

**Committee on Actuarial Valuation of Retired Employees' Health Benefits**  
**August 28, 2020**

**Meeting Minutes**

**Committee members attending:** State Budget Director Charles Perusse (Chair), State Treasurer Dale Folwell, State Controller Dr. Linda Combs, and State Health Plan Executive Administrator Dee Jones.

**Others attending:** Elizabeth Colcord, Anne Godwin, and Virginia Sisson (State Controller); Joan Fontes and Fran Lawrence (State Treasurer); Matt Rish and Charles Sceiford (State Health Plan); Patrick Kinlaw (Retirement System); Taylor Coburn, Paul Devenish, and Lanier McRee (OSBM); David Vanderweide (FRD); and Danny Rhodes and Stuart Wohl (Segal)

The Committee met by conference call and convened at 2:00 p.m. Mr. Perusse welcomed those in attendance and asked for a roll call of members and meeting attendees.

Mr. Perusse read the Ethics Awareness and Conflict of Interest Reminder statement. No member indicated a conflict. Mr. Perusse asked for a motion to adopt the Committee meeting minutes from May 29, 2020. Dee Jones made a motion to adopt the minutes and Dr. Linda Combs seconded this motion. The motion passed with all members voting aye.

Mr. Perusse invites Dee Jones and Treasurer Folwell to offer opening remarks to Segal's presentation. Dee Jones thanks the work of State Health Plan and other Working Group staff and thanks Segal for their work on the valuation, noting that the process seems to be smoother every year.

Ms. Jones invites Danny Rhodes, Segal, to begin their presentation of the valuation. Danny Rhodes begins by reviewing the "2020-08-28-SHPNC OPEB Presentation" for the Committee.

On Page 3, Danny Rhodes reviews the high-level summary of the valuation, noting that more detail is provided in the full report. The total OPEB liability (TOL) is \$29.8 billion, which is a decrease from last year.

On Page 6, Danny Rhodes reviews the waterfall chart, which provides an overview of the drivers of change in the OPEB liability. The largest driver of change was the new Medicare Advantage (MA) plan contract, reducing the liability by \$6.15 billion. Additionally, the removal of health insurance provider fees (HIPF) results in a \$2.39 billion reduction in OPEB liability. The largest increase comes from the updated discount rate, which results in an increase of \$5.16 in the liability. The net OPEB liability is \$27.74 billion.

Danny Rhodes notes that the full report was reviewed by the working group and edits were provided by State Health Plan staff. He adds that most of the changes were copy edits rather than substantive. Additionally, Segal broke out some estimates at the request of the working group to make more clear the individual impact of the new MA plan, HIPF changes, and Excise Tax repeal.

Mr. Perusse asks if there is a motion to approve the report and valuation. Treasurer Folwell made the motion and Dr. Linda Combs seconded. The motion passed with all members voting aye.

The Committee members thanked everyone involved for their work related to the valuation and note that the process continues to improve each year.

Hearing no further business, Mr. Perusse asked for a motion to adjourn. Dee Jones made the motion and Treasurer Folwell seconded. The motion to adjourn passed with all members voting aye.

The meeting adjourned at 2:26 pm.

Taylor Coburn  
August 28, 2020