

**BYLAWS OF
THE NORTH CAROLINA STATE HEALTH PLAN
BOARD OF TRUSTEES**

Article I. Authority

The North Carolina State Health Plan Board of Trustees (Board) is established by N.C.G.S. § 135-48.20 with powers and duties set forth in N.C.G.S. § 135-48.22. Board members are required to carry out their duties and responsibilities as fiduciaries for the Plan pursuant to N.C.G.S. § 135-48.2.

Article II. Membership

The specific qualifications for membership on the Board are prescribed in N.C.G.S. § 135-48.20.

Section 1. Composition: The Board is comprised of 10 members as follows:

- The State Treasurer
- The Director of the Office of State Budget and Management
- A teacher
- A state employee
- A retired teacher
- A retired state employee
- An expert in actuarial science or health economics
- An expert in health benefits and administration
- An expert in health law and policy
- A physician who is licensed to practice medicine in the State of North Carolina

Section 2. Ex Officio Members: The State Treasurer and the Director of State Budget and Management serve as ex officio members of the Board. The State Treasurer has authority to vote only in the case of a tie. The Director of State Budget and Management is a nonvoting member of the Board.

Section 3. Appointed Members: There are eight appointed members of the Board. Two are appointed by the State Treasurer, two by the Governor, two by the General Assembly upon recommendation of the Speaker of the House of Representatives and two by the General Assembly upon recommendation of the President Pro Tempore of the Senate. Appointments are for two-year terms and members may serve up to three consecutive two-year terms.

Section 4. Removal: The appointing authority may remove any member appointed by that authority.

Section 5. Vacancies: Vacancies by those members appointed by the State Treasurer or the Governor shall be filled by the respective appointing authority. Members appointed by the General Assembly shall be filled in accordance with N.C.G.S. § 120-122.

Article III. Organization

Section 1. Chairperson: The State Treasurer shall serve as the Board Chairperson. Pursuant to N.C.G.S. § 147-75, the Treasurer may delegate his or her duties as Chairperson to a designee. The delegated Chairperson will assume the same voting authority as the Treasurer.

The Chairperson has the following authority, duties, and responsibilities:

1. To call meetings as needed;
2. To appoint a Secretary who is not a member of the Board;
3. To appoint members to any and all such committees as necessary for the Board to perform its assigned duties;
4. To enforce the governing rules of the Board as established by the bylaws;
5. To make a motion to move to closed session during an open public meeting.

Section 2. Officers: Other than the Chairperson, officers may be elected by the Board from among its membership.

Section 3. Secretary: Unless otherwise appointed by the Chairperson, legal counsel to the State Health Plan shall be the Secretary to the Board. The Secretary may delegate his or her duties to a designee.

The Secretary's duties include but are not limited to:

1. Maintaining a current list of Board Members;
2. Providing notice of meetings to the Board and the public;

3. Coordinating and disseminating information to the Board;
4. Maintaining official minutes and records of all proceedings from Board meetings;
5. Responding to public records requests;
6. Accepting service of process for the Board;
7. Ensuring Board compliance with the State Government Ethics Act;
8. Publishing an agenda or order of business as approved by the Chairperson prior to each meeting;
9. Facilitating the scheduling of each meeting;
10. Providing counsel on the appropriateness of moving to closed session and the required statutory authority for doing so when required by law;
11. Revising the bylaws as amended by the Board;
12. Performing any other duties as directed by the Chairperson.

Section 4. Executive Administrator: The Executive Administrator shall be appointed by the State Treasurer. The Executive Administrator shall attend all Board meetings or send a suitable representative as selected by him or her. The Executive Administrator shall keep the Board well informed at all times of the activities and programs of the State Health Plan. The Executive Administrator shall provide all staffing and personnel necessary for the Board to properly carry out its functions and duties as well as any documents or information necessary for the proper conduct of the Board's duties and responsibilities to the Plan. The Executive Administrator in consultation with the Chairperson will develop the agenda for all meetings.

Section 5. Committees: The Board, by resolution of a majority of members, may designate and appoint one or more committees to serve in an advisory capacity to the Board. Such committee shall perform only those functions determined by the Board, and no such committee shall have the authority of the Board. Committee members shall be appointed by the Chairperson of the Board and shall serve at the pleasure of the Board. As determined by the Board, the chairperson of a committee may either be designated by majority vote of the Board or selected by members of the committee.

The Executive Administrator shall designate Plan staff to serve at the pleasure of committees as requested by the committee or the Board.

Committees shall meet as decided by the chairperson of the committee in consultation with the committee. Upon approval by the chairperson of the committee, members of the committee may participate in meetings by means of telephone or video conference.

