

PEBA
SC Retirement Systems
and State Health Plan

South Carolina Public Employee Benefit Authority

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**Meeting Agenda | Finance, Administration, Audit and Compliance Committee |
Health Care Policy Committee | Retirement Policy Committee | Board of Directors**

Wednesday, March 4, 2020 | 202 Arbor Lake Dr., Columbia, SC 29223 | First Floor Conference Room

- I. Finance, Administration, Audit and Compliance (FAAC) Committee- 8:30 a.m.
 - A. Call to Order
 - B. Approval of Meeting Minutes- December 4, 2019
 - C. Internal Audit Reports
 - i. Internal Audit Report 2019-4 Document Management System
 - ii. The Internal Audit Plan Status Report
 - iii. The Internal Audit Plan 2020/2021
 - D. Executive Session for the Purpose of Discussing Information Technology Security Matters Pursuant to S.C. Code of § 30-4-70(a)(3)
 - E. Old Business/Director's Report
 - F. Adjournment

- II. Health Care Policy Committee Meeting- 10:30 a.m.
 - A. Call to Order
 - B. Approval of Meeting Minutes- December 4, 2019
 - C. Naturally Slim Update
 - D. Benchmark Review
 - E. Local Government Experience Rating
 - F. Old Business/Director's Report
 - G. Adjournment

LUNCH

III. Retirement Policy Committee Meeting- 1:00 p.m.

- A. Call to Order
- B. Approval of Meeting Minutes- December 4, 2019
- C. Defined Contribution Quarterly Reports
 - i. Deferred Compensation Program Investment Performance Report
 - ii. State ORP Investment Performance Report
 - a) Ivy Science and Technology Fund
- D. Deferred Compensation Program Plan Summary
- E. Administrative Fee Reduction for the Deferred Compensation Program
- F. Old Business/Director's Report
- G. Adjournment

IV. PEBA Board Meeting- 2:00 p.m.

- A. Call to Order
- B. Approval of Meeting Minutes- December 4, 2019
- C. 2020 Actuarial Experience Study
- D. Ethics Training
- E. Fiduciary Training
- F. Committee Reports
 - A. Finance, Administration, Audit and Compliance Committee
 - a) Internal Audit Plan 2020/2021
 - B. Health Care Policy Committee
 - b) Local Government Experience Rating
 - C. Retirement Policy Committee
 - a) Ivy Science and Technology Fund
 - b) Administrative Fee Reduction for the Deferred Compensation Program
- G. Old Business
 - i. Director's Report
 - ii. Roundtable Discussion
- H. Adjournment

PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
Health Care Policy Committee

Meeting Date: March 4, 2020

1. Subject: Naturally Slim Update

2. Summary: Carmen Wilson of BlueCrossBlueShield of South Carolina, will present the findings from the State Health Plan's first year of experience with Naturally Slim, the weight management program introduced to Plan membership in September 2018.

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

4. Supporting Documents:

(a) Attached: Naturally Slim 2018-2019 Report


PEBA

Naturally Slim®

2018 – 2019 Report

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PEBA Naturally Slim Report
2018 - 2019

Measurably improving the health of PEBA employees.

Program goal:

Teach participants simple skills to help them lose weight, improve their health and boost their overall quality of life with the ultimate goal of reducing the prevalence of obesity-related diseases, such as type 2 diabetes, heart disease, and metabolic syndrome.

Outline of report:

- Engagement and Clinical Benefits
- Quality of Life Benefits
- Biometric Analysis
- NS4You Report

Engagement & Clinical Benefits

PEBA Engagement



Applied

52,759



Accepted

45,593

(86% of applied)

Benchmark:
86-98%



Started

35,093

(77% of accepted)

Benchmark:
78-88%



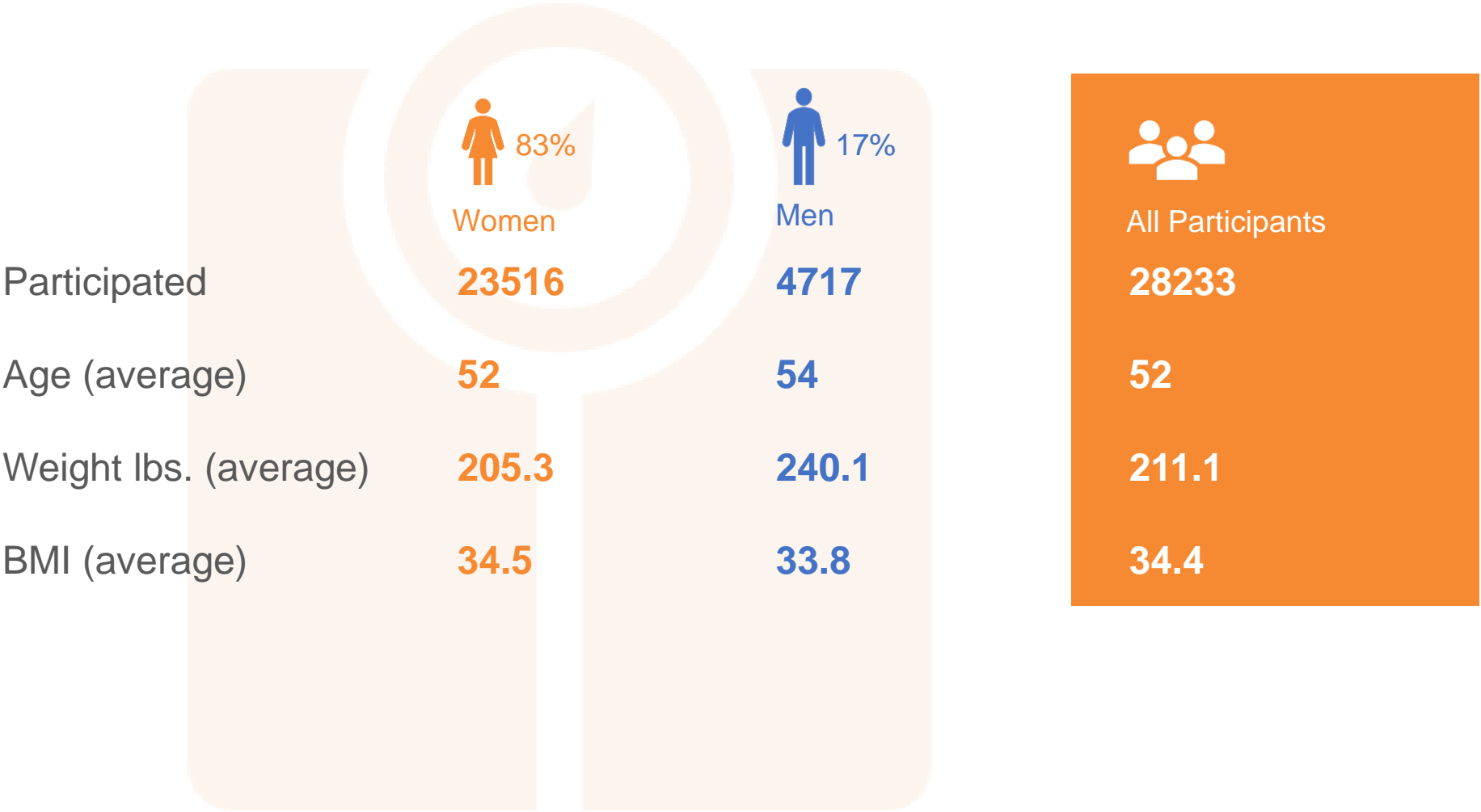
Participated
(2+ sessions)

28,233

(80% of started)

