

**Board of Trustees Regular Meeting
In-Person/Webinar/Recorded
March 7, 2025
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 Chair Bradford B. Briner, at 12:30 p.m. on Friday, March 7, 2025.

Roll Call for Attendance

Present: Bradford B. Briner; Melanie Bush; Russell “Rusty” Duke; Kimberly Jones; Brian Miller, M.D. (Remote); Mike Stevenson; Cyrus Vernon; Kerry Willis, M.D.; Samuel Watts; Kristin Walker.

Chair Briner 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.

Reading of SEI Statements into Minutes Pursuant to the Ethics Act § 138A-15(c)

A Statement of Economic Interest (SEI) for Samuel W. Watts was read into the minutes.

(Attachment 1)

Consent Agenda (Requires Vote)

Minutes – February 7, 2025

Board Vote: Motion by Dr. Willis; second by Mr. Vernon: roll call vote was taken; Ms. Bush, Judge Duke, Ms. Jones, Dr. Miller, Mr. Stevenson, Mr. Vernon, Dr. Willis voted in the affirmative; Mr. Watts voted present. The Board voted to approve the consent agenda.

Executive Administrator Update

Thomas Friedman, Executive Administrator, provided a transition update on the Plan’s new Third-Party Administrator (TPA), Aetna. Key points included:

- More than 99% of providers are now participating in the Aetna network.
- There has been some member confusion around the Aetna transition and the Clear Pricing Project (CPP).
- Frequent issues related to provider billing, authorization delays, and limited behavioral health access.

Mr. Friedman noted Aetna's responsiveness to daily escalations and improvements that are underway.

He stated that due to the Plan's large financial deficit hard decisions will need to be made regarding premium increases and other benefit changes. The Board will vote on the benefit design at the May Board meeting and on premiums at the August meeting.

Legislative Update

Amy Auth, Deputy Treasurer of External Affairs, outlined key budget priorities under consideration by the General Assembly. Discussions included cost-containment initiatives and funding needs for obesity and chronic disease programs.

Prior Authorization Discussion

Mr. Friedman reviewed the purpose and goals of prior authorizations, noting that the Plan will continue to review and evaluate the prior authorization and appeals processes. He added that the Pharmacy & Therapeutics Committee has not been in favor of removing prior authorizations for drugs.

Public Comment

Public comments were received from several individuals regarding:

- The Plan's intention to raise premiums for Plan members
- Obesity treatment

2026 Benefit Design Options

North Carolina's health care costs are among the highest in the U.S., impacting not only the Plan, but all North Carolinians. The Plan is facing a \$500 million dollar deficit during the next fiscal year, growing to almost \$900 million the following year. The goal is to balance cost management, member impact, and strategic alignment with broader organizational goals.

A comparative analysis of the Plan and other large employers in North Carolina demonstrated the following:

- Plan premiums for individual coverage are significantly lower than the average peer.
- Specialist copays and out-of-pocket maximums are high relative to peers, though primary care copays are low.
- The Plan maintains a broad PPO network, unlike many peers moving toward narrow networks to save costs.

A discussion included whether to steer retirees to Medicare Advantage to lower costs. If the 70/30 plan was no longer available to retirees, the potential savings would be approximately \$100 million.

Mr. Friedman stated that CPP in the current form would end on December 31, 2025, with the exception of behavioral health. Estimated savings are approximately \$100 million. He added that more details would be presented at the May Board meeting.

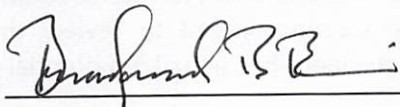
Adjournment

Chair Briner called for a motion to adjourn the meeting.

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

The meeting was adjourned at 3:05 p.m.

Minutes submitted by Joel Heimbach, Secretary

Approved by: _____

Bradford B. Briner

**Chairman of Board of Trustees
North Carolina State Health Plan**

A recording of the meeting can be found [here](#)

Attachment 1

State Health Plan Board of Trustees

March 7, 2025, Meeting

MISCELLANEOUS NON-ACTION AGENDA ITEM

Statement of Economic Interest evaluations of members pursuant to the Ethics Act § 138A-15(c).

The following packet contains a Statement of Economic Interest (SEI) evaluation issued by the State Ethics Commission. This is being provided for Commission members' review and for recording in the meeting minutes pursuant to the requirements of the State Government Ethics Act. Members are encouraged to review the updated evaluations to inform and remind them of the identified actual or potential conflicts of interest.

The SEI Evaluation for the following is being provided for review:

- Samuel W. Watts



Via Email

STATE ETHICS COMMISSION
POST OFFICE BOX 27685 RALEIGH, NC 27611
PHONE: 919-814-3600

February 28, 2025

The Honorable Bradford B. Briner
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

Re: Evaluation of Statement of Economic Interest Filed by Mr. Samuel Watts
State Health Plan Board

Dear Treasurer Briner:

Our office is in receipt of Mr. Samuel Watts's 2025 Statement of Economic Interest as an appointee to the State Health Plan Board ("the Board"). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act ("the Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. The letter is not meant to impugn the integrity of the covered person in any way. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan insures more than 663,000 state employees, teachers, retirees, current and former lawmakers, state university and community college personnel, state hospital staff and their dependents. The State Health Plan Board of Trustees ("the Board") is statutorily charged with approving the benefits programs, premium rates, co-pays, deductibles, coinsurance maximums, and large contracts for the Plan. The Board also oversees administrative reviews and appeals and is charged with developing and maintaining a strategic plan.

The Act establishes ethical standards for certain public servants and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their

impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Watts fills the role of an at-large member on the Board. He is the Executive Director of the Retirement Systems Division at the Office of the State Treasurer and may be insured by the State Health Plan. Therefore, Mr. Watts has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving his benefits come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. 138A-24(e), the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. (N.C.G.S. §138A-15 (c)).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation (N.C.G.S. § 138A-14). Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jane Steffens", with a long horizontal flourish extending to the right.

Jane Steffens, SEI Unit
State Ethics Commission

cc: Samuel Watts
Elizabeth Hawley, Ethics Liaison

Attachment: Ethics Education Guide