Article IV. Meetings

Section 1. Official Meetings: Official meetings are those meetings in which a majority of the voting members of the Board gather for the purpose of participating in deliberations, or voting upon or otherwise transacting the public business within the jurisdiction, real or apparent, of the Board. The Board is required to meet at least quarterly.

Section 2. Emergency or Special Meetings: May be called by the State Treasurer or by the written request of any three Board members.

Section 3. Notice: The date, time, and place for all Board meetings will be published on the State Health Plan's website as soon as practicable but no later than seven (7) calendar days prior to any meeting. If a preliminary agenda is created it shall be posted as soon as practicable in the same manner as the notice; however, the preliminary agenda will not limit the scope of the Board's meeting. If a preliminary agenda is not available, the notice shall include a general description of the nature and purpose of the meeting. Notice of Emergency or Special Meetings will be published at the same time notice of the meeting date is provided to the Board.

Section 4. Meeting by Telephone or Other Electronic Media: Upon approval by the Chairperson, the Board may hold meetings by means of telephone or video conference and members of the Board may participate in meetings by means of telephone or video conference.

Section 5. Attendance: Board members shall attend at least 75 percent of all non-emergency meetings of the Board during the Board's fiscal year. The Board may require the attendance of State Health Plan staff, Department of State Treasurer staff, consultants, or contractors as necessary to provide information to the Board.

Section 6. Public Meetings: All official meetings shall be open to the public pursuant to N.C.G.S. § 143-318.10 except for those parts of the meeting moved to closed session pursuant to N.C.G.S. § 143-318.11.

Section 7. Closed Session: Closed session is permitted for the following reasons pursuant to N.C.G.S. § 143-318.11:

1. To prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes.
2. To prevent the premature disclosure of an honorary degree, scholarship, prize, or similar award.
3. To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged. General policy matters may not be discussed in a closed session and nothing herein shall be construed to permit a public body to close a meeting that otherwise would be open merely because an attorney employed or retained by the public body is a participant. The public body may consider and give instructions to an attorney concerning the handling or settlement of a claim, judicial action, mediation, arbitration, or administrative procedure. If the public body has approved or considered a settlement, other than a malpractice settlement by or on behalf of a hospital, in closed session, the terms of that settlement shall be reported to the public body and entered into its minutes as soon as possible within a reasonable time after the settlement is concluded.
4. To establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating (i) the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease; or (ii) the amount of compensation and other material terms of an employment contract or proposed employment contract.
5. To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee. General personnel policy issues may not be considered in a closed session. A public body may not consider the

qualifications, competence, performance, character, fitness, appointment, or removal of a member of the public body or another body and may not consider or fill a vacancy among its own membership except in an open meeting. Final action making an appointment or discharge or removal by a public body having final authority for the appointment or discharge or removal shall be taken in an open meeting.

6. To plan, conduct, or hear reports concerning investigations of alleged criminal misconduct.

Motions called pursuant to reason (1.) set forth above regarding the disclosure of information considered privileged or confidential, must state the name or citation of the law that renders the information to be discussed privileged or confidential. Motions called pursuant to reason (3.) set forth above regarding the handling or settlement of a legal claim shall identify the parties in each existing lawsuit concerning which the public body expects to receive advice during the closed session.

The motion to move to closed session must cite at least one of the permissible reasons for the closed session as described above. The Secretary is responsible for providing the appropriate basis and statutory citation of law as required to the Chairperson as needed.

Only those persons authorized by law or invited by the Chairperson, Executive Administrator, or the Board may be present during closed session.

Section 8. Public Comment and Requests for Changes to Benefits: Time will be reserved at each Board meeting for public comment and requests for changes in benefits under the State Health Plan upon request. Such a request must be made to the Executive Administrator in advance of the meeting as prescribed in Article V, Section 10. Such time may be limited by the Chairperson.

Article V. OPERATION OF THE BOARD

Section 1. Actions of the Board: The Board shall act only as authorized by law and in accordance with these bylaws at a duly called meeting of the Board. No individual members of the Board shall exercise individually any administrative authority with respect to the Board. No individual member of the Board shall make a statement of policy which purports to be that of the Board unless the Board shall have adopted such policy, but no one shall be prohibited from stating his or her personal opinions provided they are clearly identified as such.

Section 2. Immunity: Board members shall be immune individually from civil liability for monetary damages for any act, or failure to act, arising out of their service, except to the extent provided under Article 31A of Chapter 143 of the North Carolina General Statutes, to the extent of insurance coverage purchased pursuant to N.C.G.S. § 58-32-15, and where any of the following apply:

1. The person was not acting within the scope of that person's official duties.
2. The person was not acting in good faith.
3. The person committed gross negligence or willful or wanton misconduct that resulted in monetary damages or injury.
4. The person derived an improper personal financial benefit, either directly or indirectly, from the transaction.
5. The person incurred the liability from the operation of a motor vehicle.

