

Committee on Actuarial Valuation of Retired Employees' Health Benefits
August 31, 2021

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, Troy Scoggins, and Virginia Sisson (State Controller); Joan Fontes and Fran Lawrence (State Treasurer); Matt Rish, Patrick Kinlaw, Tamara Williams, and Charles Sceiford (State Health Plan); Taylor Coburn, Paul Devenish, and Lanier McRee (OSBM); David Vanderweide (FRD); and Danny Rhode, Ken Vieira, Peter Wang and Stuart Wohl (Segal).

The Committee met by conference call and convened at 1:30 p.m. Mr. Perusse welcomed those in attendance.

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 26, 2021. Treasurer Folwell made a motion to adopt the minutes and Dee Jones seconded this motion. The motion passed with all members voting aye.

Mr. Perusse invited Committee members to make introductory statements. Dr. Combs and Dee Jones noted that they appreciate the work of the working group and commend the smooth process for this year's evaluation. They then invited Danny Rhodes to begin their presentation of the valuation.

Danny Rhodes, Segal Company, began by noting that they have presented the Committee with two documents: the first being a summary of results presentation and the second being the full GASB 74 report. Mr. Rhodes clarified certain COVID-related assumptions and adjustments to the analysis. The valuation assumes that there will be no future lockdowns, resurgences, etc. Adjustments were made to account for COVID-19 impacts on 2020 health care costs.

Treasurer Folwell made a motion to approve the report and valuation. Dr. Linda Combs seconded, and the motion passed with all members voting aye.

Treasurer Folwell asked for clarification on the first upwards arrow in the graphic on page 6 of the presentation. Mr. Rhodes provided that the changes captured in the first arrow were changes they would expect, like service costs, interest costs, and payment of benefits, while everything to the right of the first arrow would be changes that wouldn't have necessarily been expected. Treasurer Folwell asked what they anticipate that first arrow would look like next year. Mr. Rhodes answered that they would likely expect something of a similar order of magnitude, but you will start to see this go down as new hires after January 1, 2021 will not be eligible for OPEB benefits. Although, he noted that it will take years for that factor to show significantly in the OPEB liability.

Treasurer Folwell asked Segal if interest rates decrease, Medicare Advantage rates continue, and funding from the General Assembly continues, would we expect to see a decrease in the OPEB liability. Mr. Rhodes answered yes, and that some of the impacts of Medicare Advantage are already built into the valuation.

Mr. Perusse noted that some of the new charts included in this year's valuation were very helpful, especially when considering the best way to talk about the OPEB liability at the General Assembly and with other stakeholders.

The Committee members thanked staff at the State Health Plan, the working group, and Segal for their work and noted that the valuation process has been smooth.

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 and the meeting concluded at 1:51 pm.

Taylor Coburn
August 31, 2021