases efficiency for providers
- Reduces overall health care costs
- Reduces delays in care
- Retains resources locally
- Increases patient satisfaction
- Improves quality of care
- Consultant and primary provider communication
- Education to providers
- Improves health outcomes
- Virtual accessibility

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Telehealth Industry Challenges

- Telehealth Reimbursement
- Buy-In from Top Down
- Program Sustainability
- Broadband
- Interoperability or Open Access Environment
- Mandated Participation in Health Information Exchange in SC
- Credentialing
- Licensure
- Champions (Community & Provider)
- Telehealth Policies (State & Federal)

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SC Telehealth Legislative Appropriations

Fiscal Year	Amount	Proviso/Source
FY2014	$4,000,000	Proviso 33.34 Section E(3)
FY2015	$15,000,000	Proviso 33.26 Section E(3)
FY2016	$13,000,000	Proviso 33.22 Section E(3)
FY2017	$15,000,000	• Part 1A, Section 33, II.A.2. Medical Contracts - $4,000,000 • Proviso 33.34 Section E(3) - $11,000,000
FY2018	$17,350,000	• Part 1A, Section 33, II.A.2. Medical Contracts - $6,000,000 • Proviso 33.23 Section E(3) - $2,350,000 • Proviso 117.131 (B) - $9,000,000
FY2019	$13,000,000	• Part 1A, Section 33, II.A.2. Medical Contracts - $7,000,000 • Proviso 33.22 Section E(3) - $1,000,000 • Proviso 117.131 (B) - $5,000,000
FY2020	$13,000,000	• Part 1A, Section 33, II.A.2. Medical Contracts - $7,000,000 • Proviso 33.22 Section E(3) - $1,000,000 • Proviso 117.131 (B) - $5,000,000
FY2021	$14,225,000*	*Appropriated
FY2022	$14,225,000*	*Appropriated
FY2023	$14,225,000*	*Appropriated
Total	~$133,100,000	• $90,350,000 as reported by DHHS • $42,750,000 estimated

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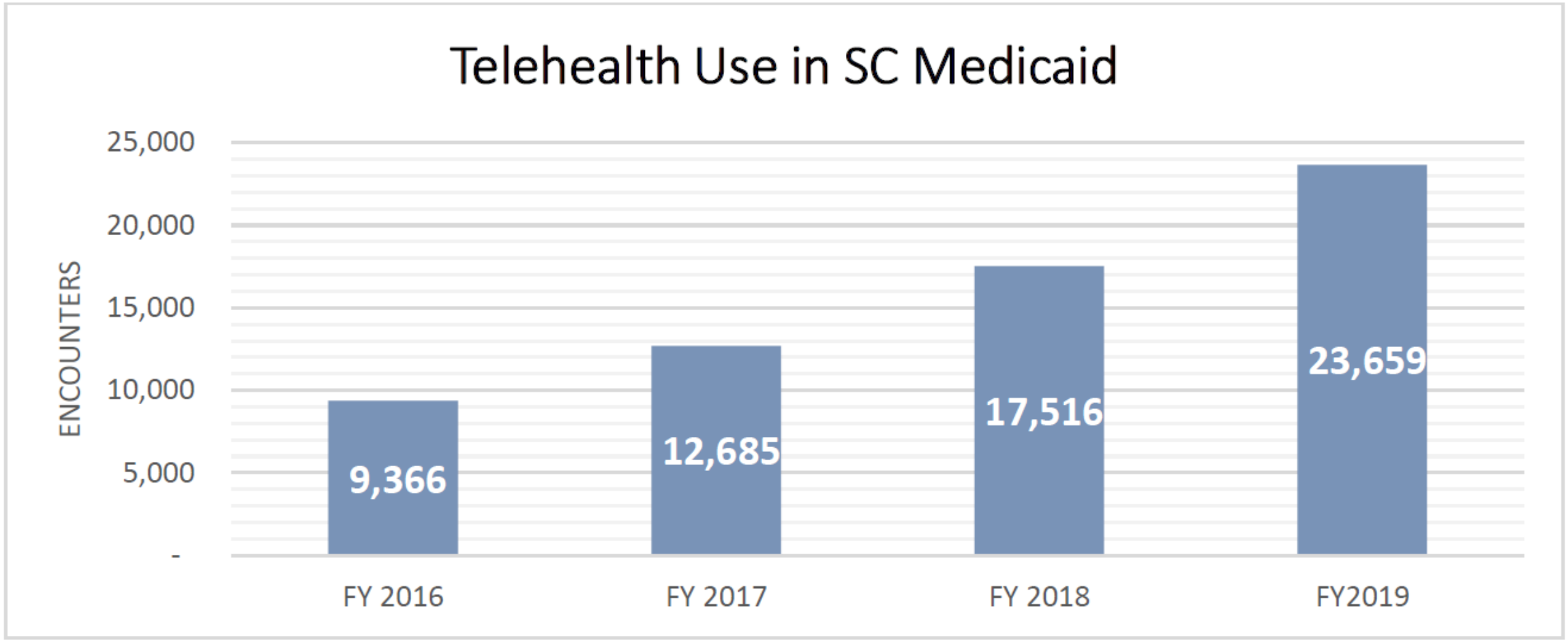
SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
Healthy Connections MEDICAID

