

Meeting Minutes | Board of Directors

Wednesday, October 18, 2017 | 2:00 p.m.
Nexsen Pruet | 1230 Main St., Suite 700 Columbia, SC 29201

Minutes Approved December 13, 2017

Board Members Present: Mr. Steve Heisler, Sheriff Leon Lott, Vice Chairman Joe “Rocky” Pearce, Mr. Steve Matthews, Mr. Audie Penn, Chairman John Sowards, Mr. Alex Shissias, Mr. David Tigges, and Mr. Ed Walton.

Board Members Present via Telephone: Mr. Frank Fusco

Others Present for All or a Portion of the Meeting: Peggy Boykin, Phyllis Buie, Kim Brown, Ashley Brindle, Amber Carter, Sarah Corbett, Bobbie George, Joe Greene, Heather Muller, Tammy Nichols, Laura Smoak, Rob Tester, Travis Turner, Heather Young, Stephen Van Camp, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Joanie Lawson from the South Carolina Education Association; Sam Griswold from the State Retirees Association of South Carolina; Brooks Goodman and Carmen Wilson from Blue Cross Blue Shield of South Carolina; Will Kenney from Milliken Law Firm; and Thomas Rey from CliftonLarsonAllen.

I. Call to Order

Chairman John Sowards called the PEBA Board of Director’s (Board) retreat to order at 2:00 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Approval of Meeting Minutes- August 17, 2017

It was noted that the August 17, 2017, meeting minutes were adopted unanimously as presented.

III. Health and Retirement Financial Statements Audit

Deferred Compensation Program Financial Statements Audit

Mr. Thomas Rey, CPA, from CliftonLarsonAllen, PEBA’s External Auditor, reviewed the Health Financial Statements and the South Carolina Retirement Systems (SCRS) Financial Statements, for the year ending June 30, 2017. Mr. Rey also reviewed the Deferred Compensation Program Audit Reports for the year ending December 31, 2016. Mr. Rey reported that all three audit reports are unmodified “clean” opinions. Mr. Rey advised that both SCRS and the Other Post Employment Benefits (OPEB) trust funds adopted the Governmental Accounting Standards Board (GASB) Statement No. 72 (Fair Value Measurement and Application) which requires state and local governments to measure investments at fair value. Mr. Rey also reviewed the net pension liability in accordance with GASB Statement No. 67 for the retirement trust funds as of June 30, 2017, along with the net OPEB liability under GASB No. 74 for the OPEB trusts.

IV. 2018 Board and Committee Meeting Dates

Ms. Peggy Boykin, Executive Director, reviewed the proposed 2018 quarterly Board and Committee meeting dates. Ms. Boykin pointed out that all Committee and Board meetings will be held on Wednesdays for 2018.

Mr. Steve Heisler made a motion, which was seconded by Mr. Alex Shissias, and passed unanimously, to approve the 2018 Board and Committee Meeting Date schedule.

V. Designation of Actuary for Retirement Systems

Mr. Stephen Van Camp, General Counsel, advised the Board that the current Gabriel, Roeder, Smith & Company (GRS) contract to provide actuarial services for PEBA's Retirement Systems, ends on June 30, 2018. Therefore, the Board must designate an actuary for the Retirement Systems for the period after June 30, 2018, subject to the approval of the State Fiscal Accountability Authority (SFAA). Mr. Van Camp stated that PEBA staff recommends that GRS be designated as the actuary for the Retirement Systems for the period July 1, 2018, through June 30, 2023, and that PEBA's Executive Director be authorized to negotiate and execute a contract with GRS for this period.

Chairman Sowards made a motion, which was seconded by Mr. Steve Matthews, and passed unanimously, to designate GRS to serve as the actuary for the Retirement Systems for an additional five years from June 1, 2018, through June 30, 2023, and to authorize PEBA's Executive Director, with the assistance and advice of legal counsel, and the Chairman of the Retirement Policy Committee, to negotiate and execute a contract with GRS to provide actuarial services to the Retirement Systems for the period July 1, 2018, through June 30, 2023.