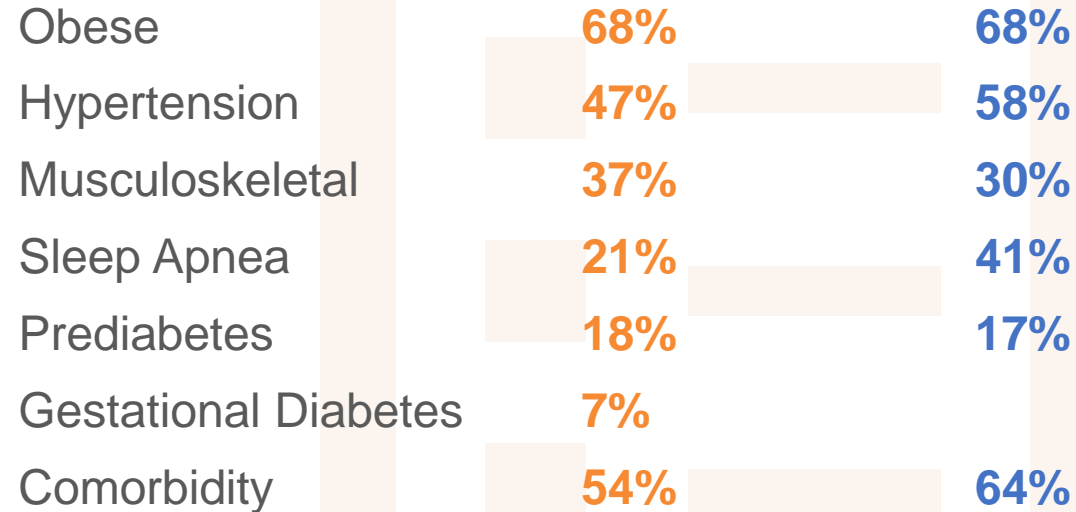
Benchmark:
81-90%

At Program Start

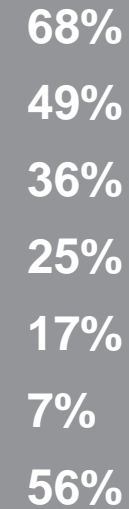


Risk Factors Observed

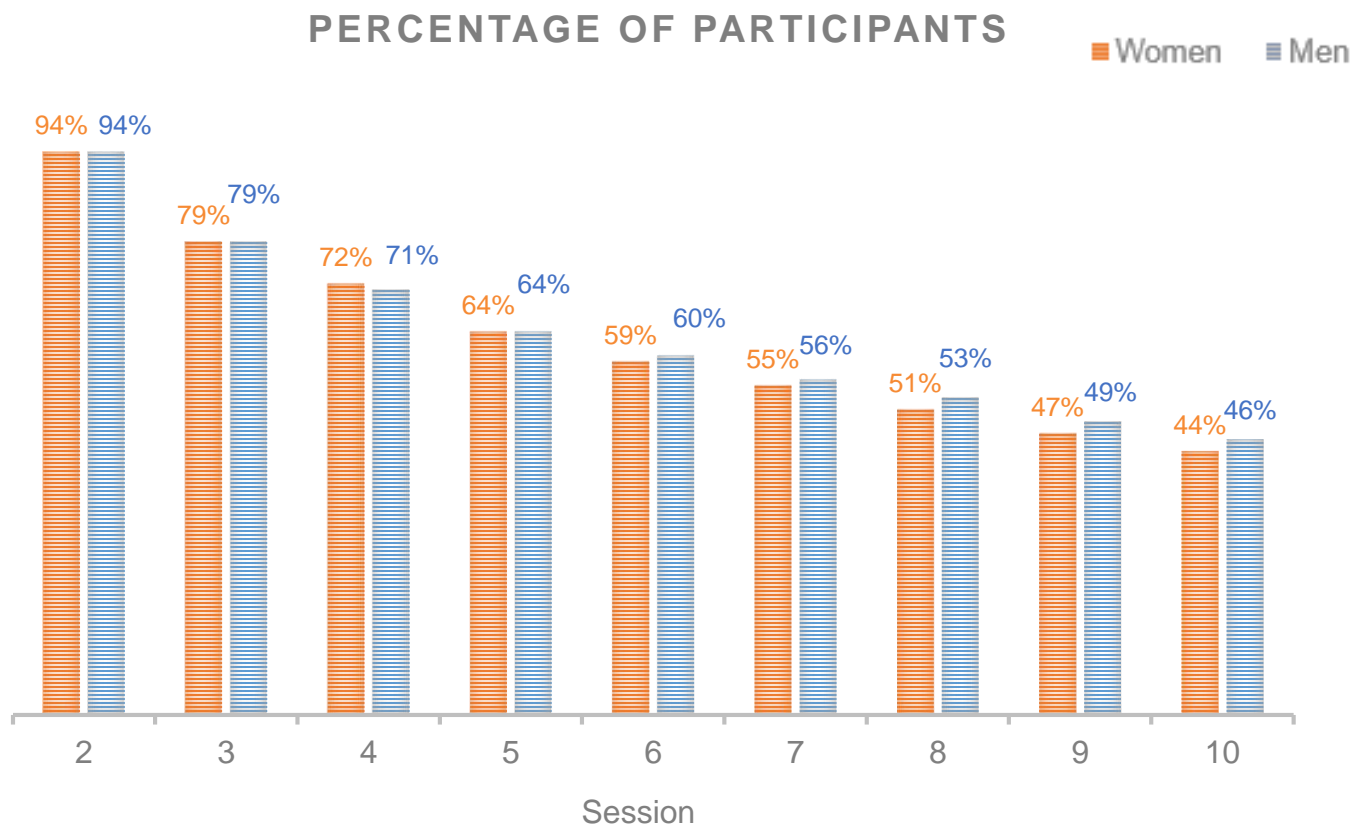
Prevalence



All Participants



PEBA Participation



Graduates
(8+ sessions)

Perfect
attendance
(10 sessions)



50%

Benchmark:
49-64%

40%

Benchmark:
38-53%



52%

43%



50%

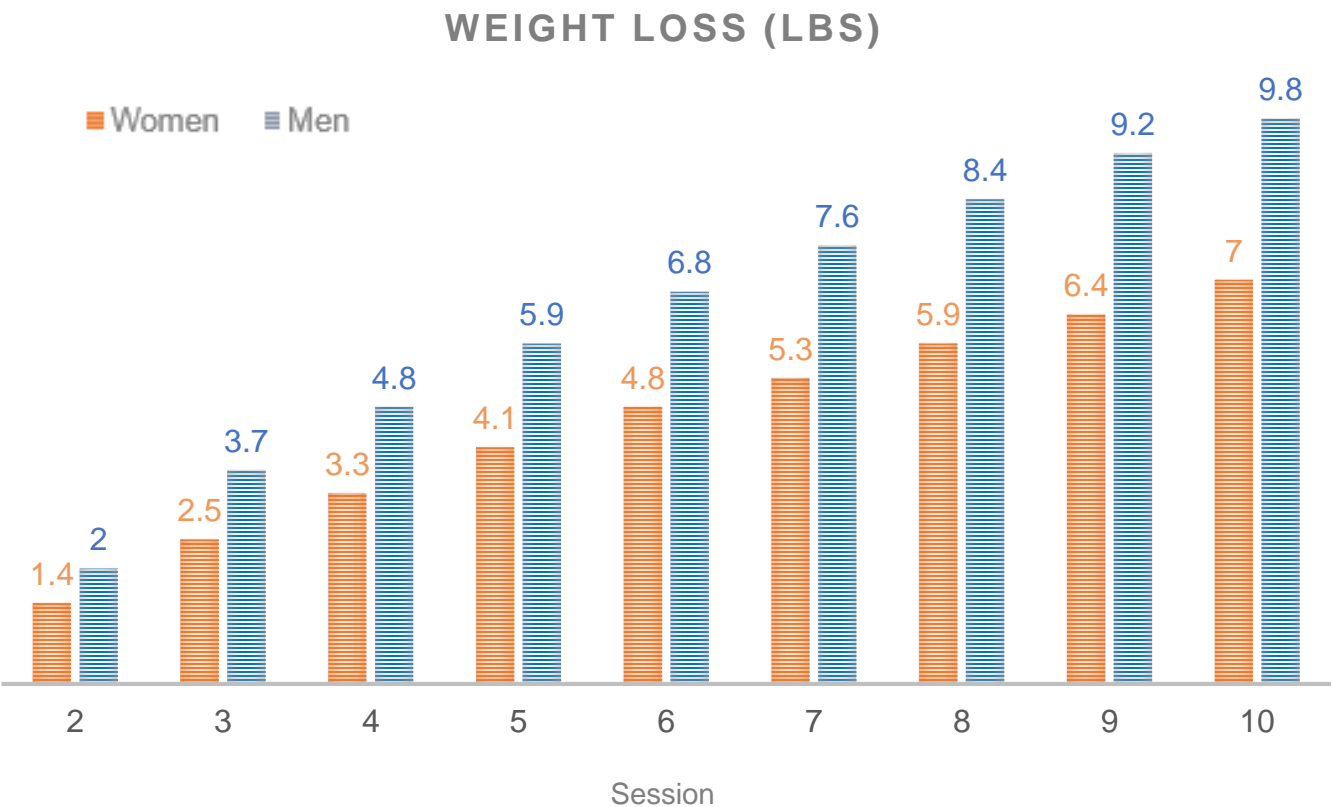
40%

Average number
of sessions

6.7

PEBA

Weight Loss



Total Weight Loss 135,675 lbs.

Session 10
weight loss (%)

Six month
weight loss
projection (%)



3.6%
(7.5 lbs.)

4.3%
(9.0 lbs.)



4.2%
(9.8 lbs.)
*Benchmark:
3.2-5%*

5.0%
(11.8 lbs.)

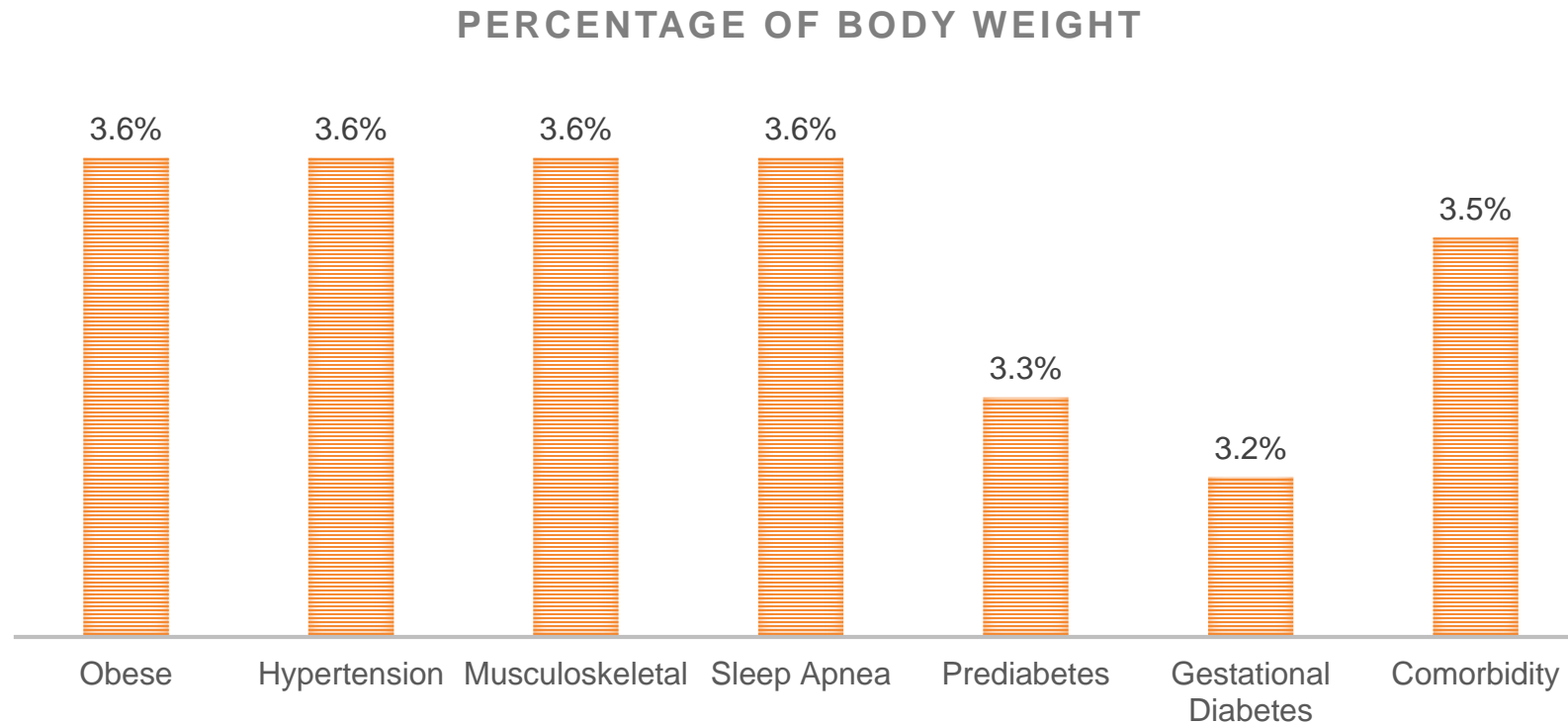


3.5%
(7.0 lbs.)
*Benchmark:
2.9-3.9%*

4.2%
(8.4 lbs.)

The Federal Obesity Guidelines highlight that weight loss of as little as 3% of body weight produces clinically meaningful health benefits and greater loss produces greater benefits.

