SC PUBLIC EMPLOYEE BENEFIT AUTHORITY- BOARD OF DIRECTORS

Health Care Policy Committee Minutes Approved 3/26/15

200 Arbor Lake Drive, Columbia SC, Main Conference Room 2nd Floor

Wednesday, February 18, 2015 – 10:00 a.m.

Health Care Committee Members Present:

Mr. Joe "Rocky" Pearce, Chairman
Mr. Art Bjontegard
Mr. Steve Heisler
Mr. Frank Fusco
Mr. Audie Penn

Others present for all or a portion of the meeting:

Peggy Boykin, Phyllis Buie, Sarah Corbett, Dayle Delong, Georgia Gillens, Denise Hunter, Ariail Kirk, Megan Lightle, Heather Muller, Justice Perkins, Laura Smoak, Travis Turner, Stephen Van Camp, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Rob Tester, PEBA Consultant; Brooks Goodman from Blue Cross Blue Shield of South Carolina; Sam Griswold, and Wayne Pruitt from the State Retirees Association of South Carolina; Thompson Kinney from Milliken Law Firm; and Katie Brennan from Catamaran.

1. **CALL TO ORDER**
   Chairman Rocky Pearce called the PEBA Health Care Policy Committee (Committee) meeting to order at 10:00 a.m.

2. **ADOPTION OF PROPOSED AGENDA**
   Mr. Steve Heisler made a motion, which was seconded by Mr. Frank Fusco, and approved unanimously, to adopt the proposed Committee meeting agenda.

3. **APPROVAL OF MINUTES: DECEMBER 17, 2014**
   Mr. Heisler made a motion, which was seconded by Mr. Audie Penn, and approved unanimously, to approve the December 17, 2014, Committee meeting minutes.

4. **STATE HEALTH PLAN BENCHMARKS**
   Ms. Sarah Corbett, PEBA's Chief Operating Officer, introduced Mr. Rob Tester, PEBA's consultant, to discuss the State Health Plan Benchmarks. The Committee congratulated Mr. Tester on his new position with PEBA as Health Care Policy Director effective March 1, 2015.

   Mr. Tester stated that four different surveys were used to compile the State Health Plan (SHP) Benchmarks. Mr. Tester discussed the SHP versus national trends; average annual gross plan cost per active employee; 2014 average monthly total premiums and average annual deductibles; 2015 composite monthly premiums; and a comparison of the SHP composite monthly premium as a percentage of regional and national averages.

   It was noted that the SHP compares very favorable to other public and private sector health plans. Mr. Tester reported that the SHP composite monthly premiums are approximately 20 percent below other southern state employee health plan premiums, and approximately 31 percent below national average premiums.

   The Committee discussed communication plans to present the benchmark results to active members and various stakeholder groups, and directed staff to include the results in the next PEBA newsletter.

5. OLD BUSINESS/DIRECTOR'S REPORT

Ms. Peggy Boykin, PEBA's Executive Director, stated that PEBA presented the State Health Plan budget report to the House Ways and Means Committee Healthcare Subcommittee on February 4, 2015, and will also present the budget report to the Senate Finance Health and Human Services Subcommittee on February 25, 2015. Ms. Boykin added that both Subcommittees will be receiving a comparison of the cost differences if the State Health Plan remains or is removed from grandfathered status.

Ms. Boykin provided historical information regarding the Other Post Employment Benefits (OPEB) trust funds which was created in 2008, and stated that there is not a securities lending deficit of $4.9 million in the OPEB trust funds as originally reported in PEBA's Insurance Financial Statements. Ms. Boykin advised that next year's financial statements will include a restatement and a note disclosure explaining the restatement. Ms. Boykin stated that currently, the State Treasurer's Office invests the OPEB trust funds in fixed income assets since OPEB trust funds are not allowed to be invested in equities. Ms. Boykin advised that S.35 is a Joint Resolution Bill that proposes a constitutional amendment to allow the OPEB trust funds to be invested in equities, and if the amendment passes, the investing of OPEB trust funds will transfer to the South Carolina Retirement System Investment Commission.

Ms. Boykin also reported that S.225 is a Joint Resolution Bill that suspends Proviso 105.15 of the fiscal year 2014-2015 General Appropriations Act that requires the State Health Plan to reimburse all pharmacies participating in the network on an equal basis. Ms. Boykin stated that she expects a third reading on the bill today, and the proviso should be suspended officially as requested.

6. EXECUTIVE SESSION: PURSUANT TO SC CODE OF LAWS § 30-4-70 (a)(2)

At 11:20 a.m., Mr. Art Bjontegard made a motion, which was seconded by Mr. Heisler, and approved unanimously, to recede into executive session to discuss legal, personnel and contractual matters pursuant to S.C. Code Ann. § 30-4-70.

The Committee reconvened in open session at 12:10 p.m. It was noted that no action was taken while in executive session.

7. ADJOURNMENT

There being no further business, and upon motion by Mr. Heisler, which was seconded by Mr. Fusco, and approved unanimously, the Committee meeting adjourned at 12:12 p.m.