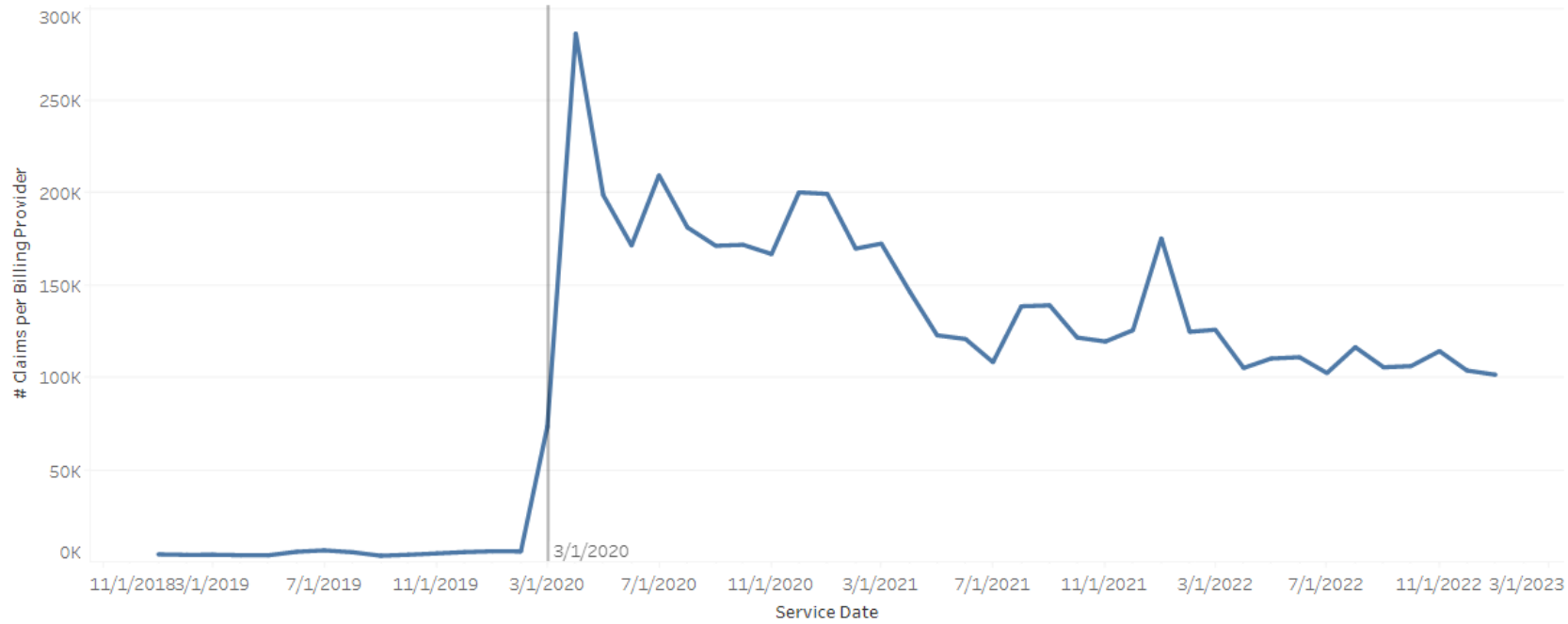


South Carolina

BCBSSC Commercial Book of Business Virtual Health Claims

Virtual Health Claims Received (Year to Date)				
2019	2020	2021	2022	2023
7,254	10,781	368,259	299,089	101,052

Virtual Health Claims Received (Year to Date Growth)				
2019	2020	2021	2022	2023
NA	49%	3,316%	-19%	-66%



At the height of the pandemic, 50%-80% of medical visits were conducted by telemedicine, from just 1% before Covid. *HBR The Pitfalls of Telehealth 11/20/20*

