North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer

Board of Trustees Special Meeting
In-Person
November 15, 2024
Minutes

Convene Meeting

Welcome

The meeting of the North Carolina State Health Plan for Teachers and State Employees (Plan) Board of Trustees was called to order by Department of State Treasurer Chief of Staff Ted Brinn at 8:45 a.m. Friday, November 15, 2024.

Roll Call for Attendance

Present: Kristin Walker, Melanie Bush, Russell "Rusty" Duke, Kimberly Jones, Peter Robie, M.D., Mike Stevenson, Cyrus Vernon, and Kerry Willis, M.D. The Chair indicated that a quorum was present.

Conflict of Interest

No conflicts of interest were noted. During a Board meeting, members should notify the Board chair if a conflict arises.

Introduction of Treasurer Elect

Sam Watts, Executive Director of the State Health Plan, welcomed Treasurer-Elect Brad Briner to the meeting.

State Health Plan Overview & Objectives

Mr. Watts stated the main topics for the day, which included provider network, benefits/premiums, and the Plan's legislative request. Mr. Watts provided background on the Plan. The discussion then transitioned to how the Plan engages with members through Open Enrollment, e-communications and social media. Mr. Watts discussed how members pay for benefits. Mr. Watts provided an overview of how the Plan compares to other state health plans in comparable geographic regions and some that are near the Plan's size.

Mr. Watts described the Plan's biggest challenge—Plan finances (the financial projection goes below the target stabilization reserve in 2027).

Mr. Watts then instructed the board that Plan staff needed advice regarding their interest in:

- Pursuing a different network strategy
- Adjusting premiums
- Adjusting Benefits
- Adjusting retiree plan options
- Requesting legislative funding above current planned increase

Dr. Willis led a discussion about the Plan being a secondary payer for those on Medicare and taking advantage of Part D.

Dr. Willis and Dr. Robbie discussed the COVID funds that the Plan has yet to be reimbursed for and suggested that those funds were part of the reason why the Plan was in a deficit.

Closed Session

Pursuant to: G.S. 143-318.11(a)(1) and 132-1.2(1) The Board voted to move into closed session to discuss benefit strategy.

> **Board Vote***:* Motion by Dr. Robie; second by Dr. Willis; roll call vote was taken; unanimous vote by Board to move into executive session.

The Board discussed Aetna's proposal on benefit strategy and received analysis on the same by Segal, the Plan's actuary and benefits vendor.

> **Board Vote***:* Motion by Mr. Vernon; second by Dr. Robie; roll call vote was taken; unanimous vote by Board to return to open session.

Special Recognition

Dr. Robie recognized Folwell' s service as State Treasurer and a proposed resolution was presented. ***(The resolution is attached)***

Legislative Panel

Senator Burgin provided his perspectives regarding the Plan.

Benefits, Premiums and Funding

Dr. Emma Turner, the Plans Chief Economist, and Mr. Charles Sceiford, the Plans Health and Benefits Actuary, provided the board a presentation regarding Plan finances and solutions to the Plan's financial problems. It highlighted the need to acquire $507 million in 2025 to address the budget gap, as well the long-term need for stabilization. Dr. Turner explained the timeline for a 2026 benefits decision including the funding ask, which would likely occur soon.

Mr. Vernon asked if the General Assembly had an appetite to do something for the Plan. Dr. Turner reinforced that the Plan needs a long-term plan, and that tax revenue was not going to grow at 4% annually. The Plan needs to make changes so we can demonstrate a long-term plan at which time the General Assembly may be willing to fund it.

Dr. Willis stated that the Plan needed to meet medical inflation, which is 300-400 percent per year. Dr. Turner stated that the revenue was not keeping with medical inflation and, since cost sharing has not changed, members are paying a smaller share.

Ms. Bush questioned the difference between the projected cash and reserve, to which Dr. Turner and Mr. Watts replied that the Plan is not able to operate without a reserve.

Dr. Turner and Mr. Sceiford discussed options to balance the budget and close the 2026 and 2027 gap in funding. Dr. Turner and Mr. Sceiford discussed more options regarding network strategies; alternative strategies including Medicare Advantage. Further discussion also took place regarding removing the tobacco attestation credit.

Stakeholder Association Comments

Tamika Walker-Kelly, with NCAE, and Kirk Montgomery, SEANC President, addressed the board.

Benefits, Premiums and Funding

Dr. Turner and Mr. Sceiford continued their presentation regarding closing the budget gap for 2026.

Member Engagement and Education

Beth Horner, Director of Communications and Customer Experience summarized the work staff had completed for the transition to Aetna.

Mr. Watts called for a motion to adjourn the meeting.

> **Board Vote***:* Motion by Dr. Robie; second by Dr. Willis; roll call vote was taken; unanimous vote by Board to adjourn the meeting.

Adjournment

The meeting was adjourned at 5:00 p.m.

Minutes submitted by Joel Heimbach, Secretary

Approved by: _____

Bradford B. Briner
Chairman of Board of Trustees
North Carolina State Health Plan