Percent Weight Loss by Risk Factor Subgroup (Session 10 Participants)

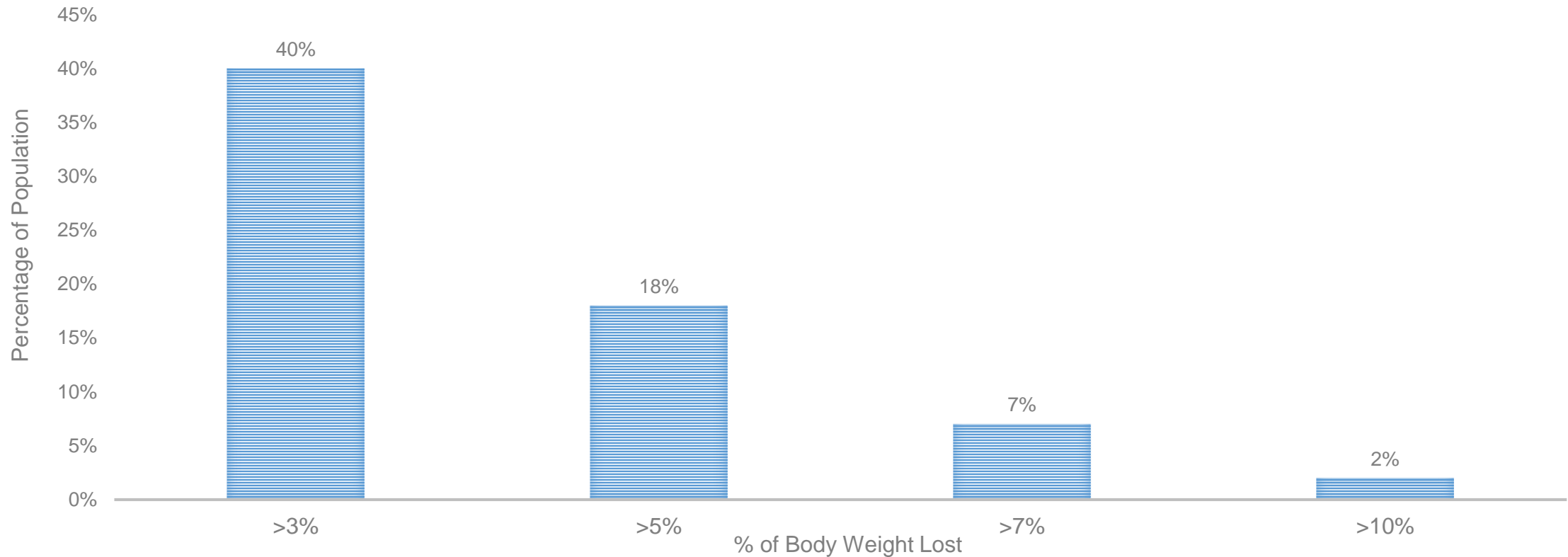


% of participants with risk factors
at program start

Obese	68%
Hypertension	49%
Musculoskeletal	36%
Sleep Apnea	25%
Prediabetes	17%
Gestational Diabetes	7%
Comorbidity	56%

As participants increase the percentage of body weight lost, greater health benefits are realized, including a reduction in risk for serious health conditions.

Weight Loss Benefits



Prevent Diabetes, High Triglycerides

High Blood Pressure, Arthritis, Reflux

Cancer, Urinary Incontinence

Fatty Liver, Sleep Apnea

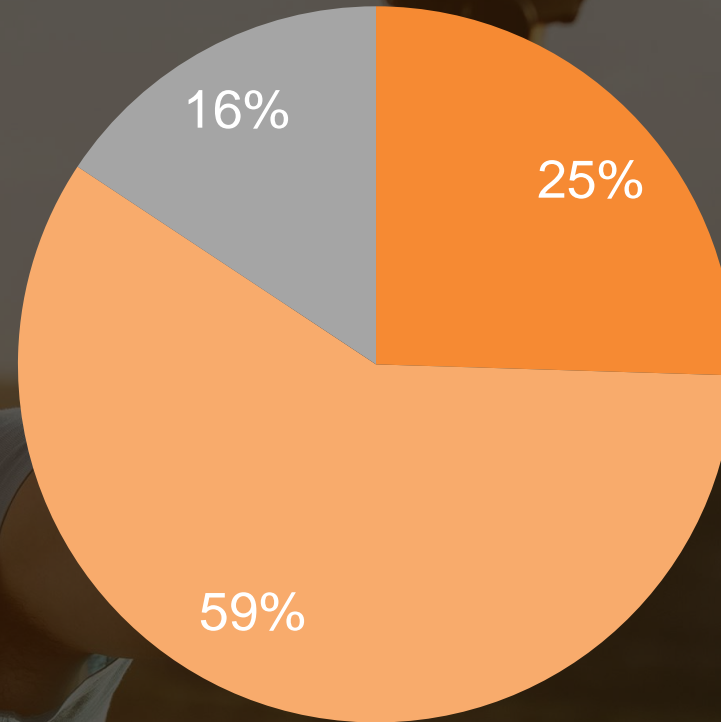
Quality of Life

Feelings about Weight

84%

of individuals felt more in control of their weight.

Individuals who feel in control are more likely to maintain their weight loss efforts long-term.³



Very much improved Improved No change

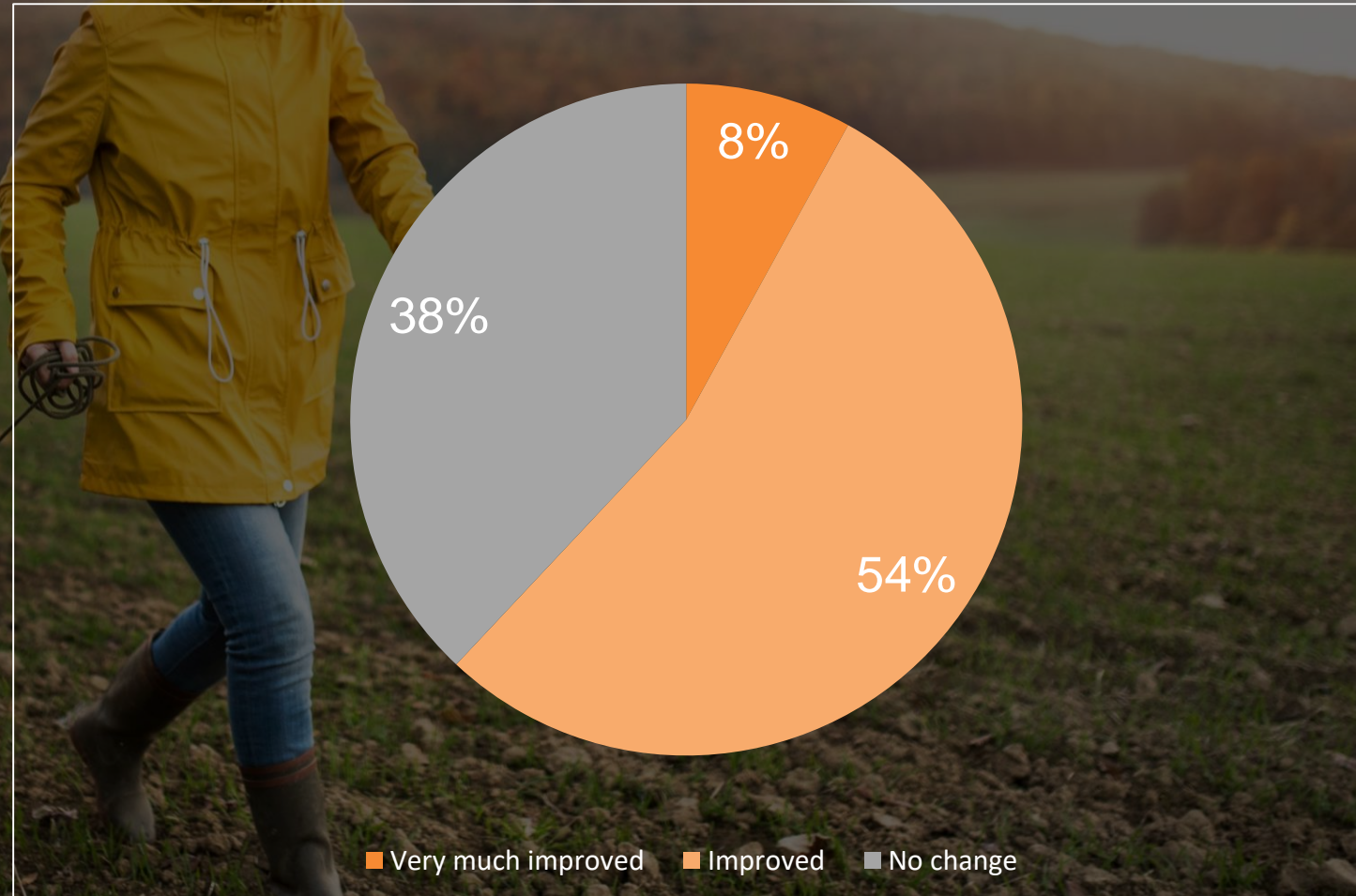
How has your feeling that your weight is "out of control" changed compared to before starting the Naturally Slim program?

Energy Level

95% of individuals who want to lose weight do so in order to have more energy.⁴

62%

of individuals reported an increase in energy level.

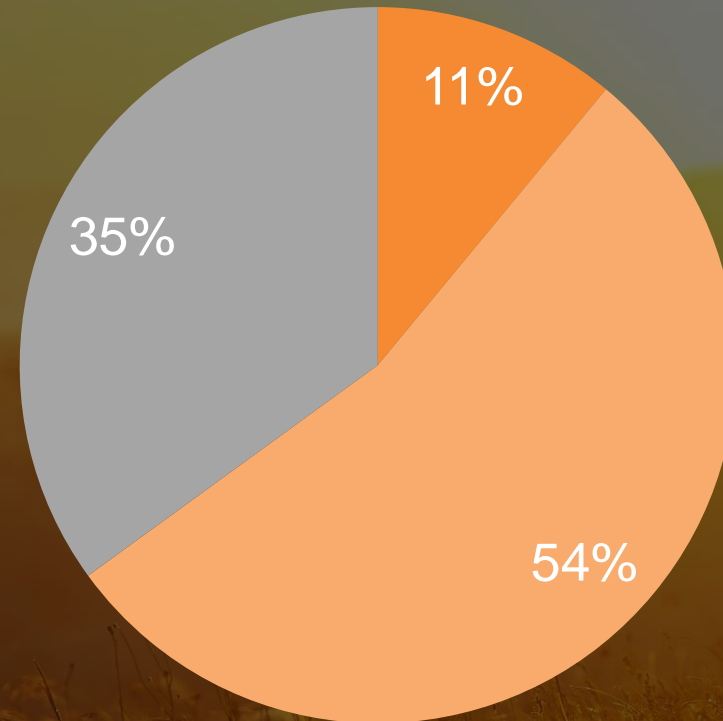


How has your energy level changed compared to before starting the Naturally Slim program?