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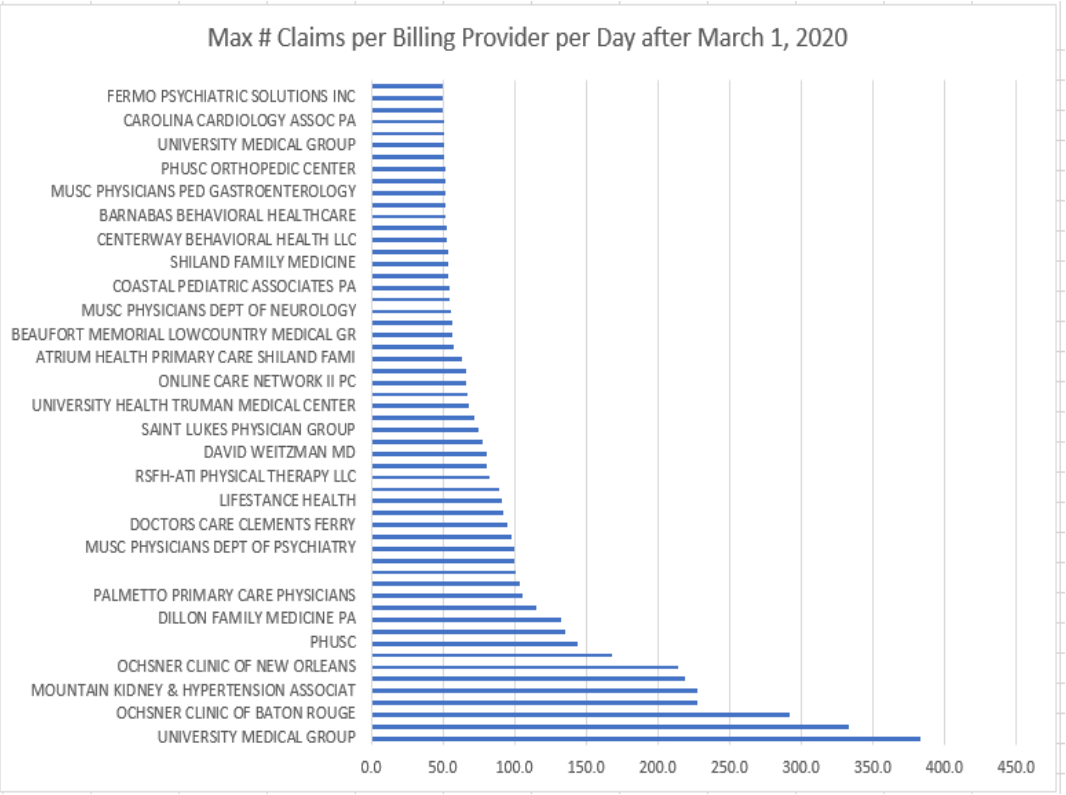
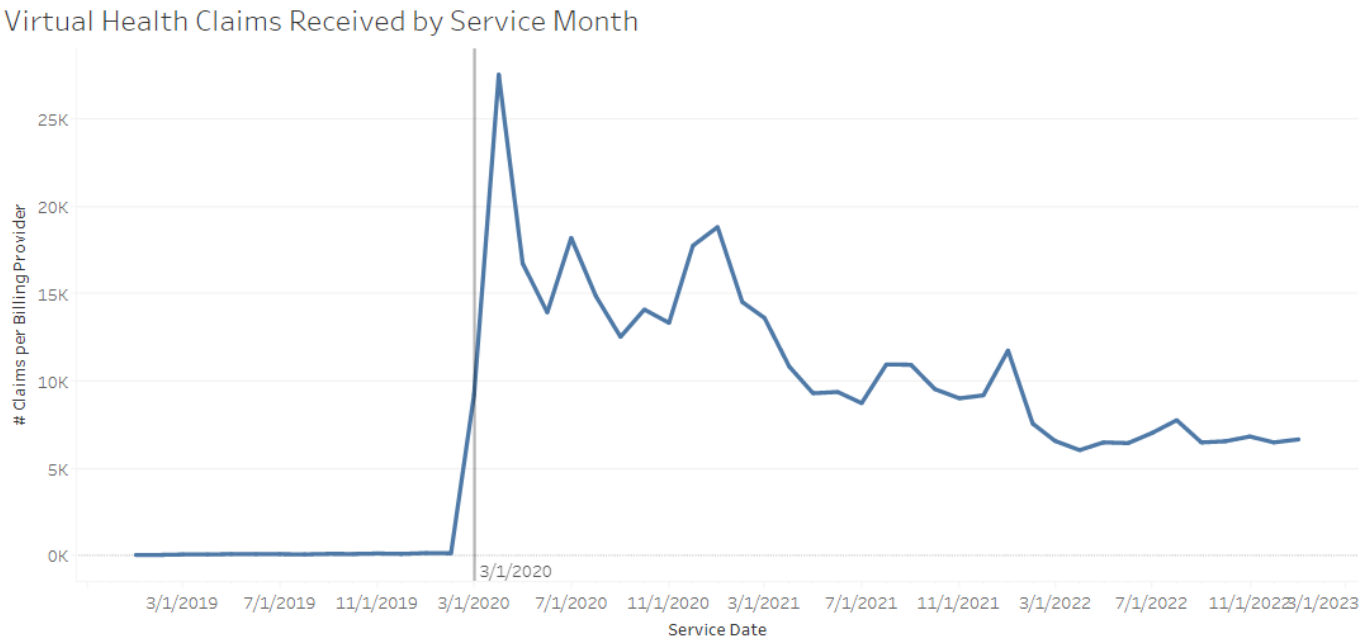
BCBSSC Commercial Book of Business

Providers with at least 50 virtual health visits in a day.



Virtual Health Claims Received (Year to Date)				
2019	2020	2021	2022	2023
16	219	33,260	19,235	6,620

Virtual Health Claims Received (Year to Date Growth)				
2019	2020	2021	2022	2023
NA	1,269%	15,087%	-42%	-66%



Providers with at least 50 virtual health visits in a day accounted for approximately 10% of total virtual health claims in 2021.