VI. Approval of 2019 Initial State Health Plan Budget Requirements- Includes Consideration of Adult Well Visit

Mr. Rob Tester, Insurance Policy Director, reviewed the preliminary 2019 State Health Plan budget requirements. It was noted that the Health Care Policy Committee previously recommended the adult well visit at specified age intervals, which has a 1.4 percent impact and no patient liability for the adult well visit.

VII. Committee Reports

A. Health Care Policy Committee

Mr. Rocky Pearce reported that at the September meeting, the Health Care Policy Committee voted to approve the Health Care Policy Committee Charter as presented, and to recommend the revised Committee Charter to the Board for approval. Chairman Sowards stated that a Committee motion does not require a second. The motion passed unanimously.

Following further discussion, Mr. Audie Penn made a motion, which was seconded by Mr. David Tigges, and approved unanimously, to recommend to the General Assembly that the State Health Plan stay grandfathered and add annual adult well exam visits with age and frequency limitations, and no patient liability. This option equals a 7.9 percent increase in contributions, which is composed of the 8.2 percent projected for continuation of the 2018 plan of benefits into 2019, plus the 1.4 percent estimated for the addition of the adult well exams, less 1.7 percent for increases in deductibles, coinsurance, and copays permitted to

remain grandfathered under the Affordable Care Act ($8.2 + 1.6 - 1.7 = 7.9$). There was no recommendation as to whether the State would assume the entire increase in contributions or whether the increase would be shared with employees.

B. Retirement Policy Committee

Mr. Heisler stated at the September meeting, the Retirement Policy Committee voted to approve the Retirement Policy Committee charter as presented, and to recommend the revised Committee Charter to the full Board for approval. Chairman Sowards reminded the Board that a Committee motion does not require a second. The motion passed unanimously.

Mr. Heisler added that Mr. David Tigges was elected to serve as the Committee Vice-Chairman.

C. Finance, Administration, Audit and Compliance (FAAC) Committee

Mr. Matthews advised that at the September meeting, the FAAC Committee nominated Mr. Shissias as the FAAC Committee Vice-Chairman, and received several internal audit reports.

Mr. Matthews also stated that the FAAC Committee voted to approve the FAAC Committee Charter as revised, and to recommend the revised Committee Charter to the full Board for approval. Chairman Sowards stated that a Committee motion does not require a second. The motion passed unanimously.

II. 2017-2019 Strategic Plan

Mr. Heisler made a motion, which was seconded by Mr. Pearce, and passed unanimously, to approve the 2017-2019 Strategic Plan as presented.

Ms. Peggy Boykin, Executive Director, thanked Ms. Sarah Corbett, Chief Operating Officer, and Mr. Bobby George, Training and Development Director, for their combined efforts in revising the Strategic Plan.

III. Old Business

Director's Report

Ms. Boykin stated that a Procurement Review Panel hearing was scheduled for October 10, 2017, regarding the protest of the client services vendor contract related to the information technology modernization project. Ms. Boykin announced that PEBA won the protest, and expressed her appreciation to Mr. Stephen Van Camp and Ms. Amber Carter for their hard work in getting the Chief Procurement Officer to lift the stay so that the modernization project can move forward.

Ms. Boykin reported that insurance open enrollment is October 1-31, 2017, and PEBA has received 25,000 transactions this month, with the vast majority being completed electronically. Ms. Boykin thanked Information Technology staff and Enrollment staff for getting the information out to employers.

Ms. Boykin also stated that the 2017 Benefits at Work (BAW) conference originally scheduled for September 11-13, 2017, was cancelled due to inclement weather, and advised that

employers have received presentations and materials to distribute to employees regarding open enrollment and benefit changes for 2018.

IV. Executive Session for Discussion of Personnel Matters pursuant to S.C. Code Ann. Section 30-4-70(A)(1)

At 4:08 p.m., Mr. Heisler made a motion, which was seconded by Mr. Matthews, and passed unanimously, to recede into executive session for the purpose of discussing a personnel matter.

The Committee reconvened in open session at 4:28 p.m. Chairman Sowards announced that no action was taken by the Board while in executive session.

V. Adjournment

There being no further business, and upon motion by Mr. Shissias which was seconded by Mr. Matthews, and approved unanimously, the Board meeting adjourned at 4:30 p.m.