Self-Confidence

Higher levels of self-confidence are predictive of lower levels of both anxiety and depression.⁵

65%
of individuals
experienced a
boost in confidence.



Very much improved Improved No change

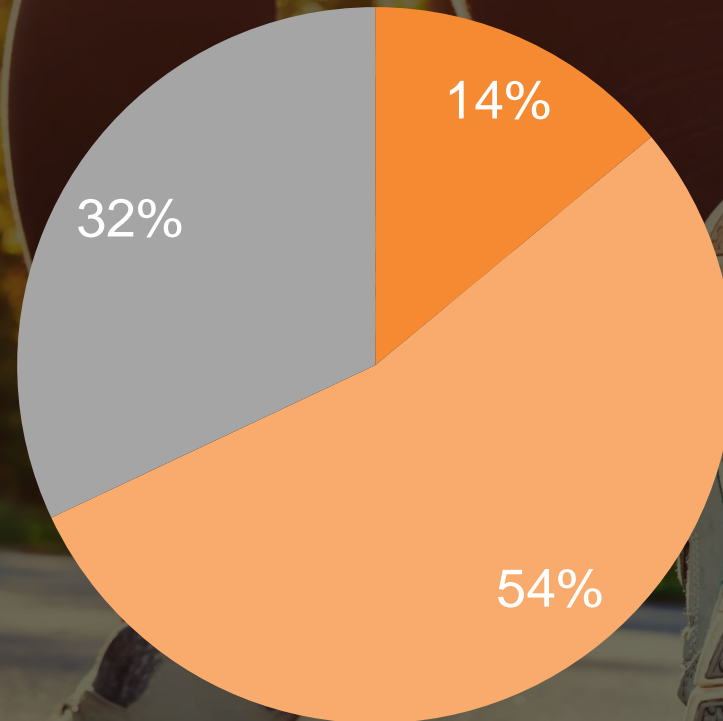
How has your self-confidence changed compared to before starting the Naturally Slim program?

Physical Activity

68%

of individuals
report being more
physically active.

Physical activity has a
demonstrated impact on lower
levels of all-cause mortality.⁶



Very much improved Improved No change

How has your level of physical activity changed compared to before starting the Naturally Slim program?

A woman with dark hair tied back, wearing a white lab coat over a pink top, is smiling slightly while looking towards the camera. She is holding a piece of scientific equipment, possibly a spectrophotometer or a similar analytical instrument, with her right hand. In the background, a man's face is partially visible on the left side, looking towards the woman. The setting appears to be a laboratory or a clinical office, with a framed document on the wall behind them.

PEBA BIOMETRIC SCREENING RESULTS

Biometric Results Summary

- A look into the overall risk factors for the population of South Carolina PEBA
- Tracking specific risk factors and prevalence rates relating to Metabolic Syndrome(MetS)*.
- A cohort study of MetS* prevalence and risk factors for those that participated in the Naturally Slim program in 2018 or 2019.

*Body Mass Index (>27) is used in place of waist circumference for calculating MetS risk and prevalence rates.

Biometric Results Summary

- Eligible participants used in analysis participated in 4 or more sessions of Naturally Slim.
- All Risk Factor values must be present in pre and post screenings.
- Pre-screening (base line screening) can occur from January – September 2018 for those that participated in PEBA's September 2018 class.
- Pre and post screening must occur 6 months prior and post Naturally Slim, respectively.

Participation Overview

321

Participants

Number of individuals that completed Pre and Post program biometric screenings

60

MetS At Risk

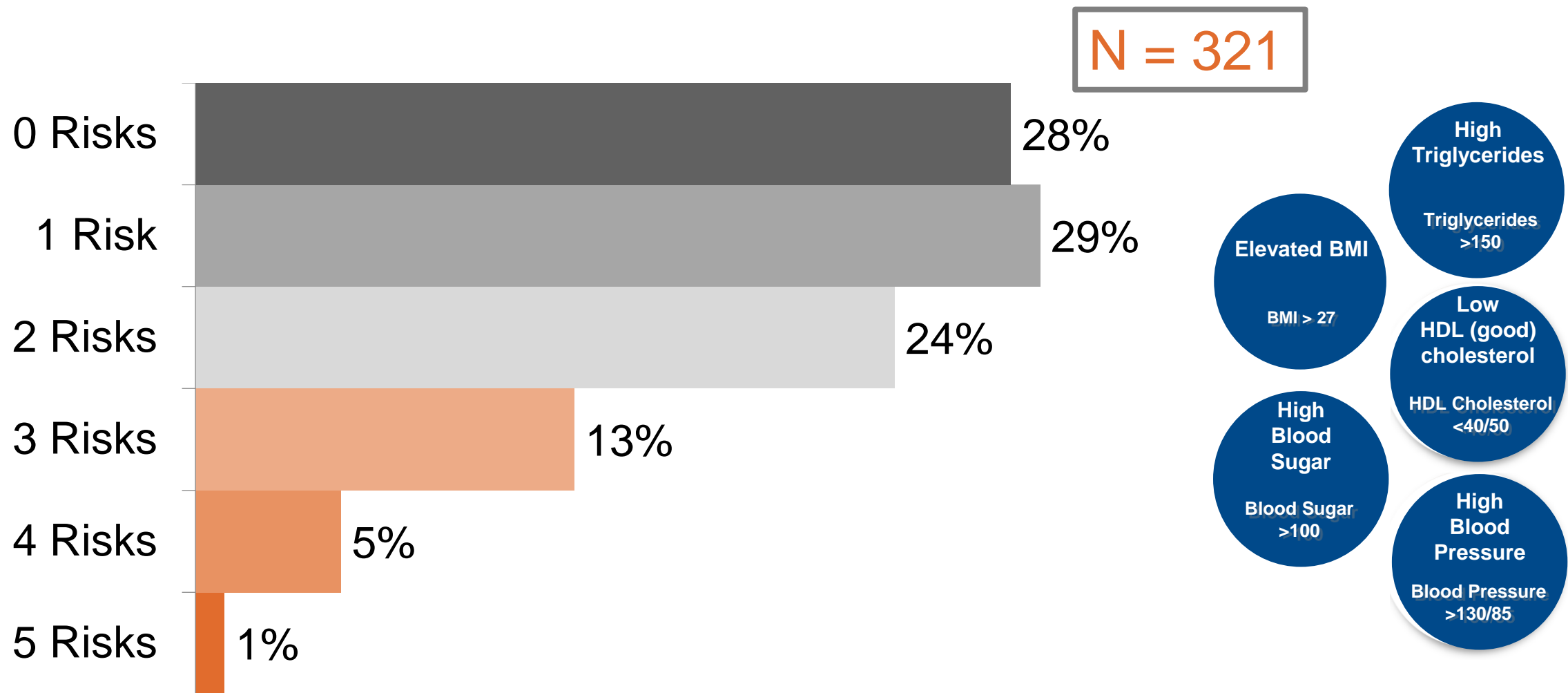
Number of participants who had Metabolic Syndrome before going through Naturally Slim

37%

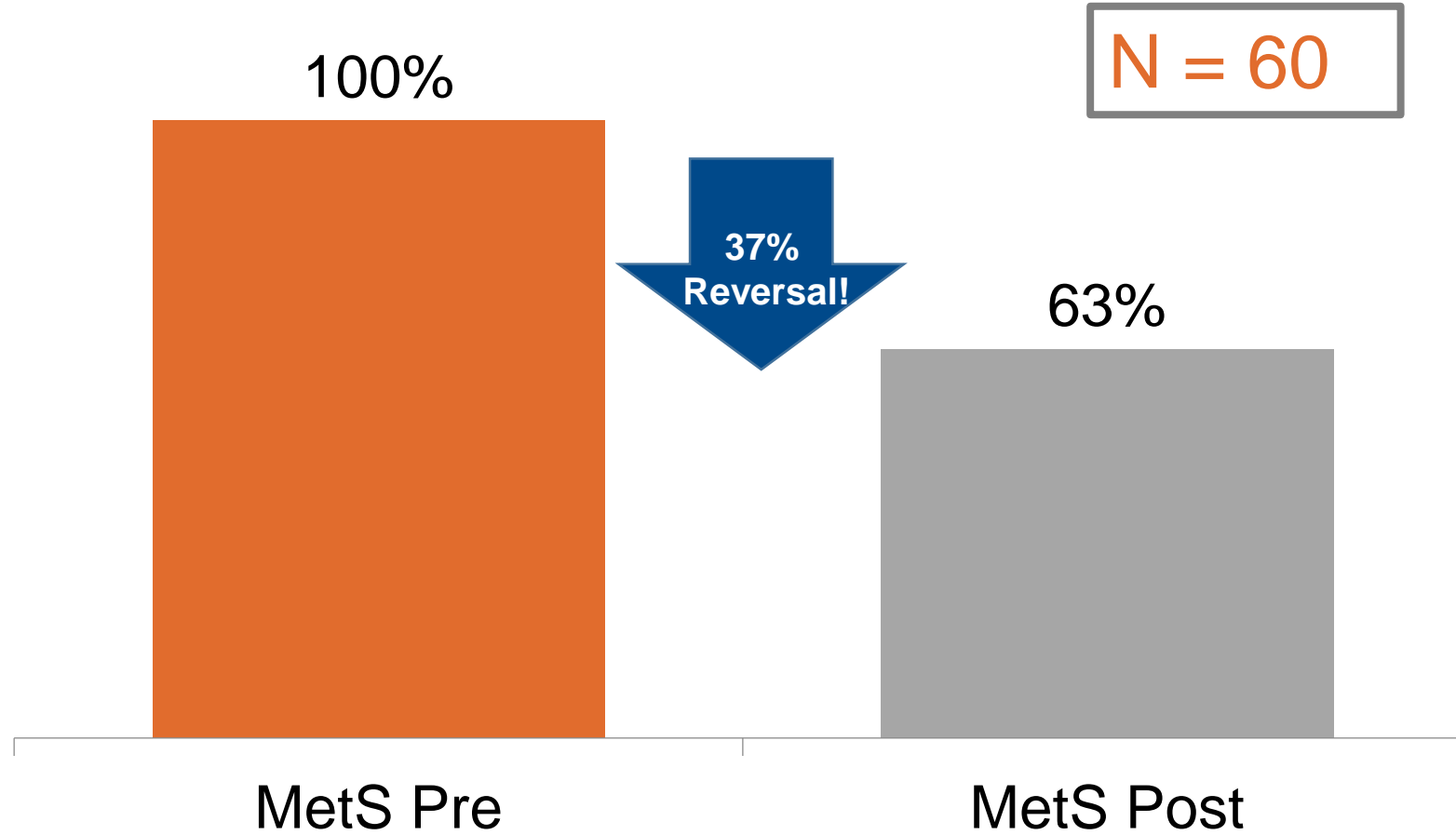
MetS Reversal

Of participants that started with Metabolic Syndrome, 37% improved their health to where they are longer considered at risk for MetS