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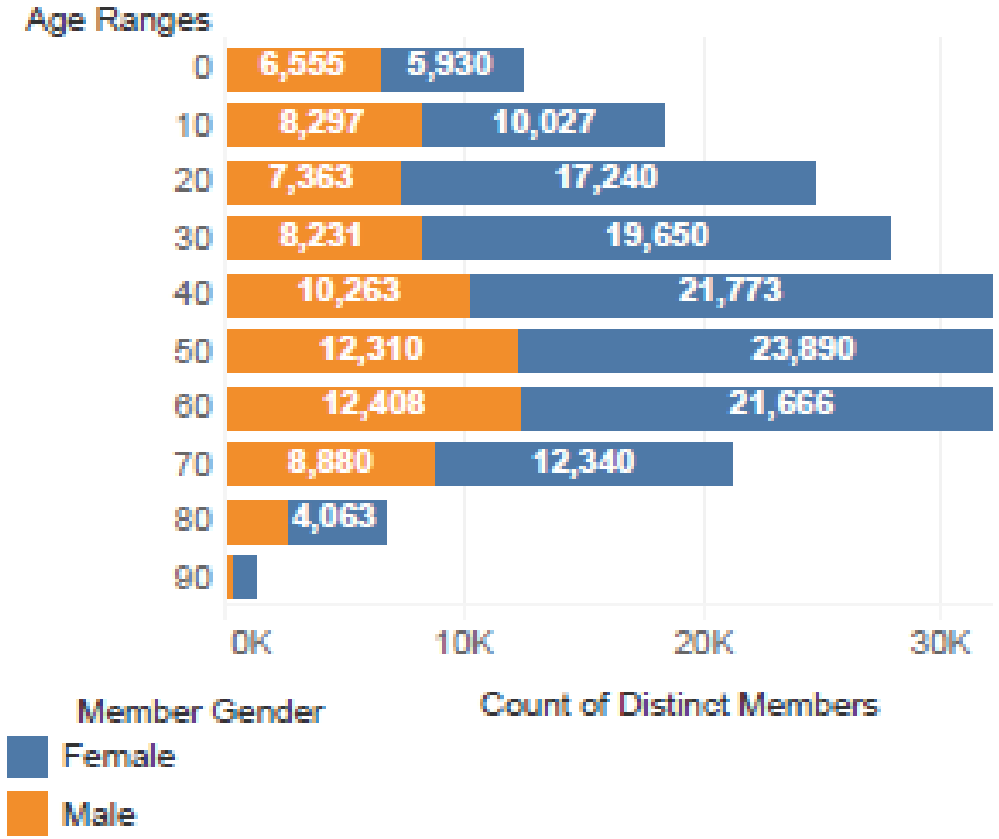
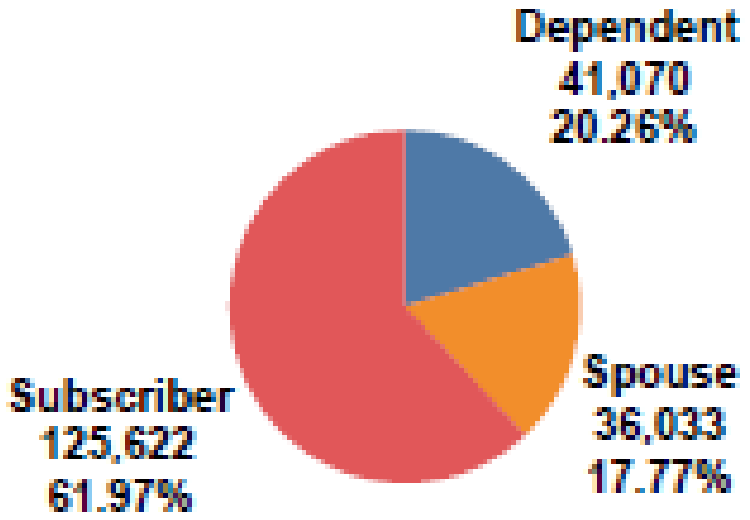
BCBSSC Commercial Book of Business
Telehealth Demographics





Date of Service
1/1/2020 to 12/31/2022

Claim Received Date
1/1/2020 to 12/31/2022

Processed Date
1/1/2020 to 12/31/2022

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BCBSSC Commercial Book of Business

Virtual Health Claims

Claims runout has not been applied to these metrics, therefore numbers are subject to change as additional claims are received and adjustments are applied. Claim count represents distinct count of claim_no. Paid amount represents entire claim header paid amount.