Section 3. Authority of the Board: The Board shall have access to any documents or information that is necessary for the proper conduct of its fiduciary duties and responsibilities to the State Health Plan, subject to confidentiality requirements set forth in state and federal law. N.C.G.S. § 135-48.10.

The Board members do not have the authority to sign contracts, obligate the State Treasurer or the State Health Plan, or spend any portion of the operating budget that has not been designated for Board purposes.

Section 4. Agenda: The agenda for each meeting will be developed by the Executive Administrator in consultation with the Chairperson. The Secretary, or designee, shall send a preliminary agenda to each member of the Board as soon as practicable in advance of any meeting of the Board. The final agenda as approved by the Chairperson will be provided at the Board meeting and shall govern the order of business for the meeting.

Section 5. Recusal from Participation: After a meeting has been called to order and the final agenda reviewed, the Chairperson shall read to the Board the Conflict of Interest Statement. Any Board member with a conflict of interest or an appearance of a conflict of interest for any agenda

item will identify him or herself and recuse themselves from participating in discussion or voting on that particular agenda item. The reason for the abstention shall be recorded in the meeting minutes of the Board.

Section 6. Rules of Order: The rules contained in the current edition of *Robert's Rules of Order Newly Revised* shall govern in all cases to which they are applicable and in which they are not inconsistent with applicable statutes or the bylaws of the Board.

Section 7. Quorum: A majority of the voting members of the Board shall constitute a quorum.

Section 8. Voting: Decisions of the Board shall be made by a majority voice vote of the Board members with voting rights present unless otherwise provided by these Bylaws. Voting by secret ballot is not allowed.

Upon the request of any Board member, a roll call vote shall be taken, regardless of a subsequent determination by the Chairperson. A roll call vote shall also be taken for any decision made during a meeting occurring via telephone or other electronic means of simultaneous communication, unless the Chairperson determines the vote shall proceed according to a different manner. For a roll call vote, the names of the Board members shall be called and each member shall vote "yes" or "no" at such time unless he or she chooses to abstain.

Section 9. Minutes: The Secretary, or designee, shall prepare minutes of the proceedings of all Board meetings, including the date, time, place, members present or absent, and action taken. A copy of the minutes of each meeting of the Board shall be transmitted to each Board member for review at least seven (7) calendar days prior to approval at the succeeding meeting. The minutes shall not be considered official unless and until approved by the Board and signed by the Chairperson. Official minutes will be published to the State Health Plan's website as soon as practicable.

Section 10. Appearance Before the Board: Individuals or groups who wish to appear before the Board for public comment or to request a change in benefits shall make their request in writing to the Executive Administrator. The Chairperson, at his or her discretion, or the Executive Administrator, at his or her discretion and as delegated by the Chairperson, may approve the request and allot a reasonable time for presentation. The Chairperson or the Executive Administrator, as delegated by the Chairperson, shall limit presentations as necessary to maintain the timely conduct of business by the Board.

Section 11. Compensation:

Non-state employee members: Members of the Board who are not employees eligible to enroll in the Plan ("non-employee members") will receive (1) one hundred dollars (\$100.00) per day whenever the full Board holds a public session, and (2) travel allowances when traveling to and from meetings of the Board or administrative hearings. N.C.G.S. § 135-48.20(1).

When participating in Plan business that is not part of a public session or administrative hearing, non-employee members will receive (1) fifteen dollars (\$15.00) per day, (2) reimbursement of subsistence expenses, and (3) reimbursement of travel expenses. N.C.G.S. §§ 135-48.20(1) and 138-5.

State employee members: Members of the Board who are employees eligible to enroll in the Plan ("employee members") shall receive travel and subsistence allowance in accordance with N.C.G.S. § 138-6.

ARTICLE VI. AUTHORITY, DUTY, RESPONSIBILITIES AND CONDUCT OF THE BOARD

Section 1. Standard of Care: Board members shall carry out their duties and responsibilities as fiduciaries for the Plan. As fiduciaries, Board members are obligated to act in the best interest of the Plan.

Section 2. Conflict of interest: A conflict of interest arises when a Board member, or a member of his or her immediate family, may benefit from the actions taken by the Board. In such instances, the Board member must disclose the conflict to the Board and recuse him or herself from participation in addressing or voting on the matter in which there is a conflict of interest or appearance of a conflict of interest, as required by Article V, Section 5, unless participation is permitted by N.C.G.S. § 138A-38.