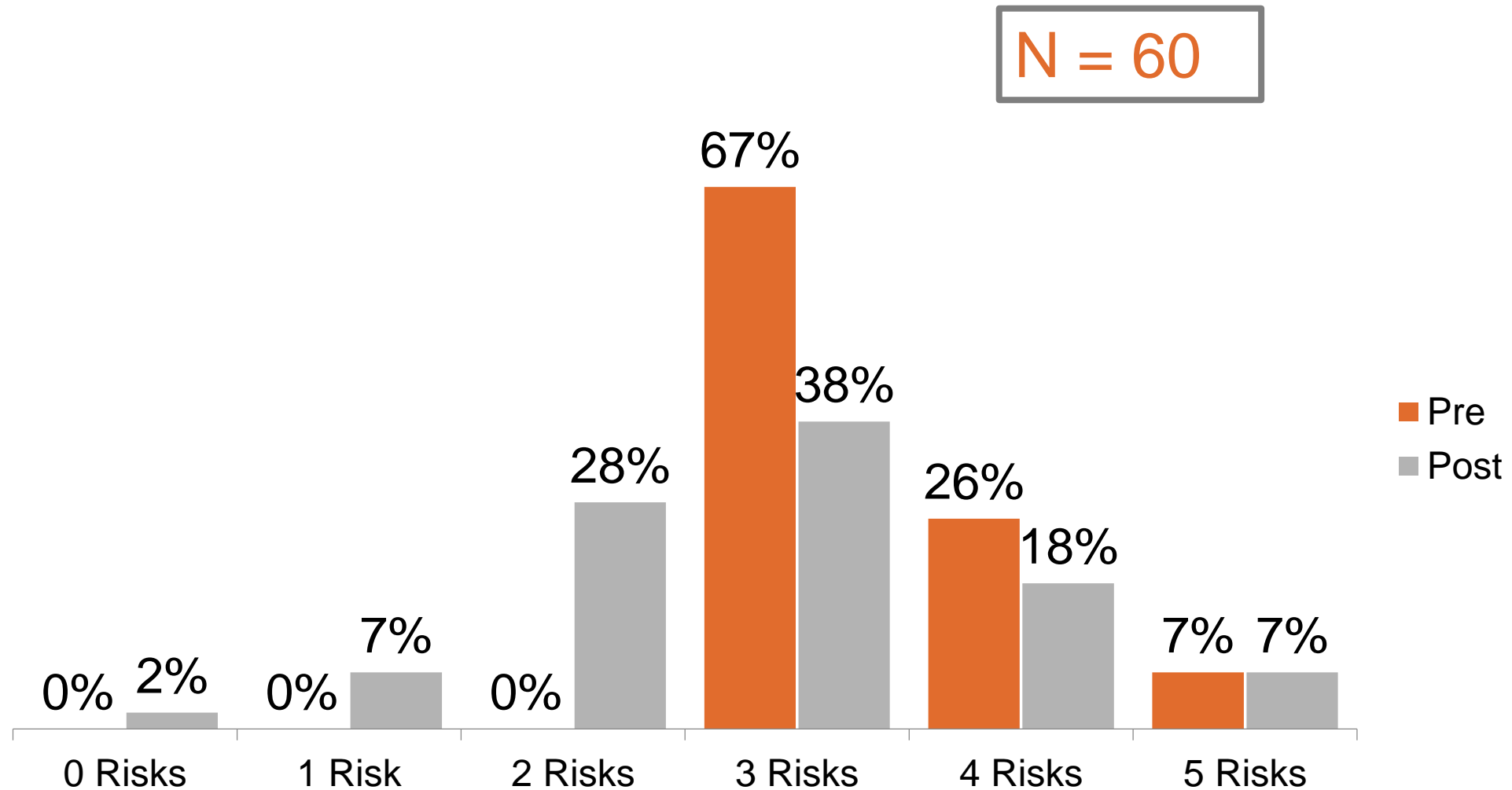
PEBA's Initial Distribution of Risk Factors



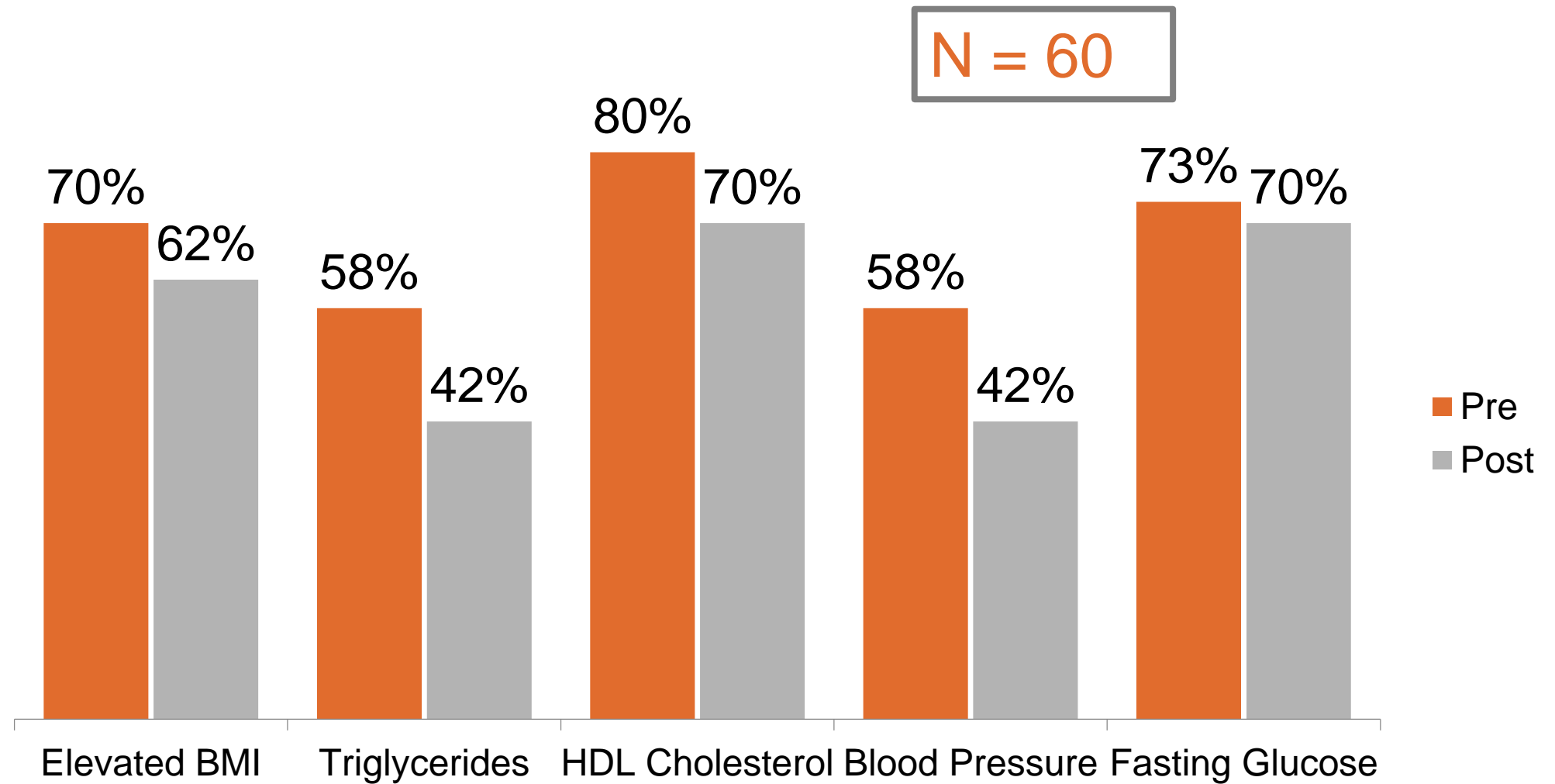
Metabolic Syndrome Reversal, Pre to Post



