PEBA
SC Retirement Systems and State Health Plan

South Carolina Public Employee Benefit Authority
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Meeting minutes | Board of Directors

Wednesday, October 21, 2026 | 3 p.m.
202 Arbor Lake Dr., Columbia, SC 29223 | Via Zoom Teleconference

Minutes approved November 5, 2026

Board members present for all or a portion of the meeting: Chairman Joe "Rocky" Pearce

Board members present for all or a portion of the meeting via virtual means: Ms. Amanda Blankenship, Ms. Jennifer Blumenthal, Mr. Calvin Elam, Mr. Steve Heisler, Ms. Paige Lewis, Mr. Steve Matthews, Sheriff Steve Mueller, Mr. Alex Shissias, and Mr. Ed Walton.

Others present for all or a portion of the meeting: Peggy Boykin, Justin Ellis, Heather Muller, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA).

Others present for all or a portion of the meeting via virtual means: Lee Allen, Jessica Moak, Laura Smoak, and Heather Young.

I. Call to order

Chairman Rocky Pearce called the PEBA Board of Director's (Board) meeting to order at 3 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 5, 2026

Ms. Paige Lewis made a motion, which was seconded by Mr. Steve Heisler, and passed unanimously, to approve the minutes from the August 5, 2026, meeting.

III. State Health Plan budget requirements for plan year 2028

Ms. Laura Smoak, Insurance Policy Director, reviewed the State Health Plan (SHP) Budget Requirements for 2028, and stated that because there is no contribution rate increase for 2027, there is no required annualization of state funds for July-December 2027. It's estimated that $3.458 million is required for the estimated net number of new retirees with state-funded insurance.

Ms. Smoak reported that there will be a 9.7 percent total contribution rate increase effective January 1, 2028. The 2028 rate increase equals to $95.26 per subscriber per month. If the increase is distributed proportionally to the employer and enrollee, the state-appropriated funding for the rate increase would equal $76.827 million for January-June 2028, bringing the total to $80.285 million and the average enrollee rate increase would be $14.80 per month. If the increase is provided entirely through the employer, the state-appropriated funding for the rate increase would equal $91.034 million for January-June 2028., bringing the total to $94.492 million.

Ms. Smoak turned the discussion to options that would mitigate the SHP budget requirements for plan year 2028, allowing for a 2 percentage points in Plan savings. Closing the opt-out of Group Medicare Part D for the Commercial Plan effective January 1, 2028, would generate an estimated additional $9.6 million per year in federal subsidies for the Plan, and mitigate budget requirements for plan year 2028 by 0.3 percentage points. Ms. Smoak discussed several proposed member benefit design changes to the Plan including increasing annual deductibles, coinsurance amounts, and prescription drug copayments, which would yield an estimated 1.7 percentage points in Plan savings. These two cost-saving measures combined would bring the total contribution rate increase down to 7.7 percent.

Ms. Smoak reviewed contributing and mitigating factors that influence the SHP, specifically noting that medical trend in 2026 through September equals a 4.7 percent increase in payments per member over the same period in 2025. One of the main contributing factors includes the increase in impatient and outpatient claims. Overall pharmacy claims, less rebates, per member per month are also up 0.6% through June in 2026 compared to the same period in 2025.

Ms. Smoak stated that the federal Inflation Reduction Act (IRA), enacted in 2022, introduced significant changes to the Medicare Part D prescription drug program. PEBA currently has nearly 96,000 Medicare-primary members enrolled in its Part D plan. One major change affecting the Plan is the reduction of the Part D True Out-of-Pocket (TrOOP) threshold—from $8,000 in 2024 to $2,000 in 2025 to $2,100 in 2026. The Plan now pays the full cost of medications for approximately 30 percent of Medicare-primary members, up from about 8.7 percent in 2024, because members reach this lower threshold much earlier.

Mitigating factors include Caremark implementing a biosimilar strategy for specialty medications, continued management of unit cost in direct-contracted networks and continuing to only cover GLP-1 (Glucagon-like Peptide 1 agonists) medications for type 2 diabetes limited to a 30-day supply per fill. PEBA will also implement a 30-day supply per fill limit for GLP-1s for Medicare-primary members effective January 1, 2027. Also mitigating trend is the additional federal subsidies provided under the IRA that have largely offset the increased costs of the reduced TrOOP threshold. These subsidies reduced trend by 6.8 percentage points

Chairman Pearce made a motion, which was seconded by Mr. Calvin Elam, and passed unanimously, to recommend that the PEBA Board approve the preliminary budget requirements for the 2028 State Health Plan as presented for submission in the state budget process.

IV. Adjournment

There being no further business, and upon a motion by Mr. Heisler which was seconded by Mr. Steve Matthews, and approved unanimously, the Board meeting adjourned at 3:31 p.m.