Members with Virtual Health Claims Received	Virtual Health Received Claims	Members with Virtual Health Claims Paid	Virtual Health Claims Paid	Virtual Health Claim Paid Amounts
202,724	698,455	202,161	689,338	$28,146,533

Members with COVID-19 Related Virtual Health Claims Received	COVID-19 Virtual Health Claims Received	Members with COVID-19 Related Virtual Health Claims Paid	COVID-19 Related Virtual Health Claims Paid	COVID-19 Related Virtual Health Claims Paid Amount
38,929	52,467	38,780	51,791	$3,420,649

Date of Service
1/1/2020 to 12/31/2022

Claim Received Date
1/1/2020 to 12/31/2022

Processed Date
1/1/2020 to 12/31/2022

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Telehealth Legislative Changes

Permanent Medicare changes

- Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) can serve as a distant site provider for behavioral/mental telehealth services.
- Medicare patients can receive telehealth services for behavioral/mental health care in their home.
- There are no geographic restrictions for originating site for behavioral/mental telehealth services.
- Behavioral/mental telehealth services can be delivered using audio-only communication platforms.
- Rural hospital emergency department are accepted as an originating site.

Temporary Medicare changes through December 31, 2024

- Federally Qualified Health Center (FQHC)/Rural Health Clinic (RHC) can serve as a distant site provider for non-behavioral/mental telehealth services.
- Medicare patients can receive telehealth services authorized in the Calendar Year 2023 Medicare Physician Fee Schedule in their home.
- There are no geographic restrictions for originating site for non-behavioral/mental telehealth services.
- Some non-behavioral/mental telehealth services can be delivered using audio-only communication platforms.
- An in-person visit within six months of an initial behavioral/mental telehealth service, and annually thereafter, is not required.
- Telehealth services can be provided by a physical therapist, occupational therapist, speech language pathologist, or audiologist.

Source: https://telehealth.hhs.gov/providers

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Upcoming Telehealth Policy Changes

- The COVID-19 public health emergency (PHE) ends on May 11, 2023.

  The Consolidated Appropriations Act of 2023 extended many of the Medicare telehealth flexibilities authorized during the COVID-19 public health emergency.

Medicare Clinician Services:

- CMS clarified that temporary telehealth services added will continue either for an extension period of 151 days after the end of the PHE or through the end of Calendar Year 2023.
- Telehealth services provided in the office setting will continue to be paid at the non-facility rate (higher payment) through Calendar Year 2023.
- CMS will not implement new codes for remote therapeutic monitoring (RTM) as initially proposed.
- **Medicare Hospital Outpatient Services**: CMS finalized a permanent policy allowing clinical staff of hospital outpatient departments including Critical Access Hospitals to provide remote behavioral health services to patients in their homes.
- **Home Health Agencies**: CMS is adding new billing codes for Home Health telecommunications technology.

Source: https://telehealth.hhs.gov/providers

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Pros & Cons Revisited

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Increased Access

- Rural Access
- Behavioral Health
- Pandemic
- Consumer acceptance
- Provider Utilization

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Cons

- Increased Fraud, Waste, Abuse
- Exacerbation of health disparities[1]
- Clinician burnout[1]
- Clinician-Patient Relationship
- Cost

"…we found that per episode spending was lower if the patient had a direct-to-consumer telehealth visit, compared to an in-person visit, the convenience of telehealth led to greater use of care and therefore increased health care spending."[2]

- Misdiagnosis[3]

1. HBR The Pitfalls of Telehealth 11/20/20 2.Health Affairs 3/17 3. S.N. Gajarawala, J.N. Pelkowski / The Journal for Nurse Practitioners 17 (2021)

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Quality of Care

- Does Patient Satisfaction=Quality?
- Outcomes (mostly survey data to date)
- Access
- Still waiting for medical research

South Carolina

Path Forward

Outcomes

- Research
- Clinical Documentation

Digital Health

- Remote Patient Monitoring
- Advanced Analytics

Regulation Clarity

- Accountability
- Enforcement of Penalties


Thank You