Risk Factor Migration for MetS Participants

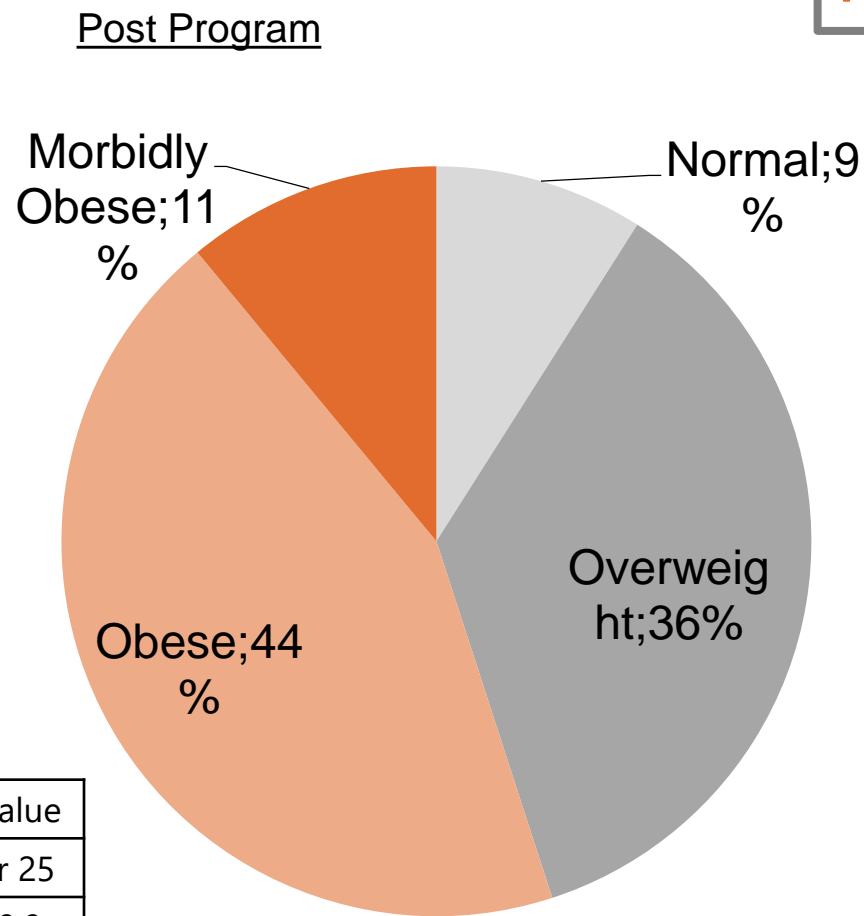
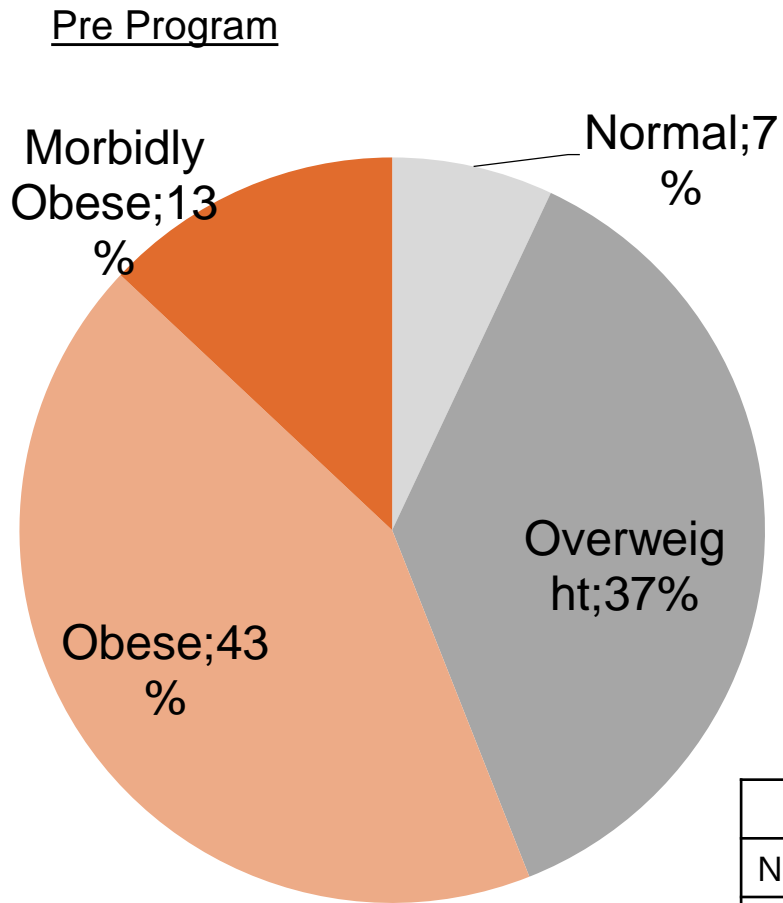


Prevalence of Specific Risk Factors for MetS Participants



Participant BMI Category Distribution

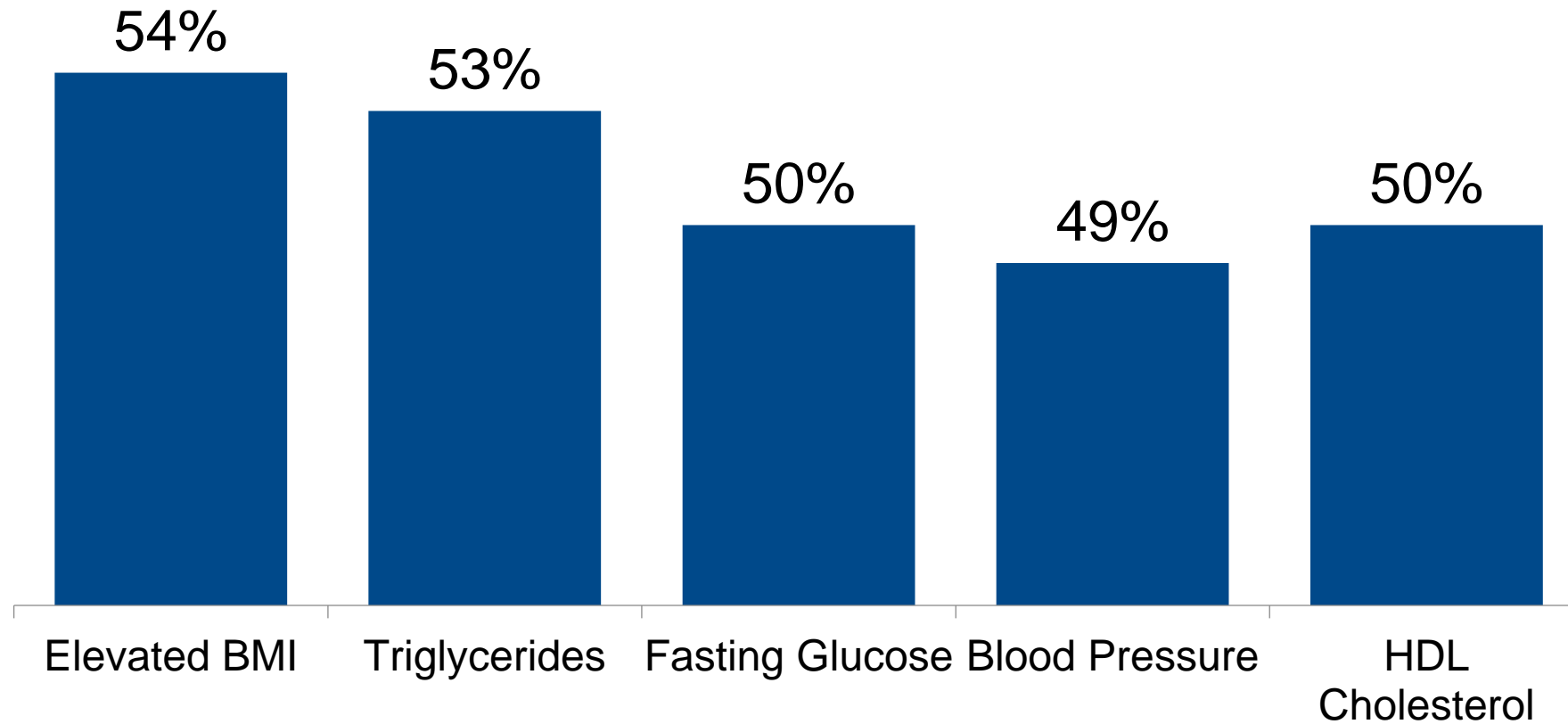
N = 321



BMI Category	BMI Value
Normal	Under 25
Overweight	25-29.9
Obese	30-39.9
Morbidly Obese	40+

Percentage of Participants with Improvement

N = 321



Performance Guarantee

- **Weight Loss Guarantee:** For Participants with a BMI ≥ 25 that complete Foundations, we guarantee a minimum 3% of body weight loss per participant on average.
 - Average weight loss for 2018 – 2019 participants: **3.6%**
- **Metabolic Syndrome (MetS) Guarantee:** For enrolled participants with valid biometric screening data that complete the Foundations program and meet the definition of Metabolic Syndrome we guarantee a minimum twenty-five percent (25%) Metabolic Syndrome reversal rate for this population as measured using valid biometric lab data.
 - MetS Reversal for 2018 – 2019 participants: **37%**

What's next for participants?



NS4You Overview



N = 11,541

Engaged in
NS4You
(of Foundation
Starters)

37%

Benchmark:
37 - 49%



N = 6,060

Participated 7+
NS4You Sessions
(of Engaged
NS4You)

53%

Benchmark:
45% - 55%



Average Last
Total Weight
Loss (lbs)

10.9

Benchmark:
8.1 – 11.5

Average
Last Percent
Weight Loss

5.3%

Benchmark:
4.1% – 6.1%

Accomplished
3% Weight
Loss*

69%

Benchmark:
45 - 61%

Of Participated 7 or More

Foundations
Session 10
Weight Loss (lbs): 7.5

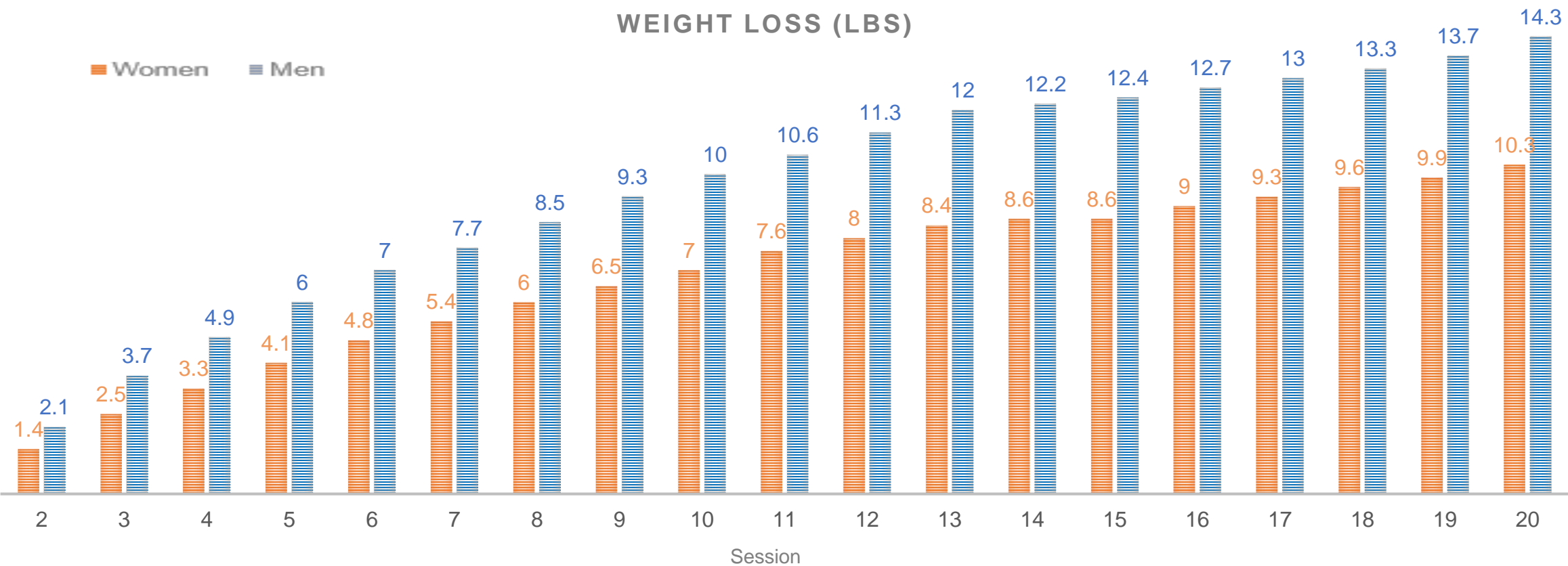
natura)(yslim®

* Federal Obesity Treatment Guidelines highlight
that 3% weight loss can produce clinically-meaningful
health improvements