Section 3. Responsibilities: The powers, duties, and responsibilities of the Board are set forth in Article 3B of Chapter 135 of the North Carolina General Statutes.

Powers and Duties: Under N.C.G.S. § 135-48.22, the Board shall have the following powers and duties:

1. Approve benefit programs, as provided in N.C.G.S. § 135-48.30(a)(2).

2. Approve premium rates, co-pays, deductibles, and coinsurance percentages and maximums for the Plan, as provided in N.C.G.S. § 135-48.30(a)(2).
- 2a. Approve the benefit program, premium rates, co-pays, deductibles, and coinsurance percentages and maximums for the coverage offered under N.C.G.S. § 135-48.40(e).
3. Approve contracts in excess of \$3,000,000, as provided in N.C.G.S. § 135-48.33(a).
4. Consult with and advise the State Treasurer as required by Chapter 135 of the North Carolina General Statutes and as requested by the State Treasurer.
5. Develop and maintain a strategic plan for the Plan.

Other Responsibilities:

1. Report to the General Assembly. The Board shall report to the General Assembly as requested by the President Pro Tempore of the Senate and the Speaker of the House of Representatives.
2. Consultation. As prescribed by Article 3B of Chapter 135 of the North Carolina General Statutes, the Board must provide consultation to the State Treasurer on the following matters: adoption and implementation of rules; adoption and implementation of utilization review and internal grievance procedures; establishment and implementation of medical procedures that require prior approval and as otherwise requested by the State Treasurer.
3. Delegation of powers. The Board will be required to carry those powers and duties delegated to it by the State Treasurer.

Section 4. Expectations: Board members are expected to:

1. Be informed about the State Health Plan's policies and practices;
2. Work constructively with other board members to review Plan activities and fulfill their statutory duties and responsibilities;
3. Interact professionally and appropriately with the State Treasurer, Executive Administrator, and the staff and outside service providers at all times;

4. Cooperate with the Chairperson, the Executive Administrator, and Plan staff when selecting dates and times for Board meetings.
5. Be prepared for all board meetings by reviewing agendas and supporting materials prior to the meeting;
6. Attend Board meetings, share expertise, and actively participate in discussions;
7. Discharge duties solely in the interest of the members and beneficiaries and for their exclusive benefit;
8. Incur only reasonable expenses in carrying out duties as Board members, consistent with the operating budget of the Board;
9. Maintain high ethical standards and avoid the appearance of impropriety;
10. Make requests of staff as well as consultants, contractors, and other outside service providers only under the directive of the full Board.
11. Maintain confidentiality at all times related to matters discussed in closed session pursuant to N.C.G.S. § 143-318.11 as well as information that meets the definition of "confidential information" under N.C.G.S § 132-1.2.

Section 5. Orientation: Board members must complete an orientation program prior to attending their first board meeting. The State Health Plan staff, in conjunction with Department of State Treasurer's General Counsel, shall be responsible for conducting the orientation program.

Section 6. State Government Ethics Act: Board members are covered persons under the State Government Ethics Act, Article 1 of Chapter 138A of the North Carolina General Statutes. At all times Board members must abide by the Ethical Standards for Covered Persons set forth in Article 4 of Chapter 138A. In addition, as covered persons, Board members are required to file a Statement of Economic Interest (SEI) with the State Ethics Commission prior to appointment and yearly thereafter. Board members must also complete ethics education within six months of appointment and a refresher course every two years.

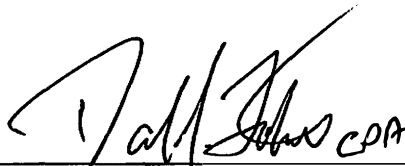
Section 7. Annual Assessment: The Board will periodically assess its performance to determine if it is functioning as effectively and efficiently as possible and to determine if it has met its responsibilities. The Board will effectuate changes as appropriate in order to improve its performance.

Article VII. AMENDMENTS

Section 1. Amendment: These bylaws may be amended at any regular meeting of the Board by majority vote.

Section 2. Effective Date: Amendments shall go into effect immediately upon their adoption unless the motion to adopt specifies a time for the amendment to go into effect.

It being the desire of the Board to meet its responsibilities to the State of North Carolina, and in the most efficient and conscientious manner possible to discharge its duties under the law, the North Carolina State Health Plan Board of Trustees does hereby adopt these amended bylaws this 25th day of July, 2024, to be effective immediately.

A handwritten signature in black ink, appearing to read "Dale R. Folwell CPA", written over a horizontal line.

Dale R. Folwell, CPA
Chairperson