

Meeting Minutes | Health Care Policy Committee

Wednesday, January 12, 2017 | 10:00 a.m.

200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes Approved February 16, 2017

Board Members Present: Mr. Frank Fusco, Mr. Steve Heisler, Mr. Joe “Rocky” Pearce, Chairman and Mr. Audie Penn

Others Present for All or a Portion of the Meeting: Peggy Boykin, Susan Brantley, Amber Carter, Sarah Corbett, Jennifer Dolder, Georgia Gillens, Heather Muller, Justice Perkins, Jacalin Shealy, Laura Smoak, Rob Tester, Travis Turner, Stephen Van Camp, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Wayne Pruitt and Sam Griswold from the State Retirees Association of South Carolina; Brooks Goodman and Karen Patton from Blue Cross Blue Shield of South Carolina; Robin Scott, Karen Russell, and Traci Young from Express Scripts, Inc.; and Thompson Kinney from Milliken Law Firm.

I. Call to Order

Chairman Rocky Pearce called the PEBA Health Care Policy Committee (Committee) meeting to order at 10:00 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Adoption of Proposed Agenda

Mr. Steve Heisler made a motion, which was seconded by Mr. Audie Penn, and approved unanimously, to adopt the proposed Committee meeting agenda.

III. Approval of Meeting Minutes – November 9, 2016

Mr. Penn made a motion, which was seconded by Mr. Heisler, and approved unanimously, to approve the November 9, 2016, Committee meeting minutes.

IV. Benchmarking for the State Health Plan

Mr. Rob Tester, Health Care Policy Director, presented the State Health Plan (SHP) update and benchmarking in which key SHP measures are compared with peer and national benchmarks. Mr. Tester reviewed the SHP enrollment as of January 2017; the SHP growth and expenditure per member compared to national trends; and the 2015 average annual gross plan cost per active employee. Mr. Tester also discussed the 2016 average monthly total premiums; the 2016 average annual deductible; and the 2016 composite monthly premiums. Mr. Tester stated that the SHP compares very favorable to other public and private employers.

V. Old Business/Director’s Report

Ms. Peggy Boykin, Executive Director, reported that the Governor’s office has posted the Executive Budget which includes a recurring \$94 million in general fund appropriations;

approximately \$26.5 million for funding for the SHP (including well visits) and to partially cover premium increases which will also be split between employees and employers; and \$10 million as requested for implementation of the Operational Assessment.

Ms. Boykin advised that the Joint Committee on Pension Systems Review met on January 10, 2017, and discussed key components of draft legislation that will be introduced this legislative session. Ms. Boykin stated that many of the components include the Funston Fiduciary Audit recommendations for both PEBA and the South Carolina Retirement System Investment Commission (RSIC), and includes a recommendation to cap the South Carolina Retirement System (SCRS) employee contribution rate at 9.0 percent, and the Police Officers Retirement System (PORS) employee contribution rate at 9.75 percent. Ms. Boykin added that it was also suggested to increase the employer rate by a minimum of one percent each year for an extended period of time to meet funding requirements.

Ms. Boykin stated that she advised the Joint Committee on Pension Systems Review that if the employee contribution rate is capped at 9.0 percent, the employer contribution rate will need to be raised approximately 3.5 percent to cover the \$3.5 billion in deferred investment losses which will be smoothed in over the next five years, and to cover the reduction in the assumed rate-of-return from 7.50 percent to 7.00 percent (which may be lowered in increments over the next two to three years).

VI. Adjournment

There being no further business, and upon motion by Mr. Frank Fusco, which was seconded by Mr. Heisler, and approved unanimously, the Committee meeting adjourned at 11:00 a.m.