PEBA

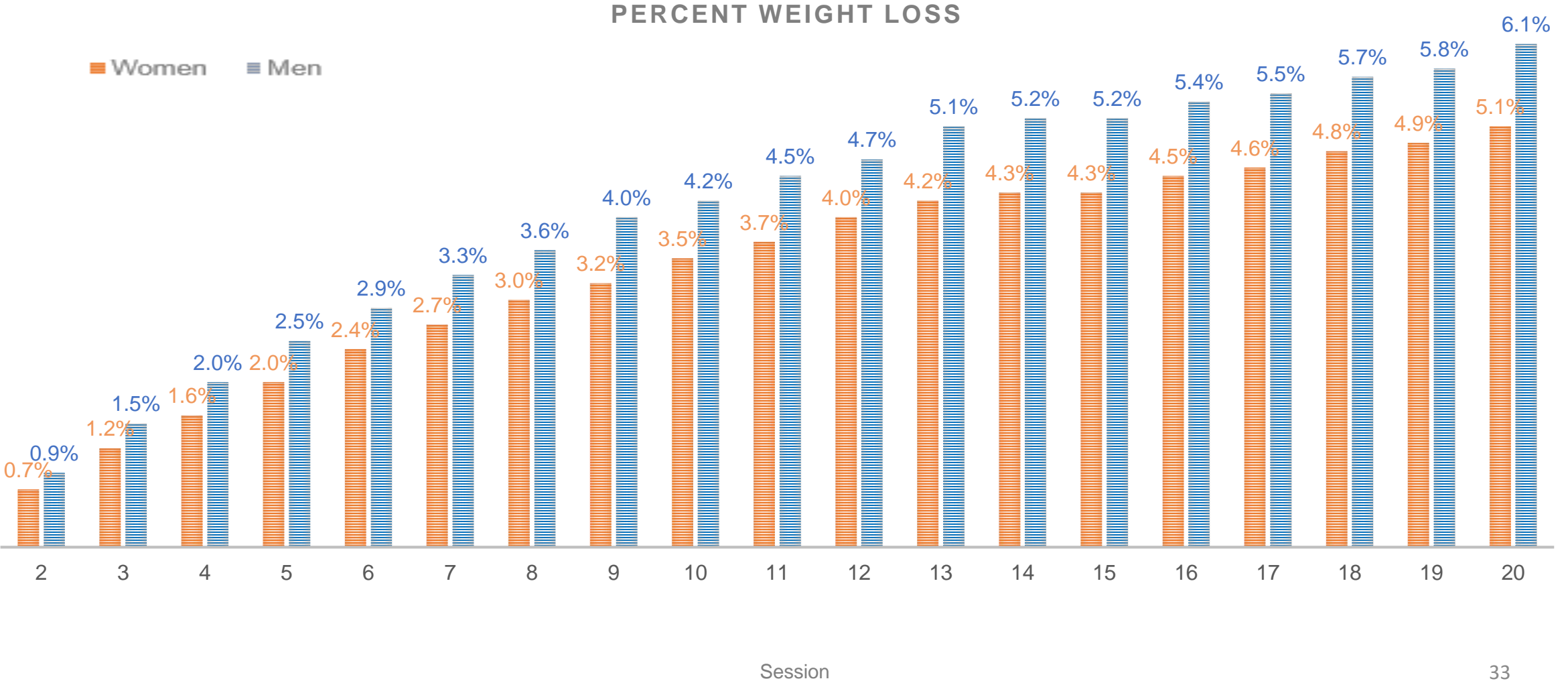
Weight Loss

Total Weight Loss 120,157 lbs.



PEBA

Weight Loss





Questions?

WE HAVE ANSWERS.

THANK YOU!

Appendix

Population Benchmarks

Mean



Female
Participants



Male
Participants

Age (average)

46-48

46-50

Weight lbs. (average)

189-206

225-244

BMI (average)

32-35

32-35

Population Benchmarks

Prevalence



Female
Participants



Male
Participants

Obese

53-71%

55-73%

Hypertension

30-43%

44-59%

Musculoskeletal

27-36%

18-31%

Sleep Apnea

15-22%

32-42%

Prediabetes

12-18%

10-18%

Gestational Diabetes

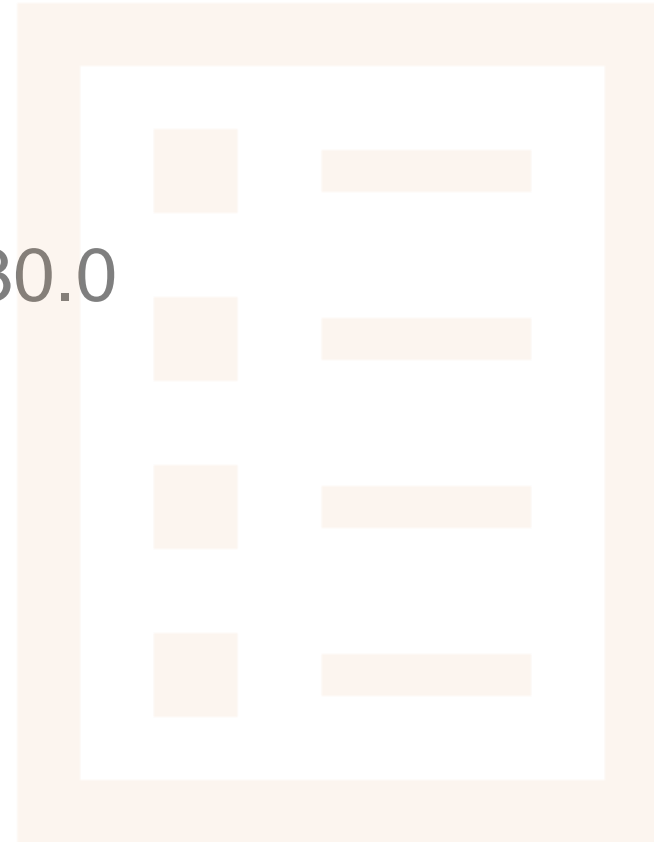
5-9%

N/A

Resources

BMI Ranges:

- Normal: BMI 18.5 to < 25.0
- Overweight: BMI 25.0 to < 30.0
- Obese: BMI \geq 30.0



Sources

- 1 - Cefalu WT, et al. *Diabetes Care*. 2015;38:1567-1582 – [Advances in the Science, Treatment, and Prevention of the Disease of Obesity: Reflections From a *Diabetes Care* Editors' Expert Forum](#)
- 2 - Luo J, et al. *Journal Clinical Oncology*. 2017;35(11):1189-1193 – [Intentional Weight Loss and Endometrial Cancer Risk](#)
- 3 – Hartmann-Boyce J, et al. *Applied Psychology Health Well Being*. 2018; 10(2): 309-329 [Experiences of Reframing during Self-Directed Weight Loss and Weight Loss Maintenance: Systematic Review of Qualitative Studies](#)
- 4 – Naturally Slim Motivation Survey (2018-19). ‘How important is this health goal? – I would like to have more energy.’
- 5 – Henriksen I, et al. *Child & Adolescent Psychiatry & Mental Health*. 2017; 11:68 – [The Role of Self-Esteem in the Development of Psychiatric Problems](#).
- 6 – Lavie C, Church, T, et al. *Circulation Research*. 2015; 117(2): 207-219 – [Exercise and the Cardiovascular System: Clinical Science and Cardiovascular Outcomes](#)

PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
Health Care Policy Committee

Meeting Date: March 4, 2020

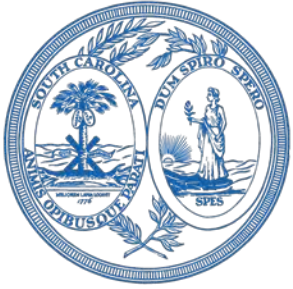
1. Subject: State Health Plan Benchmarks

2. Summary: Ms. Laura Smoak, PEBA's Analytics and Health Initiatives Director, will review the latest iteration of the State Health Plan's annual comparison with national and regional benchmarks.

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

4. Supporting Documents:

- (a) Attached: 1. State Health Plan Benchmarks
2. State Health Plan Benchmarks Appendix



PEBASM
SC Retirement Systems
and State Health Plan

Serving those who serve South Carolina

State Health Plan benchmarks

Health Care Policy Committee

March 4, 2020

State Health Plan enrollment as of March 2020

Participants		
Subscribers		291,232
Actives	197,139	
Retirees	90,782	
Others	3,311	
Spouses		85,725
Children		138,533
Total covered lives		515,490

Total employer groups: 766

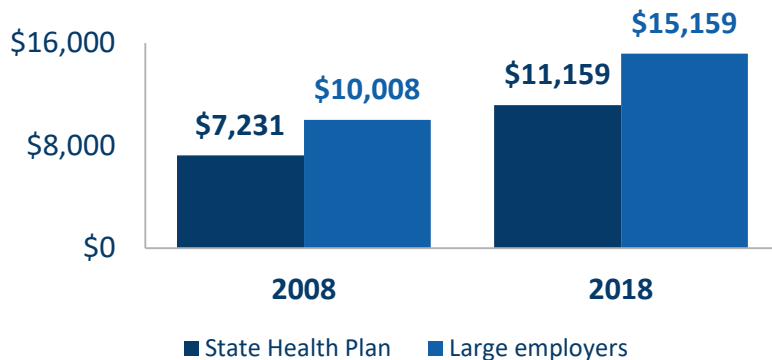
Active subscribers	
State agencies	35,404
Higher education	26,422
School districts	86,627
Local subdivisions	36,207
Other	12,479
Total employees	197,139

Retirees	
Medicare	71,432
Non-Medicare	19,350
Total retirees	90,782

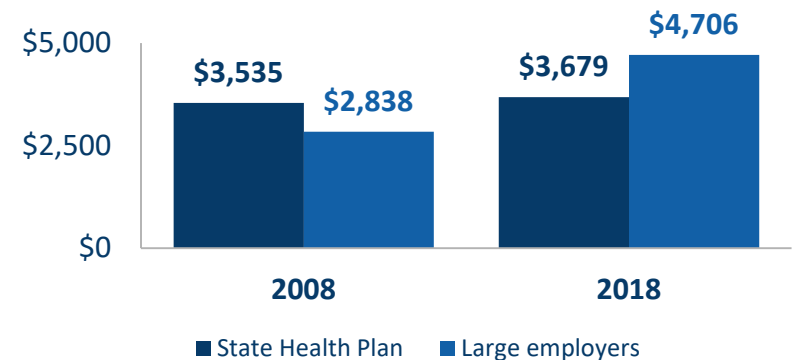
Numbers represent enrollment in the State Health Plan, the MUSC Health Plan and TRICARE Supplement Plan.

How State Health Plan premiums and cost sharing compare to large employers nationwide | 2008-2018

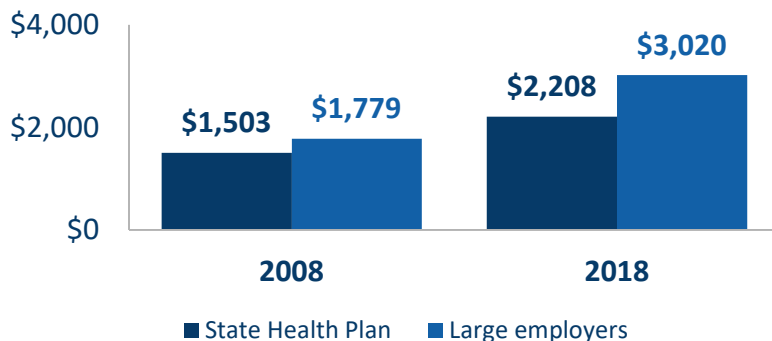
Employer contributions



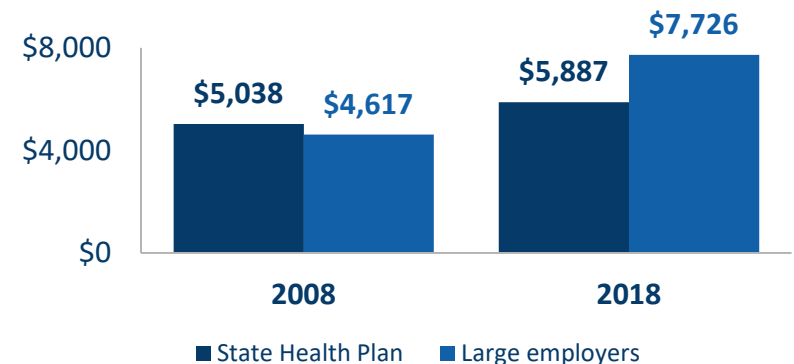
Employee contributions



Patient cost sharing



Total member cost



To benchmark the State Health Plan change over this period, we calculated the same numbers for a family of four (employee, spouse, two children) as in the Kaiser Family Foundation's August 2019 report, *Tracking the rise in premium contributions and cost-sharing for families with large employer coverage*.

State Health Plan versus national trends

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

	Benchmark	State Health Plan
2015	7.2%	7.9%
2016	6.9%	0.2%
2017	6.6%	2.4%
2018	6.6%	3.4%
2019	6.6%	2.5% ¹
5-year average (2015-2019)	6.8%	3.3%

¹Incurred in 12 months; paid in 12 months.

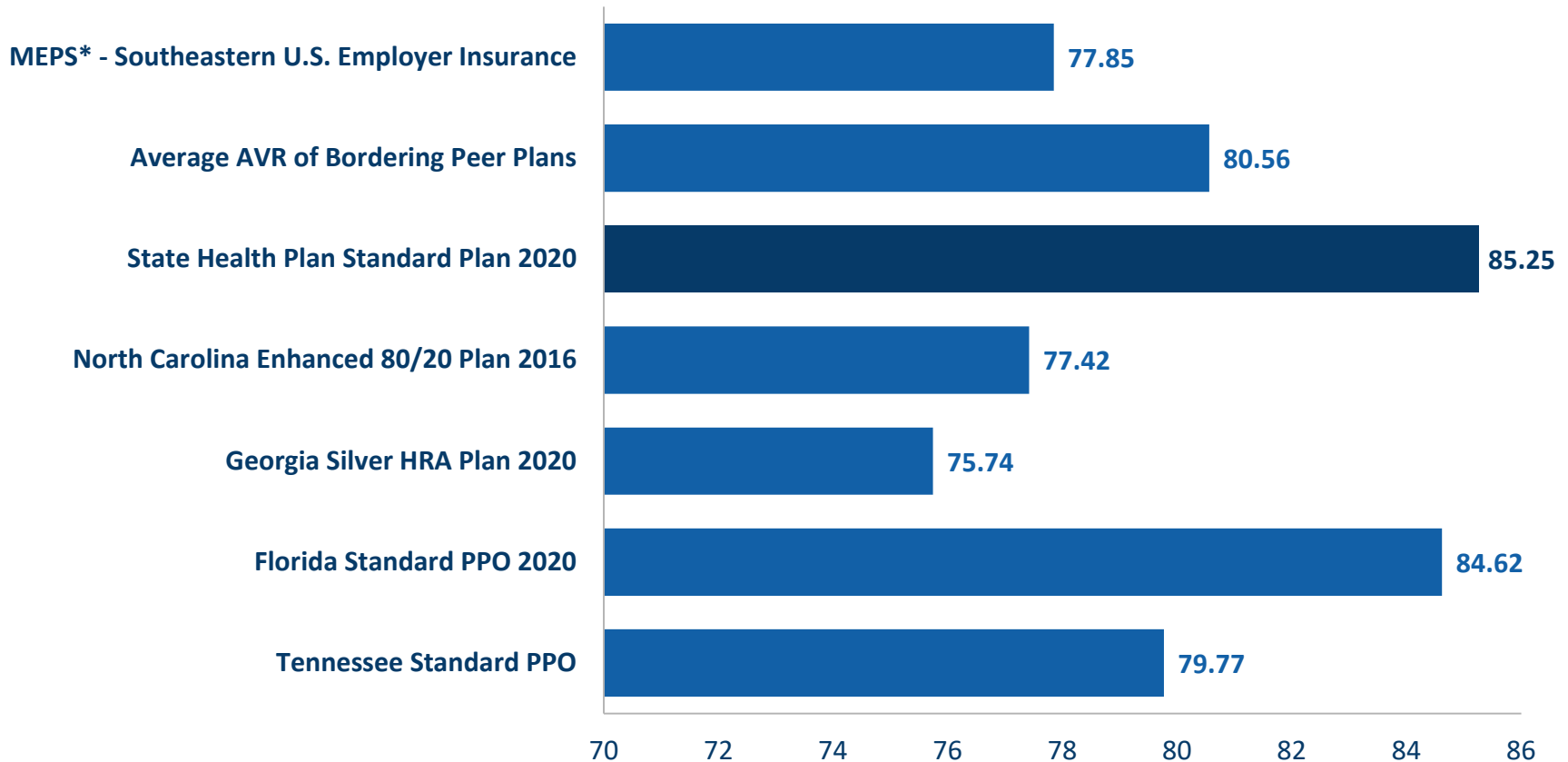
The benchmark is a blended number derived from annual health care cost trend surveys produced by national consulting firms including Aon, Buck, PriceWaterhouseCoopers and Segal.

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
2016	3.4%	2014	3.0%
2017	0.6%	2015	2.6%
2018	2.5%	2016	4.1%
2019	5.7%	2017	1.8%
2020	0.0%	2018	2.0%
5-year average (2016-2020)	2.4%	5-year average (2014-2018)	2.7%

2020 Actuarial value rates



Rates were determined using the 2020 Actuarial Value Calculator created by CMS.

*The Medical Expenditure Panel Survey (MEPS) is a set of large-scale surveys of families and individuals, their medical providers and employers across the United States. MEPS is the most complete source of data on the cost and use of health care and health insurance coverage.

2019 Average monthly total premiums¹

	Single	Family
State Health Plan	\$500	\$1,305
Large public and private sector employers ²	\$640	\$1,807
Public and private sector in South ³	\$620	\$1,758
Public employers	\$711	\$1,880
Private – manufacturing	\$592	\$1,725
Private – financial services	\$651	\$1,884

¹Average monthly total premiums in PPO (Preferred Provider Organization) plans

²Large public and private sector employers: ≥ 200 employees in public and private sectors

³Public 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 2019 Annual Survey

2019 Average annual deductible¹

	Amount
State Health Plan	\$490
Large public and private sector employers ²	\$986
All employers	\$1,206

¹Average annual deductible in PPO (Preferred Provider Organization) plans

²Large public and private sector employers: ≥ 200 employees in public and private sectors

Data from the *Kaiser Family Foundation Employer Health Benefits 2019 Annual Survey*

2018 Average annual gross plan cost per active employee¹

	Amount ²
State Health Plan	\$10,528
Public employers	\$12,387
Private – manufacturing	\$13,751
Private – financial services	\$13,607
All employers	\$12,486
Employers – 500+	\$13,178
Employers – 20k+	\$12,245
South ³	\$11,257

¹Average cost in PPO (Preferred Provider Organization) and POS (Point of Service) plans

²Average 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

³South includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the 2018 Mercer National Survey of Employer-Sponsored Health Plans

2020 Composite monthly premiums¹

	Employer	Employee	Total
State Health Plan	\$573.36	\$159.64	\$733.00
South ²	\$757.86	\$185.70	\$943.56
United States	\$931.91	\$164.18	\$1,096.08
State Health Plan percentage of regional average	75.7%	86.0%	77.7%
State Health Plan percentage of national average	61.5%	97.2%	66.9%

Survey uses most prevalent plan among state employee options for analysis.

¹Composite monthly premiums: Weighted average of all PEBA health subscribers enrolled in each coverage level

²South includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the 2020 *PEBA 50-State Survey of State Employee Health Plans*

Disclaimer

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**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
HEALTH CARE POLICY COMMITTEE**

Meeting Date: March 4, 2020

1. Subject: Maximum Experience Rating Load Factor for the 2021 State Health Plan

2. Summary: Local political subdivisions and other optional employers that participate in the State Health Plan are subject to experience rating of health insurance premiums. For the experience rating, a load factor, or a percentage amount, is added to the optional employer's health insurance premiums based on claims history. This load factor is adjusted each year using the past two plan years' worth of claims experience. The load factor is currently capped at 50 percent.

The General Assembly is currently evaluating whether to appropriate additional funding to the State Health Plan to allow for a reduction in the maximum experience rating load factor for the 2021 plan year without adversely affecting the plan's funding. Formal action by the PEBA Board is desired to confirm that the maximum load factor for the State Health Plan for the 2021 plan year would be reduced to conform with such additional funding, if appropriated.

3. What is the Committee asked to do? Recommend that the PEBA Board resolve that, if the General Assembly appropriates additional funding to the State Health Plan to reduce the maximum experience rating load factor for the 2021 plan year, PEBA will reduce the maximum load factor for the 2021 State Health Plan to conform to that additional funding.

4. Supporting Documents: